

Report # 176
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Weekly Report on Global Islamic Finance
Period: June 12 – June 18
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Summary:

Assets in Oman's Islamic banks could rise to as much as \$6bn over the next few years if the country rolls out a successful Shariah-compliant banking system, Ernst & Young's Islamic Financial Services Group has said.

The introduction of several Islamic institutions to the Gulf state are expected to capture a substantial proportion of the country's estimated \$42bn held in assets.

The Gulf has made significant contribution the facilitation of Islamic finance and banking and it now wants to see through the launch of a single Shariah board.

It has been reported Kyrgyzstan is working on the introduction of various tools of Islamic finance in the country, Kyrgyz First Deputy Prime Minister Omurbek Babanov said.

"We are currently promoting the principles of Islamic financing based on a memorandum of mutual understanding between Kyrgyzstan and the Islamic Development Bank," Babanov said speaking at the World Islamic Economic Forum (WIEF) in Astana.

MUSCAT Leading property management and consultancy firm Hamptons International has welcomed the government's decision to allow the introduction of Shariah-compliant Islamic financial services in the domestic banking system — a move it says promises to impart a much-needed fillip to the real estate sector.

Standard Chartered plans to focus on expanding its consumer banking line as well as its Islamic banking portfolio, according to the bank's Pakistan head, Mohsin Nathani.

"We have a fairly bullish view to Islamic banking in Pakistan," said Nathani. Islamic banking is one of the fastest growing sectors within financial services in Pakistan, with growth rates often exceeding those of their conventional competitors by over 15%. Standard Chartered won an award in the Islamic finance sector in Pakistan, with its financing of the Karachi Electric Supply Company (KESC) declared the deal of the year in 2010.

Bahrain is set for a major Islamic financial event of the year with over 1,200 delegates from 50 countries that are to join leaders from the global Islamic finance industry at the 18th annual World Islamic Banking Conference (WIBC 2011) to be held in Bahrain this November.

The WIBC has over the years become the world's largest and most influential annual gathering of Islamic finance leaders.

The event, to be held at Gulf Hotel from November 21 to 23, is set to further strengthen its position as the global hub for Islamic finance, said the organizers.

1. GLOBAL ISLAMIC FINANCE

Global Islamic trade finance to reach USD2tr by 2016

Sunday, June 12, 2011

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) secretary general, Mohammad Nedal Alchaar, said that in the next three to five years, the global Islamic finance industry would be forecasted to reach USD 2 trillion.

Alchaar added that the Islamic trade finance which started increasing between 15 percent to 20 percent annually could be one of the main growth elements to aid the USD 1 trillion Islamic finance industries to double in size, since it took advantage from altering preferences towards Shariah compliant banking, MENFAN reported.

He also said that trade strengthened 60 percent to 80 percent of the USD 12 trillion to USD 13 trillion trade in international merchandise, adding that it was safer than other ways of lending, moreover, Islamic banking and bonds (Sukuk) would be expected to boost the finance industry further.

It is worth noting that interest in Islamic trade started to grow since Islamic finance, which forbids interest, has matured and can provide complicated instruments, such as Shariah compliant hedging products to protect trade transactions.

Foreign Shariah advisories make their mark in Malaysian Islamic capital market

Sunday, June 12, 2011

The latest list of Shariah advisers serving the local Islamic capital market (ICM) and registered by the Securities Commission of Malaysia (SC) confirms that five such individual foreign advisers are registered with the commission.

The commission is the only securities regulator in the world that requires such registration.

The list, published recently in Kuala Lumpur, shows that Malaysia has 45 individual Shariah advisers and 10 Shariah advisory companies registered with the commission, who are authorized to provide such advisory services to market players in the local ICM, which comprises investment funds, asset management, unit trusts, Sukuk, private debt securities and other fixed income instruments.

The five registered individual Shariah advisers are Dr Muhammed Elgari of Saudi Arabia; Sheikh Nizam Yaquby of Bahrain; Dr. Abdul Sattar Abdul Karim Mohamed Abu Ghuddah of Syria; Dr. Muhammad Humayon Abbas Dar of the UK and Dr. Abdulazeem Abozaid of the UAE.

One or two of these registrations have raised some concern about the SC's Shariah advisory registration regime.

In addition, through the registration of the 10 Shariah advisory companies, a total of 11 foreign Shariah advisers are also registered. However, they include four of the above individual Shariah advisers, but not Dr Humayon Dar, who is in the curious and anomalous position of being registered as an individual Shariah adviser but who is not on the board of BMB Islamic UK Ltd, the Shariah advisory company which he founded and which is registered with the commission.

Effectively, there are now 12 foreign Shariah advisers registered with the commission as at June 1, 2011.

While this signifies an important shift in cross-border Shariah advisory and greater interaction between Shariah advisories from different parts of the world, it does not necessarily imply greater convergence of Shariah interpretations and standards between the four main Sunni Schools of Islamic Law — Hanbali, Shafie, Maliki and Hanafi; and the predominant Shia Jaafari School of Islamic Law.

This development has more to do with the continuing liberalization of the Malaysian Islamic financial sector by successive governments.

In April 2009, the current government of Prime Minister Mohd Najib Abdul Razak launched a landmark latest phase of Islamic financial liberalization, which is still in the process of being implemented.

This includes the adoption of two new acts — the Central Bank Act 2010 (amended) and the Capital Markets Act 2011 (amended) — both of which have comprehensive Shariah Governance Frameworks.

With more foreign institutions setting up shop and more foreign and local joint ventures being established in the Islamic financial sector, it is inevitable that stream of Shariah advisories from abroad would migrate or be in demand in Malaysia.

This also underpins the policy rationale of Malaysia that the involvement of foreign Shariah advisories especially from GCC countries would make Malaysian Islamic financial products more acceptable to the perceivably more conservative Gulf markets and effectively amount to a seal of approval for such products.

It may also help overcome some issues relating to home-host regulation including the Shariah advisory space.

The underlying trend, however, is that this migration remains largely in one direction from the GCC into Malaysia.

In reality, there are very few Malaysian Shariah advisories that sit on the boards of Islamic financial institutions in the GCC countries.

The notable exception is Dr Daud Bakar, whose Amanie Advisory company is registered in Malaysia (as a Shariah advisory), and in Dubai and Luxembourg as commercial entities but whose core business is Shariah advisory. Yes, there are a few other Malaysian Shariah advisories, who sit on the board of the odd financial institution in South Africa, the UK, and Kazakhstan and so on.

This may still reflect the entrenched suspicion and chauvinism with which Malaysian Shariah advisories are wrongly and perhaps subliminally held in some parts of the GCC and beyond because of their perceivably more moderate interpretations under the regime of the Shafie School of Islamic Law. Suffice to say, this perception has now become a tedious stereotype and red herring, especially for the cynics and detractors of Islamic finance, for the differences between the scholars from the various schools of law are minor and there is consensus on the overwhelming corpus of Fiqha Al-Muamalat (Islamic law relating to financial transactions) including on the core Shariah principles relating to the proscription on riba (interest), gharar (deception), speculation through gambling, certain types of activities and the financial ratios governing whether a company's stocks are Shariah-compliant or not.

A major anomaly in the SC's registration of Shariah advisory companies is that several sit on the board of more than one company.

Dr Abdul Sattar Abu Ghuddah and Daud Bakar, for instance, are registered on the board of four Shariah advisory companies on the SC list.

Dr Hussein Hamed Sayed Hassan similarly sits on the board of three such companies, while Dr Elgari, Prof. Dr. Ali Muhyealdin Al-Quradaghi of Qatar and Abdulaziz Fawzan Saleh Al-Fawzan sit on the Shariah board of two such companies. Only Sheikh Nizam Yaquby and Dr. Abdulazeem Abozaid sit on the board of a single Shariah advisory company. — M.P.

The obvious question that arises is that how is this reconciled with the SC's ruling that a Shariah advisory can only impart such services to a single institution in a particular financial services category — namely, commercial bank, investment bank, asset management company, Takaful company and so on.

Surely, if the advisory is registered as an individual and as a member of the board of an advisory company then theoretically it is possible for the advisory to advise more than one institution in the individual financial services categories.

Would the SC or for that matter Bank Negara Malaysia consider this type of anomaly a violation of that ruling?

<http://arabnews.com/economy/islamicfinance/article453478.ece>

Kenya Re eyes new deals with Shariah-compliant unit

Monday, June 13, 2011

Kenya Reinsurance Corporation plans to venture into Shariah-compliant business to grow its income and tap into the expanding Islamic finance in Africa and the Middle East where it already has a presence.

The venture into what is known as Retakaful is part of the company's five year plan of product diversification to meet the reinsurance demands of new businesses.

"The intention is to have a department that fully complies with all the Retakaful requirements so that Takaful firms are not shy to give us business," said Kenya Re chief executive officer, Jadiah Mwarania.

During the company's annual general meeting last week at the Bomas of Kenya, Mr Mwarania said the company will additionally venture into micro insurance and political risk insurance.

"We will apply strategies to overcome market and environmental challenges as we compete for business in Africa, Middle East and Asia," he said. "Our plan is to continue growing premiums by focusing on new markets and deepening our penetration in markets that we already operate in."

By going into Retakaful, Kenya Re is responding to regional insurance market dynamics following this year's launch of Takaful Insurance of Africa, a fully-fledged Shariah-compliant insurance company that plans to expand its operations into Tanzania and Uganda.

First Community Bank, an Islamic Bank also partnered with Cannon Assurance to develop and sell Takaful products in general insurance.

Africa Trade Insurance Agency (ATI) also partnered with the Islamic Cooperation for the Insurance of Investment and Export Credit in March effectively enabling ATI to offer Retakaful services for imports and exports between the two Africa and the Middle East.

Kenya Re's competitors have also entered the Retakaful market. In September 2010, Africa Re launched a subsidiary company based in Egypt to offer exclusive Retakaful services while Comesa-owned reinsurer ZEP-RE— where Kenya Re is a shareholder—set up its Retakaful subsidiary based in Sudan in September 2009.

The change to Retakaful will mean more business flows into the company from predominant Muslim countries like Sudan and the North Africa, where Kenya Re is deepening its presence.

Its Retakaful focus will enable it to widen its business partnerships in the West African market where it has reopened its offices after the end of the civil war in Ivory Coast. West Africa has a substantial Muslim population.

Delay in having dedicated Retakaful department has denied the company substantial revenues especially because in addition to operations in 23 African countries, it also has a presence in 11 countries in the Middle East and Asia.

According to latest Ernst & Young World Takaful Report, global Takaful contributions reached Sh595 billion in 2009 and are expected hit Sh1 trillion this year. The report said Sudan is the fastest growing Takaful market outside the Gulf countries. But Kenya Re will have to reinvest income from Retakaful department outside the country because Kenya does not have Shariah-compliant capital market products like the bonds that are known as Sukuks. The same challenge has been facing local Islamic banks and insurers.

New revenue from Retakaful will help the company increase its gross premiums that grew by almost Sh1 billion from Sh3.8 billion in 2009 to Sh4.9 billion in 2010 while the investment income grew from Sh1.1 billion in 2009 to Sh1.7 billion in 2010.

Profit after tax grew to Sh1.5 billion in the year ending December 2010 compared to Sh1.3 billion in the previous year. Gross claims were up 12.2 percent at Sh2.19 billion.

Kenya-Re currently underwrites business for all the 47 insurance companies in Kenya, which are by law required to cede 18 per cent of their reinsurance to the company up to 2015, accounting for 40 per cent of Kenya-Re's gross premium income.

Growth will also be driven by tripling of the mortgage lending, which shot from an annual Sh100 million to Sh300 million starting January 2011.

<http://www.businessdailyafrica.com/Corporate+News/-/539550/1179236/-/rp6qyp/-/>

Islamic Microfinance Model to help alleviate poverty

Monday, June 13, 2011

Speakers at a seminar here called for following interest free Islamic microfinance model in order to eliminate poverty from the country. The seminar was organized on Monday by Al-Huda Centre of Islamic Banking & Economics (CIBE) and AKHuwat.

The aim of the seminar was to choke out the plan of poverty alleviation on national and international scale to lessen poverty, social welfare and to tackle other problems pertaining to it. Delegates from Malaysia, Yemen, Kazakhstan, Indonesia, Mauritius and other countries participated in the event who spoke on various topics of Islamic microfinance i.e. methodology of poverty reduction, Zakat, Shariah implications, Dard-e-Hasna, Waqf models, latest trends of Islamic microfinance, technological application of poverty alleviation and usage of Islamic microfinance in non muslim societies.

Speakers said poverty has risen as one of the most crucial problems of the decade hitching fastest development of the countries on national and international level.

Islam is the only religion that takes the responsibility of poverty alleviation as one of its main obligations. Zakat, Ushar, Waqaf, Fitrana, Qard-e-Hasna, Murabaha, Ijarah, Musharaka etc have the qualities to sustain society from the plague of poverty.

“This was the major reason of worldwide recognition of Islamic microfinance as a sustainable source of lessening poverty from the society.

It is a pleasurable factor that more than 2 million beneficiaries are taking the edge of Islamic microfinance worldwide”, speakers added.

Speakers said that internationally, microfinance was considered a viable prospective to alleviate poverty but its sustainability was related to high interest rates. “Islamic Microfinance Model like Akhuwat interest-free micro-lending is not less than a miracle as it has proven all the existing viewpoints regarding microfinance wrong by providing interest free funding to the poor”, Athar Axeem Khan, an economist said.

Dr. Amjad Saqib, Executive Director Akhuwat said that so far the organization has provided funding in the shape of Qarz-e-Hasna worth of Rs. 1.1 billion to 94,000 families. He said that the recovery percentage remained 99.85 per cent.

http://ftpapp.app.com.pk/en/_index.php?option=com_content&task=view&id=142051&Itemid=49

Oman's Islamic Assets Set to Rise

Monday, June 13, 2011

Assets in Oman’s Islamic banks could rise to as much as \$6bn over the next few years if the country rolls out a successful Shariah-compliant banking system, Ernst & Young’s Islamic Financial Services Group has said.

The introduction of several Islamic institutions to the Gulf state are expected to capture a substantial proportion of the country’s estimated \$42bn held in assets.

“The Islamic banking window operation is accepted as a successful model and in many markets such as Saudi Arabia, where Islamic windows account for nearly half of the Shariah assets, and UAE where they have an 11 percent share.

“Given the similarities in the demographic landscape and appetite for these services, we see great potential in the Omani market for Islamic offerings,” Ahmed Al Esry, senior director, Tax, Ernst & Young Oman, said in a statement.

Shariah-compliant assets globally are growing at 15-30 percent annually and in 2010 were thought to have crossed \$1 trillion, said Ernst & Young.

Oman used to be the only Gulf state not to have a bank specifically offering Islamic products and services. But in May the Central Bank of Oman said it would allow conventional lenders to run Shariah-compliant operations in a bid to keep investment funds within the country.

A number of conventional banks are expected to start offering Islamic banking services in the next couple of years, said Ernst & Young.

The Gulf state's economy could also benefit from the growing Sukuk – or Islamic bonds – markets. “Omani Sukuk instruments could be used for financing infrastructure projects and stimulating corporate activity, which would add to the growth of Oman's buoyant economy,” said the report.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1692

Gulf Islamic finance Industry Set on Single Shariah Board

Monday, June 13, 2011

The Gulf has made significant contribution the facilitation of Islamic finance and banking and it now wants to see through the launch of a single Shariah board.

The United Shariah Board, which began drawing scholars from local Islamic institutions two years ago, now has two members from Saudi Arabia and one scholar each from Kuwait and Qatar, Scholar Hussein Hamid Hassan said at the launch of a policy briefing on corporate governance in Islamic finance. It was also reported that the Islamic finance industry is moving towards a centralized Shariah board as scholars from leading countries join a common UAE entity, a leading Islamic scholar said.

“We have almost one united Shariah board for the Gulf,” he said. “I think within five to 10 years we will have one Shariah board for everyone.”

Shariah scholars serving the United Shariah Board also represent individual bank Shariah boards, thereby transferring the Islamic rulings, or fatwas, issued by the centralized board to their individual institutions across borders.

While progress has been made, there are still differences in interpretations of Islamic law that is preventing a quicker adoption of a centralized Gulf board.

A unified Gulf-wide entity would boost corporate governance within the growing industry, said Nassar Saidi, executive director of Hawkamah, which issued 55 recommendations to Islamic financial institutions in its policy paper.

Saidi added that creating a centralized board is a first step but would need support from regulators to give enforce its fatwas.

The policy report, which was based on a survey of 22 Islamic institutions across the Middle East and North Africa, also determined that more should be done to limit the number of the same Shariah scholars serving on multiple boards.

“You shouldn't have multiplicity which can create a conflict of interest,” he told reporters. “If you have well recognized scholars on one central board that would help.”

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1694

James Caan of BBC's Dragons Den is supporting the Global Investor Window

Monday, June 13, 2011

The Global Investor Window (GIW) 2011 will bring together Gulf and global investors to hear investment proposals from worldwide entrepreneurs and government officials on 16 June at London Stock Exchange.

James Caan of BBC's Dragons Den is supporting the event as a keynote speaker; "The Global Investor Window event provides London entrepreneurs/investors an exciting opportunity to meet potential investors and joint venture partners from the Middle East and vice versa. With the capital constraints currently affecting UK business, entrepreneurs need to get creative about where they look for capital" he said.

This event has been designed to provide an exclusive environment that involves only the most serious investors from the Gulf and around the world, presented with the most promising investment opportunities. A combination of keynote speeches, panel discussions, high calibre project presentations and pre-arranged one-to-one meetings provide a platform to close deals.

The GIW 2011 is organized by UCI International, an organization committed to meeting the financial and investment needs of international clients throughout the world. The event is open to all members of the international trade and investment community. The event is supported by Global Islamic Finance Magazine.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1695

Kyrgyzstan to Introduce Islamic Finance Tools

Tuesday, June 14, 2011

It has been reported Kyrgyzstan is working on the introduction of various tools of Islamic finance in the country, Kyrgyz First Deputy Prime Minister Omurbek Babanov said.

"We are currently promoting the principles of Islamic financing based on a memorandum of mutual understanding between Kyrgyzstan and the Islamic Development Bank," Babanov said speaking at the World Islamic Economic Forum (WIEF) in Astana.

The memorandum, he said, also envisages the transformation of Bishkek, the capital of Kyrgyzstan, into the center of Islamic financial services for the whole Central Asian region.

The official also said the country is currently mulling over projects of introducing Sukuk (the most used Islamic finance transaction by the Islamic finance institutions around the world) and takaful (Islamic insurance).

Islamic finance is banking activity, which is consistent with the principles of Islamic law (Shariah) and implemented through the development of Islamic economies. Kyrgyzstan is making progressive developments in the Islamic Financial sector and is trying to pave the way for the facilitation and implementation of Islamic banking and financial services. With the developments to work on the introduction of various tools for Islamic finance there will be much scope for the sector to further develop in Kyrgyzstan and further prosper and excel in the world of Islamic finance and banking.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1696

Islamic trade finance seen lifting sector

Tuesday, June 14, 2011

Islamic trade finance has benefited from shifting preferences towards Shariah-compliant banking and could serve as one of the key growth drivers to help the nearly \$1tn Islamic finance industry double in size.

The global Islamic finance industry, which has been growing between 15% to 20% a year, is widely expected to reach \$2tn in the next three to five years.

While Islamic banking and Islamic bonds, or sukuk, are expected to lead growth, bankers say Islamic trade finance could serve as the dark horse emerging to propel the industry further. Trade finance, the lifeblood of global commerce, underpins 60%-80% of the \$12-13tn trade in global merchandise and practitioners say it is safer than other forms of lending. Total trade finance among the 57 members of the Organisation of the Islamic Conference, which includes Saudi Arabia, Malaysia and Turkey, is expected to reach \$4tn by 2012, said Mohamed Nedal Alchaar, secretary-general of the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI).

“(Islamic finance) could tap 20% of the total trading financing, that’s very reasonable,” Alchaar said, adding that while the current Islamic trade finance market remains fragmented and non-competitive, there has been a shift towards pushing trade finance among Islamic practitioners.

Part of the increased interest in Islamic trade finance is that the Islamic finance industry, which prohibits interest, has matured and can provide complicated instruments, such as Shariah-compliant hedging products to protect trade transactions, said Yakub Bobat, global head of HSBC Amanah commercial banking.

“If you don’t have access to Islamic hedging, there will be a currency conversion impact. In the absence of those solutions, people go for conventional,” Bobat said. “But the proposition is now complete and you can now use Islamic hedges for trade transactions.”

Bobat said such innovations in the industry will help persuade people inclined toward Shariah-compliant business to opt for Islamic trade finance over conventional forms. In Islamic trade finance, a bank will provide a letter of credit, guaranteeing import payments using its own funds, for a client based on sharing the profit from the sale of the item. But some banks are still wary of providing Islamic trade finance services, citing it as more costly and time consuming.

In addition, some see little difference between conventional and Islamic trade finance as both are fee-based products, resulting in lower demand for the Islamic product.

Changing that view will be key for the industry, said Shabir Randeree, chairman of the European Islamic Investment Bank.

“There are a very compelling reason to promote this product given that the returns of trade financing can be very attractive, much more than real estate financing, for example,” he said.

“Providers of this product have not been as aggressive in promoting it.” But with increasing cross-border trade among Asian and Middle Eastern countries, demand for more Shariah-compliant financing from Muslims is still expected to increase. Asia to Middle East trade flows more than doubled between 2005 and 2008, according to the World Trade Organisation.

“If I compare three years back, volumes have gone up overall in the Islamic trade finance market,” said Ghazanfar Naqvi, managing director, Islamic origination and client coverage at Standard Chartered Saadiq.

“It’s a function of more awareness and more offerings. Today we are seeing customer preference changing and trade finance is a key component of growth in Islamic finance.”

Naqvi said it was difficult to pin down tangible global figures for Islamic trade finance as the majority of deals are not public transactions.

The International Islamic Trade Finance Corp (ITFC), an independent entity within the Islamic Development Bank, said in its annual report that it approved \$2.17bn in Islamic trade finance transactions at the end of 2009.

That grew to around \$2.55bn in 2010, with a majority of transactions taking place in OIC member nations.

http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=440791&version=1&template_id=48&parent_id=28

Takaful Ikhlas sale

Tuesday, June 14, 2011

The consolidation happening within the Malaysian Takaful sector continues quickly with MNRB Holdings, formerly Malaysian National Reinsurance Berhad, in the final stages of talks it has been having with the Malaysian subsidiary of German financial services giant Allianz, Allianz Malaysia, to sell a stake in Takaful Ikhlas, its Takaful subsidiary.

MNRB is looking to get rid of a 49% interest in Takaful Ikhlas, a move that was approved by the central bank late last year, and talks have been progressing since then.

<http://www.islamicfinance.de/?q=node/2471>

Oman’s realty sector set to benefit from Islamic banking

Tuesday, June 14, 2011

MUSCAT Leading property management and consultancy firm Hamptons International has welcomed the government’s decision to allow the introduction of Shariah-compliant Islamic financial services in the domestic banking system — a move it says promises to impart a much-needed fillip to the real estate sector.

The recent Royal Directive authorising the offering of Islamic banking services — for the first time in Oman — has the potential to jumpstart a recovery of the once-vibrant property market, according to the reputable realty management firm.

Hailing the government’s initiative, Mohamed Ayjaz (pictured), General Manager, Hamptons International and Partners LLC Oman, commented, “As a widely embraced alternative to conventional interest-based banking, Islamic finance has the potential to, among other things, spur a revival of the domestic real estate sector. This impending resurgence will not

only help bolster investor confidence in the local market, but also accelerate national economic growth as well.”

Over the past two decades Islamic finance has burgeoned into a \$1 trillion global industry that, among other things, has served as a vital source of funding for real estate projects and developments around the world.

Shariah-compliant banking, which relies on the profitability of the project and not on fixed interest rates offered by conventional banks, has been widely tapped by realtors in places as far afield as Japan, United States and Europe besides the Middle East. This mode of finance is also acknowledged as a socially responsible route to investment, particularly as financing institutions shun investments that are not compatible with Islamic norms or are fraught with undue uncertainty.

Several modes of Islamic financing have been developed based on the primary tenet of Islamic financial intermediation that mandates the sharing of risk between the lender and the borrower. They include financial instruments and products such as mudarabah (trust financing), musharakah (equity financing), ijarah (lease financing), murabahah (trade financing), qard al hassan (benevolence/welfare loans), and istisna (progressive payments).

As a potentially prodigious source of alternative funding, Islamic finance also has the potential to support the realization of a number of national objectives, Ayjaz points out, noting in particular the government’s goal of implementing a range of citizen-centric welfare schemes.

Elsewhere in the region, Islamic banks and finance institutions now offer a range of services that support Islamic private equities, venture capital, mergers and acquisitions, syndicated lending, real estate investment, wealth and asset management, fund management and capital markets among others.

<http://main.omanobserver.om/node/54699>

Islamic Finance Rules Approve Source Products

Wednesday, June 15, 2011

It has been reported that Islamic investors who want exposure to precious metals commodity products can put their cash into the new Source Physical Gold P-exchange-traded commodity and Source Physical Silver P-ETC.

The Source products were recently approved by the Board of Shariah Scholars, which means they are in line with Islamic finance rules of not using or charging interest.

Ted Hood, chief executive of Source, said: "We have seen increasing demand for robust and efficient precious metals commodity products in the Islamic finance market and we have worked hard over the past months to deliver to our clients Shariah-compliant physical precious metals products."

Following this approval, the Source Physical Gold P-ETC is now one of the largest Shariah-compliant physical gold products globally, with more than \$1.2bn (£7.36m) in assets.

As with all Source P-ETCs, Mr Hood said the certificate is backed by uniquely allocated, referenced metal, in this case gold bullion, and is priced off the spot price of gold provided by the London Bullion Market.

Source is also exploring Shariah compliance in the Source Physical Platinum and Physical Palladium P-ETCs, given strong demand from the Middle East region for its physical precious metals offering.

Kusal Ariyawansa, IFA for Manchester-based Appleton Gerrard Private Wealth Management, said: "It is great that more products are being approved. There used to be a perception among some of my Muslim friends, that when it comes to Islamic finance you have to deal in cash only because the rules are strict.

"So it is positive that financial products are now being deemed compliant, which should widen the scope for the industry and help it grow."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1699

Standard Chartered To Expand Islamic Finance in Pakistan

Wednesday, June 15, 2011

Standard Chartered plans to focus on expanding its consumer banking line as well as its Islamic banking portfolio, according to the bank's Pakistan head, Mohsin Nathani.

"We have a fairly bullish view to Islamic banking in Pakistan," said Nathani. Islamic banking is one of the fastest growing sectors within financial services in Pakistan, with growth rates often exceeding those of their conventional competitors by over 15%. Standard Chartered won an award in the Islamic finance sector in Pakistan, with its financing of the Karachi Electric Supply Company (KESC) declared the deal of the year in 2010.

Nathani also said that the bank plans on expanding its credit card and personal loans portfolio in addition to expanding the number of products on offer to its retail customers.

However, in contrast to Nathan's optimism, the annual report for the global company seems to suggest a reduced appetite for taking on more risk in the consumer loans sector. "In Pakistan, our appetite for customer lending continued to be selective and impacted by margin compression," says the company's annual report when referring to its operations in Pakistan in 2010.

The veteran banker was less optimistic about lending to small businesses, saying that the chronic power crisis has made loans to such businesses too risky.

"We have to be realistic that banks are a commercial organisation and if we see that lending somewhere is not profitable for us, then we won't lend there as in turn, it's going to affect our own profitability," said Nathani.

Nathani claimed that Pakistan is an important market for London-based parent bank. SCB's Pakistan revenues were approximately 3.3% of the bank's global net revenues of \$8.5 billion for financial year 2010. Operating profits from Pakistan accounted for about 1.7% of the bank's global total in 2010, compared to more than 13% for neighboring India.

The bank has a long history in Pakistan, going back to 1863 when its predecessor institution opened its first branch in Karachi. Its Pakistani operations are incorporated as a wholly owned subsidiary that has been publicly listed on the Karachi Stock Exchange since it bought Union Bank in September 2006 for \$414 million.

While headquartered in London, Standard Chartered's business is concentrated mostly in Asia, Africa and the Middle East. The bank's strength is its retail banking network, though it does have a substantial capital markets presence in Hong Kong.

Nathani noted that the bank had been able to weather the financial crisis fairly well. The global parent bank continued to have eight years of record profits, adding employees and expanding business right through the financial crisis – even as their rivals lay off thousands of workers and saw profits plummet.

In Pakistan, while Standard Chartered saw its profits decline during 2008 and 2009, the company seems to be bouncing back quite well, with earnings rising by a massive 383% from 2009 to reach Rs3.6 billion for the financial year ending December 31, 2010. Nonetheless, it is less than the pre-financial crisis high of Rs5.7 billion reached in 2006.

The current year seems to have gotten off to a better start. First quarter profits are up 39.1%, reaching Rs1.15 billion. Banks in Pakistan are relatively more profitable than even their emerging markets peers due to the high interest rate spread, of the difference between what the bank charges its borrowers in interest and what it pays out to its depositors as interest on their deposit accounts.

Nathani claimed that banking spreads are high due to high inflation, which in turn causes high rates of lending. "When overall interest rates decline, the spreads will also come down," he said

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1701

Realty Sector to Benefit from Islamic Banking

Thursday, June 16, 2011

Leading property management and consultancy firm Hamptons International has enthusiastically welcomed the government's decision to allow the introduction of Shariah-compliant Islamic financial services in the domestic banking system - a move it says promises to impart a much-needed fillip to the real estate sector.

The recent Royal Directive authorising the offering of Islamic banking services - for the first time in Oman - has the potential to jumpstart a recovery of the once-vibrant property market, according to the reputable realty management firm.

Appreciating the government's initiative, Mr. Mohamed Ayjaz, General Manager, Hamptons International & Partners LLC Oman, commented, "As a widely embraced alternative to conventional interest-based banking, Islamic finance has the potential to, among other things, spur a revival of the domestic real estate sector. This impending resurgence will not only help bolster investor confidence in the local market, but also accelerate national economic growth as well." Over the past two decades Islamic finance has burgeoned into a \$1 trillion global industry

that, among other things, has served as a vital source of funding for real estate projects and developments around the world.

Shariah-compliant banking, which relies on the profitability of the project and not on fixed interest rates offered by conventional banks, has been widely tapped by realtors in places as far afield as Japan, United States and Europe besides the Middle East. This mode of finance is also acknowledged as a socially responsible route to investment, particularly as financing institutions shun investments that are not compatible with Islamic norms or are fraught with undue uncertainty.

Several modes of Islamic financing have been developed based on the primary tenet of Islamic financial intermediation that mandates the sharing of risk between the lender and the borrower. They include financial instruments and products such as mudarabah (trust financing), musharakah (equity financing), ijarah (lease financing), murabahah (trade financing), qard al-hassan (benevolence/welfare loans), and istisna (progressive payments).

As a potentially prodigious source of alternative funding, Islamic finance also has the potential to support the realization of a number of national objectives, Mr. Ayjaz points out, noting in particular the government's goal of implementing a range of citizen-centric welfare schemes.

Elsewhere in the region, Islamic banks and finance institutions now offer a range of services that support Islamic private equities, venture capital, mergers and acquisitions, syndicated lending, real estate investment, wealth and asset management, fund management and capital markets among others.

Hamptons, which has its head office in Dubai, UAE, is witnessing a rapid expansion of its international network of offices. The Oman office has branches in Muscat and Salalah, and is backed by a team of highly qualified executives.

The company offers a comprehensive range of residential, commercial and related professional real estate services, encompassing leasing, property sales and services, property management, valuation and advice, research and consultancy, and relocation. Hamptons International has a good track record of being exclusive agents and consultants to a number of high end projects and also handles the re-sale of properties at prestigious mixed-used developments around the Sultanate. It is typically the first point of call for domestic and expatriate residents and businesses when it comes to property matters.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1702

Shariah Finance Wins in Great Britain

Friday, June 17, 2011

In an attempt to stop the encroachment of Shariah-compliant courts, British Baroness Caroline Cox has introduced the Arbitration and Mediation Services (Equality) Bill into the House of Lords. It is meant to halt the encroachment of Shariah law into every aspect of British society.

This is juxtaposed against the news that "the first Shariah-compliant pension fund has been launched in the UK." Couched in soothing words to the Muslim consumer, the Shariah

compliant Self Invested Personal Pensions (SIPPs) are meant to alleviate concerns as "fresh warnings are issued daily that Britons will not have enough money to live on when they retire. Many British Muslims are party to this due to the limited choices of Shariah compliant products available to them...." [thus] "Shariah compliant products and investments can be best compared with the values of socially responsible investing." This euphemistic ambiguity gets little clarity.

Yet, Shariah law in Britain flies in the face of the notion of one law for all since the funds are based on the Koran and structured around Islamic Shariah law. This is yet another move in the "gradual establishment of parallel Islamic financial and legal systems in British public life."

In 2010 a report entitled "Shariah" highlighted the encroachment of Shariah law in Great Britain. In June 2009, 85 Islamic courts were operating in Great Britain and Shariah court rulings were "enforceable with the full power of the judicial system." Thus, Muslim women had to abide by the discriminatory Shariah laws instead of the more equitable British law. Lady Cox's bill would "firmly outlaw the practice of giving women's testimony half the weight of men's. Though the Bill does not mention Islam, Lady Cox stated that while there "is no desire to interfere in the internal theological affairs of religious groups...[the Bill] seeks to stop parallel legal or 'quasi-legal' systems taking root in [Great Britain]."

Yet, Shariah compliance has infiltrated Great Britain in Shariah compliant baby bonds, the Self-Invested Personal Pensions; and the Shariah compliant HSBC Life Amanah Pension Fund which proclaims that "it is the first pension fund that offers Muslims conventional equity risk and return without compromising Islamic principles."

In fact, Great Britain has become the "main center for Islamic finance outside the Muslim world." According to the Islamic Bank of Britain "the basis for all Islamic finance lies in the principles of the Shariah, or Islamic Law, which is taken from the Qur'an and from the example of Prophet Muhammad..." Moreover, the IBB states that "[c]entral to Islamic finance is the fact that money itself has no intrinsic value. As a matter of faith, a Muslim cannot lend money to, or receive money from someone and expect to benefit -interest (known as riba) is not allowed. To make money from money is forbidden...."

It is projected that in 2030, the British Muslim population will be over 5.5 million. It is currently just shy of three million. They can now sport the country's first Shariah Master Card or the Cordoba Gold Master Card, an "ethically inspired, Shariah compliant" credit card. Already in 2007, the Islamic Bank of Britain expanded its presence to cater to the Muslim market in Wales.

The name of Cordoba is noteworthy. To Western ears, Cordoba suggests rapprochement and interfaith dialogue. The real story is somewhat different. The Christian city was conquered by Muslims around 711 and its inhabitants slaughtered or enslaved. To Muslim ears, Cordoba connotes conquest and domination -- stealth jihadism on the march.

This allusion is particularly telling as Britain continues on the dhimmitude path by permitting "tax relief on Shariah compliant mortgages," sanctioning 85 Islamic Shariah courts currently operating in the country, bowing to the creation of an Islamic financial system based on Shariah law, and ignoring violence by Muslims in the name of political correctness.

http://www.americanthinker.com/blog/2011/06/sharia_finance_wins_in_great_britain.htm

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Nothing should stop Islamic banking

Friday, June 17, 2011

The Muslim Rights Concern (MURIC) has dismissed the Anglican Bishops' declaration against the establishment of Islamic banks as parochial, mischievous and baseless.

The group's director, Dr Is-haq Akintola said in a statement that the threat by the bishops to go on demonstration if their position was ignored is not only callous, but shallow and provocative.

It noted that that Bishops of the Dioceses in the Church of Nigeria Anglican Communion have urged the Senate and the House of Representatives not to pass any bill that would make the proposed Islamic banking to see the light of the day.

According to the Anglican Bishop of Enugu, Rt. Rev. Emmanuel Chukwuma, the emergence of a religious bank "would pose serious threat to the unity of the country" and that they oppose the move because of its "religious connotation."

MURIC explained that millions of Nigerian Muslims who have been eager to put their money in halal (acceptable by Islamic standard) accounts would have the opportunity to do so, adding that the present situation whereby there was no single Islamic Bank constitutes a breach of the Allah-given and fundamental rights of Muslims in the country.

"It stands in contradistinction to the principle of freedom of religion as provided in Section 38 of the 1999 constitution, particularly the right to "manifest" and "practice" one's religion," the group said.

It further stated that Nigeria's democracy remains a sham until every Nigerian enjoys all their rights as enshrined in the constitution.

"The rights of Nigerian Muslims have been trampled upon in this country for too long."

"At present, Muslims are forced to patronize financial institutions which operate riba (usury) and which compel Muslims to act against their faith. This is a clear indication of lack of religious freedom," MURIC said.

While calling on Nigerians to be objective this time around it said that the Muslims need Islamic banks, adding that the fact that others did not need it does not mean that they should stand in the way of the Muslims.

"People read religion into everything but claim that it is not religion when they wish to do mischief," it said.

It charged the National Assembly to ignore the call of extremists opposing the establishment of an Islamic bank, saying that the security agencies must also pay attention.

<http://tribune.com.ng/index.php/islamic-news/23640-nothing-should-stop-islamic-banking-muric>

Indonesia shares experience in Islamic banking

Friday, June 17, 2011

The training of economists and bankers from Russia on various aspects of Islamic banking began on June 13, 2011, in Jakarta, in the Islamic bank Muamalat Indonesia (BMI).

On the first day of the training, BMI Head of International Relations department, Mr. Farouk Alvini, welcomed the Russian delegation and informed them of the recent performance of the bank. Particularly, he noted that BMI is the second largest Islamic bank in Indonesia with the asset growth of 30% per year.

Currently, the bank has 350 offices throughout the country, and one regional office in Malaysia. Among the founders of the bank is the Islamic Development Bank, while the overall number of the bank's shareholders is more than 400 thousand.

Last year, the BMI delegation visited Moscow and Kazan with a series of workshops and lectures. In April this year, the bank hosted a delegation of the Russia Muftis Council composed of deputy heads of the regional Spiritual Boards of Muslims. Mr. Farooq Alvin mentioned that he is glad to witness high interest from Russian financial institutions towards Islamic banking.

In her opening speech, Head of Russian delegation Ms. Madina Kalimullina noted that the members of the delegation represent mostly the financial institutions that have already made certain steps in the implementation of Islamic financing in Russia either in the form of banking cards issuance, Murabaha mechanisms financing, or approaching structuring of sukuk. It should be noted as well that the members of the delegation are the representatives of different Russian regions - Moscow, Tatarstan, Bashkortostan, Dagestan.

The training also includes meetings in the departments of risk management, Shariah control, operations, etc., as well as meetings with the representatives of the Central Bank and the National Shariah Council. In the first days of the training most of the time was devoted to Q&A. On the same day, June 13, the Russian delegation met as well with the director of Eastern Europe Department of the Ministry of Foreign Affairs of Indonesia, Mr. Alit Santika

Mr. Alit Santika expressed his hope that the presence and training of members of the delegation will foster the development of Islamic finance in Russia and strengthen trade and economic relations between Russia and Indonesia. According to him, the trade turnover between the two countries is growing every year and has amounted to 1,6 bln dollars in year 2010.

Director of the Economic Department of Russia Muftis Council Ms. Madina Kalimullina, while introducing the members of the delegation, noted that they represent different regions of Russia with a significant Muslim population and rich natural resources and opportunities which may become a cornerstone for further fruitful cooperation.

The visit of the Russian delegation to Jakarta aimed to study the experience of Indonesia in Islamic finance comes with the support of the Embassy of Indonesia in Moscow and the Ministry of Religious Affairs of Indonesia.

<http://www.muslimeco.ru/eng/onews/136/>

2. ISLAMIC BANKING & INSTITUTIONS

Islamic Development Bank to fund economic, social projects in Egypt

Sunday, June 12, 2011

JEDDAH, June 12 President of the Islamic Development Bank (IDB) Dr. Ahmad Mohammad Ali visits Egypt tomorrow for talks with senior government officials over IDB's plans to fund development projects in the north African country.

Ali, in a statement Sunday, said would be discuss with the Egyptian officials means of funding economic and social development projects for the next three years, as well as signing a number of financing agreements.

He said IDB planned to support the Egyptian economy through funding a number of infrastructure projects, like electricity, railways, roads, education and ports. Ali said the agreements he would sign would be designed to fund steam energy station in Suez and Al-Ahram Arabic Language for non-Arab people. (End) yms.bs KUNA 122002 Jun 11NNNN

<http://www.kuna.net.kw/NewsAgenciesPublicSite/ArticleDetails.aspx?id=2173412&Language=en>

Abu Dhabi Islamic Bank launches Gold Priority Banking

Monday, June 13, 2011

Abu Dhabi Islamic Bank (ADIB), a top-tier Islamic financial services group, announced the launch of its Gold Priority Banking service that is designed to meet the needs of affluent customers. Gold Priority Banking is a strategic initiative for ADIB's retail business in 2011.

It has been designed to deliver an exclusive and rewarding banking experience with a wide range of premium products, services and lifestyle benefits.

ADIB Gold Priority Banking is accompanied by a valuable package of benefits developed exclusively for affluent customers. They will be served by a dedicated and internationally certified relationship manager who will look after their account and help them manage their finances.

Tirad Mahmoud, CEO of ADIB commented: "In today's economic climate, customers are looking for simple and transparent banking solutions and for a bank they can trust as well as one that values and rewards their complete banking relationships. With that in mind, ADIB has designed a proposition that offers world-class services personalized to meet customer needs."

"Through Gold Priority Banking our customers and their family members can enjoy a bouquet of exclusive services, benefits and solutions that match their status. In addition, ADIB built a network of dedicated priority centers, branded ADIB Gold Centers that are designed to deliver an excellent banking experience. These centers will provide a level of service comparable to the best hospitality available, in an environment of complete comfort. Their exclusive relationship with the bank will be managed by a dedicated relationship manager, handpicked from our team of highly qualified and certified relationship managers," added Tirad.

ADIB priority customers can avail a wide range of banking solutions with full transactional capabilities and special pricing privileges. An experienced and certified team of advisors with deep domestic experience and well versed with global standards will adopt a comprehensive portfolio approach and present solutions that meet customers' individual financial goals, life stages and risk appetite.

ADIB Priority Banking involves a comprehensive wealth management solution including investment opportunities such as the Gold, BRIC and Commodity Notes specially developed by

ADIB. These are designed to present contemporary investment opportunities to clients who can benefit from current trends. Takaful insurance options, home finance solutions and other convenience solutions such as the world class Visa Infinite Covered Card are amongst many options available to priority banking customers.

Priority customers can access the full range of services through a dedicated 24/7 call centre, the dedicated ADIB Gold Centers, and a dedicated website amongst other ADIB touch points. They can use all ADIB channels such as SMS banking, mobile banking and other ATM and branches as well.

In addition to personalized service and financial advice, priority customers can also gain automatic access to a number of exclusive health clubs in prime hotels, to over 600 Airport lounges in over 300 cities across the globe, valet parking at select branches and shopping malls. They will also have access to ADIB travel desk for flight and hotel bookings and car registration services.

<http://www.ameinfo.com/267888.html>

Khaleeji Commercial Bank launches new auto financing scheme

Tuesday, June 14, 2011

Khaleeji Commercial Bank (KHCB), one of the prominent Bahrain-based Islamic retail banks, has announced its launch of the Auto Finance Campaign. Emerging as a front-runner in the creation of inventive consumer financing products KHCB's latest offering looks set to hit the ground running.

The new auto financing scheme is packed full of benefits which is testimony to the fact that creating forward thinking financing solutions are at the top of this local bank's agenda.

Commenting on the launch of Auto Finance, Mr. Ibrahim Hussain Ibrahim, CEO and Board Member of KHCB said: "Our commitment to provide the people of Bahrain with Islamic, transparent and hassle free financing solutions is on track. Our auto-financing scheme offers our customers financial freedom by giving competitive rates without the need for a salary transfer, continuing forward with our strategy to offer comprehensive retail banking products."

However, great retail offerings are not the only issue on this customer-centric agenda said Mr. Ibrahim

. "We have recently opened our new branch in Sanad and will soon be opening branches in Muharraq and Budiaya in the next two months. We aim to ensure all customers have easy access to our products and services. Furthermore, our main goal is to have a wide outreach to our current and potential customers and provide newly improved services."

"Emphasizing the Bank's flexibility and recognition of individual financing needs the financing scheme offers 100% financing and up to BD50,000 to Bahraini Nationals and is also available to expatriate and self-employed residents of the Kingdom with a minimum salary of BD 250." Mr. Ibrahim added.

<http://www.ameinfo.com/268092.html>

Gulf Finance House signs partnership agreement to develop Mumbai Economic Development Zone project

Tuesday, June 14, 2011

Gulf Finance House BSC (GFH or the Bank), the Bahrain-based Islamic investment bank, announced today that it has signed a partnership agreement with Wadhwa Group, an eminent real estate developer in India. The agreement will see GFH and Wadhwa develop core infrastructure of the Bank's Energy City Navi Mumbai (ECNM) and Mumbai IT & Telecom City (MITTIC) projects (together termed as the Mumbai Economic Development Zone), and also secure a successful exit for investors.

Following the infrastructure development GFH and Wadhwa will together develop integrated homes, affordable housing, hotels and malls on the two sites, which hold a strategic location on the outskirts of Mumbai.

This follows GFH's recent announce of returning back to profitability in Q1 of 2011 with a net profit of US\$ 11.9 million for the quarter. The partnership creates a consortium which will benefit from the local expertise of Wadhwa Group, an organization with over 40 years of proven development experience in Mumbai.

Announcing the agreement Mr. Esam Yousif Janahi, Executive Chairman of GFH said: "Our first priority is completion of our existing projects and exiting our investors. During this year we are planning and targeting a number of exits and some key developments. Our initial plan to subdivide the Mumbai land and sell to sub-developers at early stage was difficult to achieve due to market changes post financial crises - we recognized this and revised our strategy in partnership with Wadhwa to develop the project in phases and complete units for direct sale. GFH has a proven track record of conceptualizing projects which augment emerging economies. The partnership with Wadhwa Group shows the results of our revised strategy, as well as the faith international economies have in our ability to follow through on projects."

Launched by GFH in 2007 and 2008 respectively, the ECNM and MITTIC projects cover 1,250 acres of prime development land at Navi Mumbai in the Indian state of Maharashtra.

The two developments form core components of the wider Mumbai Economic Development Zone - a state-of-the-art mixed use development strategically located close to Mumbai International Airport. The Zone, which is supported by the Government of Maharashtra, will ultimately offer world-class infrastructure for local and international companies across the services, information technology and energy sectors.

Also commenting on the partnership, Mr. Sanjay Chhabria Managing Director of Wadhwa Group added: "We are impressed with GFH's ability to conceptualize such developments. With our expertise and reputation together we will form a unique partnership that will create a substantial value to stakeholders. Our unparalleled expertise and reputation in the Mumbai development sector was amassed over 40 years of consistent project design, management and delivery. We and all of our partners are committed to adding to this track record with the successful, timely and profitable completion of these landmark Mumbai developments."

<http://www.ameinfo.com/268114.html>

United Arab Bank announces lowest home finance rate in UAE

Wednesday, June 15, 2011

United Arab Bank has recently announced the lowest interest rate in the UAE. With an interest rate of 4.99%, this is a welcome addition to the mortgage landscape for customers who are looking for a sensible alternative to bring down their monthly commitments.

UAB offers this product to Salaried and Self Employed UAE Nationals as well as Expatriates with Conventional and Islamic financing options

Paul Trowbridge, Chief Executive Officer, United Arab Bank, commented, "This new initiative further re-emphasizes the bank's overall strategy to focus on UAE nationals and committed expatriates and offer products that match their needs and aspirations. We strongly believe this will bring renewed impetus to the mortgage market and gives our target customers an opportunity to own their own home with the most competitive interest rate in the market."

Tom Smith, Executive Vice President, Group Head- Retail Banking, commented, "Despite being a recent entrant to the residential mortgage market, UAB has quickly emerged as a prominent player. Our mortgage product offers affordability and flexibility while at the same time addressing the customer's needs with an innovative risk-based pricing model."

UAB became part of a GCC regional banking alliance in December 2007 upon acquisition of a 40% interest in UAB by The Commercial Bank of Qatar (CBQ), Qatar's largest private sector bank. With the Commercial Bank of Qatar concluding a similar alliance with National Bank of Oman (NBO) two years ago, all three banks are strongly positioned for future growth.

United Arab Bank has a network of 14 branches all over UAE, offering a whole range of attractive deposit and lending options. Online banking, SMS banking, ATMs and a state of the art call center offer round the clock banking services in a safe and secure manner. UAB's ATMs are enabled with 24 hour cash & cheque deposit facility in addition to honoring all kinds of credit and debit cards for various types of banking services. In a challenging financial environment, United Arab Bank maintained earnings momentum recording a net profit growth of 10% for the year ended 31st December 2010. The bank is rated by Moody's with a stable outlook.

<http://www.ameinfo.com/268246.html>

Islamic Finance House appoints General Manager

Thursday, June 16, 2011

Islamic Finance House (IFH) announced the appointment of Mohamed Omar Ali Mubarak Keiti as General Manager of the company that serves as a growing centre for Shari'ah compliant financial solutions catering to a wide spectrum of clients in the UAE.

Mohamed Omar Ali Mubarak Keiti, a UAE national, has gained extensive Islamic financing experience throughout his tenure of 11 years at leading banks in the UAE.

He has earned a reputation in the industry for being a dynamic and effective leader and is recognized for achieving high growth rates, financial-turnarounds, as well as leading major staff developments.

As General Manager of IFH, he will play an integral part in driving the company's expansion while positioning it as a growing financial entity.

He will work with the management of IFH to direct all various aspects of the company, including operations, marketing, and finance, while endeavoring to penetrate the UAE market with the full gamut of corporate and retail Islamic financial products.

<http://www.ameinfo.com/268327.html>

Noor Islamic May Break even this 2011

Friday, June 17, 2011

Dubai's Noor Islamic Bank could break even in 2011, a year ahead of target, and will consider merger and acquisition opportunities later to expand overseas, its chief executive said.

Business has been unaffected by the Middle East conflict and the bank posted a profit of Dh58 million (\$16 million) in the first four months of 2011, Hussain Al Qemzi said.

"We've seen a lot of flow of liquidity and cash and we've seen a growth in retail and travel," Al Qemzi said on the sidelines of an Islamic banking conference in Singapore. "Actually, it's not negative."

Noor Islamic Bank focuses mainly on corporate banking deals such as sukuk issues. It is 25 per cent owned by Dubai Investment Group, the investment arm of Dubai Holding.

The bank had earlier said it expected to close a "healthy number" of Islamic syndicated loans and Islamic bonds in the first half of 2011, with Turkey emerging as an active market for Islamic finance. Al Qemzi said sukuk deals would start flowing again after slow 2010 but most issues would be of a smaller size. Traditionally Gulf issuers have tended to sell Islamic bonds in billions of dollars. "We are working on a few transactions, we'll do some transactions in Turkey and we're also hopeful of the Asia market," he said.

A Gulf aid package for Bahrain and Oman would also create opportunities for sovereign Islamic bond issuance, he said. In March, Gulf Arab oil producers launched a \$20 billion aid package for Bahrain and Oman to help them upgrade housing and infrastructure over 10 years, in the aftermath of anti-government protests. Noor Islamic Bank could consider merger and acquisition opportunities after it becomes profitable, Al Qemzi said. "We'll look at it in time, but I'd like to see us getting out of the woods and becoming profitable," he said. "For us, I will look at banks that will really give us international reach."

Noor Islamic Bank had said it has no plans to merge with any other financial institution after being named as a possible candidate to absorb troubled Islamic lender Dubai Bank. When it first launched in 2008, the bank wanted to be the world's largest Islamic bank within five years through acquisitions in countries such as Indonesia, Egypt and Britain. But difficult global market conditions have forced it to rethink its strategy.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1706

ComBank commences Shariah-compliant Banking

Friday, June 17, 2011

The Commercial Bank of Ceylon is launching 'Shariah Compliant Banking' to better serve an important segment of its customer base that requires Shariah-compliant financial products based on Islamic principles.

The Bank has announced the appointment of three eminent scholars in Islamic jurisprudence to its Shariah Board, to guide the operations of its new Islamic Banking Unit and to conduct periodic audits to ensure that all transactions conform to the parameters of the Shariah.

The three members of the All Ceylon Jamiyyathul Ulama who will serve on Commercial Bank's first Shariah Board are Sheikh M M A Mubarak, Sheikh Fazil Farook and Sheikh M M Murshid.

"We are honoured that these respected scholars have consented to advise us on the launch of Islamic Banking and to supervise the unit's operations," Commercial Bank's Managing Director Amitha Gooneratne said. "As one of Sri Lanka's largest private banks it is our obligation to ensure that the services the unit provides are fully compliant with the tenets of the Shariah."

Commercial Bank's Islamic Banking Unit would initially be located on the fourth floor of its headquarters building at Bristol Street, Colombo, but the products would be later be made accessible to customers visiting branches via the Bank's sophisticated IT system, B. A. H. S. Preena, Chief Manager – Corporate Banking said.

At its commencement, the unit will offer deposit products such as 'Mudaraba' Savings Accounts and 'Mudaraba Investment Accounts' and asset products such as 'Murabaha,' 'Musharaka,' 'Diminishing Musharaka,' 'Ijara' Leasing and Import Financing.

All of these products operate on the Islamic principle of both the Bank and the customer sharing returns as well as risks.

Mudaraba, which is a form of profit sharing investment, is a partnership where one partner provides full capital while the other manages the business. Any profit made using the funds is divisible between the customer and the Bank at a predetermined ratio agreed to by both parties.

Murabaha is the sale of goods by the Bank to customers at a cost plus profit where the selling price is decided at the time of the sale. Murabaha can be used for local purchases or import of trading commodities and the customer is given a fixed tenor to settle the sales proceeds.

Musharaka is a method of financing based on partnership, used for asset financing and export financing. Partners are entitled to a share in the profits that result from the project at a predetermined ratio which is mutually agreed upon at the time of entering into the contract.

Diminishing Musharaka is a partnership in which one partner (the customer) will purchase the Bank's share in a fixed asset over a predetermined period and become the owner of the asset. The ownership of it will be passed to the client upon successful completion of the agreed terms. This can be used for property purchase, housing purposes and project finance.

Available for unregistered vehicles and equipment and machinery, Ijara is a contract where the lessor (Bank) who owns the asset transfers its usufruct to another person for an agreed period at an agreed rental. The asset will be gifted to the customer when all lease rentals are met on time.

Import Financing involves providing letters of credit with financing on Islamic terms. This includes import Murabahas.

Commercial Bank's Senior Manager - Islamic Banking, S F Ameen stated that these products can be structured to individual needs of customers while ensuring their Shariah compliance.

<http://print.dailymirror.lk/business/127-local/47178.html>

3. SUKUK (ISLAMIC BONDS)

Sipchem Sukuk issue wins approval

Sunday, June 12, 2011

Saudi International Petrochemical Co (Sipchem) has been given regulatory approval to issue an Islamic bond, or Sukuk, it said on Sunday.

The company said it would decide the size at a later stage after it got approval from Saudi Arabia's Capital Market Authority.

Sipchem said in December it planned to raise at least 1.5 billion riyals (\$400 million) through a Sukuk issue by the first quarter of 2011 to finance new projects.

Chief executive Ahmad Al-Ohali told Reuters in December Sipchem had mandated one local and one international bank as financial advisers but declined to give details.

The firm is planning to spend 400 million riyals to build the first ethyl acetate plant in the region, with the help of French chemical group Rhodia, to rival major commodity producers such as BP.

http://www.tradearabia.com/news/CM_200313.html

Saudi market approves Sipchem Sukuk issue

Monday, June 13, 2011

Saudi International Petrochemical Co (Sipchem) has received the approval of the Saudi Capital Market Authority to issue an Islamic bond, Reuters has reported. The firm said in December it planned to raise at least SR1.5bn (\$400m) through a Sukuk issue by the first quarter of 2011 to finance new projects. Sipchem is planning to spend SR400m to build the first ethyl acetate plant in the region, with the help of French chemical group Rhodia, to rival major commodity producers such as BP.

<http://www.ameinfo.com/267890.html>

Nakheel Sukuk not delayed

Monday, June 13, 2011

Nakheel Properties is pushing ahead with plans to issue Sukuk (Islamic bonds) on schedule before the end of this month and the German Deutsche Bank is expected to manage the issue, a newspaper reported on Monday.

The Dh4.8-billion Sukuk are part of overall restructuring plans by the company, including separation from the government-owned Dubai World once most of its debt to contractors and other creditors are settled.

“Nakheel will not change the date set for issuing Sukuk before the end of this month...there will be no postponement,” the Shariah-based Arabic language daily Alkhaleej said, citing sources close to creditor contractors.

It said lenders had signed a final agreement with Nakheel, setting the ground for the bond issue, adding that such a process is now within days.

“Deutsche Bank will manage the Sukuk issue, which will be spread over a period of two to three months,” one source said.

“The Sukuk will initially not be listed at any local party to ensure creditors will benefit most from the issue whether through selling or mortgaging them in return for credit facilities...listing could be set later.”

Alkhaleej quoted Nakheel sources last week as denying reports that the company would change its 10-per cent profit rate on its Sukuk.

“These news are baseless...Nakheel is committed to all its promises to settle claims by creditors through Sukuk issue with a profit rate of 10 per cent over a period of five years to be paid every six months,” a source said.

“All creditors will get 100 per cent of their claims in line with the contracts signed with them...Nakheel is doing its best to attain three goals until the end of next month - issuing Dh4.8 billion Sukuk, reaching a final agreement with all lenders and completing its separation from Dubai World.”

In press comments this week, Nakheel Chairman Ali Rashid Lootah said the company would issue Dh4.8 billion Sukuk at the end of June to pay nearly 60 per cent of its debt as part of overall restructuring.

He said the Sukuk would be issued on time and there would be no delay as the company had taken measures to remove all obstacles for the settlement process.

<http://www.emirates247.com/property/nakheel-sukuk-not-delayed-2011-06-13-1.402519>

Sipchem gets nod for Sukuk issue

Monday, June 13, 2011

Riyadh: Saudi International Petrochemical Co (Sipchem) has been given regulatory approval to issue an Islamic bond, or Sukuk, it said yesterday.

The company said it would decide the size at a later stage after it got approval from Saudi Arabia's Capital Market Authority.

Sipchem said in December it planned to raise at least 1.5 billion riyals (Dh1.46 billion) through a Sukuk issue by the first quarter of 2011 to finance new projects.

Chief executive Ahmad Al Ohali said in December Sipchem had mandated one local and one international bank as financial advisers but declined to give details.

The firm is planning to spend 400 million riyals to build the first ethyl acetate plant in the region, with the help of French chemical group Rhodia, to rival major commodity producers such as BP.

Sipchem's shares closed 0.9 per cent higher at 21.55 riyals a share in earlier trading yesterday.

Sipchem actively develops and invests in petrochemical and chemical industries, both basic and intermediate to produce chemicals used to manufacture a multitude of products that improve the lives of people worldwide.

<http://gulfnnews.com/business/markets/sipchem-gets-nod-for-sukuk-issue-1.820848>

Indonesia Waiting For Approval of Global Sukuk

Tuesday, June 14, 2011

It has been reported that Indonesia is still planning a sale of dollar-denominated Islamic bonds in the second half even though it has yet to get approval for state-owned land and office buildings to be used to back the debt, the finance ministry said.

The ministry is seeking parliamentary approval to allow 30 trillion rupiah (\$3.5 billion) of land and buildings to be used for the Sukuk offerings, Dahlan Siamat, director of Islamic finance at the ministry, said. It has “run out” of approved buildings and land, he said last month. The finance ministry is also waiting for a ministerial decree to enable it to use new projects, such as roads, railways and buildings to back Shariah-compliant bonds.

“The plan is still to sell dollar Sukuk in the second half of the year but we’ve yet to identify the underlying assets,” Siamat said. If either the ministerial decree or the parliamentary approvals don’t come through soon, “I think the chances of selling global sukuk in July or August will be rather slim.”

The government had to postpone a proposed sale of rupiah- denominated Islamic bonds on May 31 to this month due to the delay in getting the approvals, Siamat said. The next auction of rupiah sukuk is scheduled for June 14, according to the calendar of issuance.

“We can’t sell sukuk if we don’t have assets,” Siamat said. “We may get approval soon and the sale can go ahead as scheduled. Hopefully by end of this month we can sell sukuk.”

Shariah-compliant bonds pay asset returns to comply with Islam’s ban on interest. Rent on state-owned lands and buildings are one form of payment for such securities.

Sales of Islamic debt in Indonesia, Southeast Asia’s largest economy and home to the world’s largest Muslim population, amount to 17.94 trillion rupiah so far this year, according to combined data from the debt management office and the Capital Market and Financial Institution Supervisory Agency. Offerings rose 45 percent to 27.76 trillion rupiah in 2010.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1698

Egypt Introduces New Sukuk Law To Spur Islamic Finance

Wednesday, June 15, 2011

Egypt is set to introduce a new Sukuk law with the aim of spurring Islamic finance transactions and services in the Country. Egypt will issue its first Islamic debt guidelines and amend its capital market law in a drive to spur Arab investment and open itself to investment from the Persian Gulf and Southeast Asia.

The move will allow oil-rich countries to invest in the roughly 180 companies listed on the Egyptian stock market. "The Board of Directors for the Egyptian Financial Supervisory Authority (EFSA) has issued today its initial approval of the amendment proposal to the Capital Market Law No. 95 of 1992 that involves issuance and organising Islamic Bonds [sukuk]," says a statement published by the financial watchdog's website today.

According to the statement, the proposal will be discussed by experts and other involved parties before being floated for final approval by Egypt's cabinet. The statement did not specify any timeline for these changes.

"Although I don't see any difference between Islamic and non-Islamic bonds, the move will help attract Arab investors to the Egyptian market," says Walaa Hazem, asset manager at HC Securities.

"The thing is, you're trying to provide a broad diversity of services that will cover potential investors from different backgrounds, including those who worry about investment and think it is haram [forbidden]," adds Hazem, who was part of a May tour of the Gulf by the Bourse chairman Mohamed Abdel Salam aiming to promote the Egyptian market.

Last month, Prime Minister Essam Sharaf and Finance Minister Samir Radwan also made a promotional tour of the Gulf, visiting Saudi Arabia, Qatar, the United Arab Emirates and Kuwait, looking to raise both private investment and loans.

Egypt's market has three listed Shariah-compliant banks: Al Baraka, Faisal Islamic Bank of Egypt and National Bank for Development.

In May, the Freedom and Justice Party, set up by the Muslim Brotherhood (MB) to contest up to half the seats in a parliamentary election scheduled for September, proposed the government sell Islamic bonds for the first time to help plug the country's deficit.

According to the group's official website Ikhwan Online, Ashraf Badr El-Din, a member of the MB committee which wrote the economic platform for the new party, argued that a high percentage of Egyptians have reservations about charging interest and that such a financing tool would encourage these people to invest their money.

The global market for Islamic financial services was estimated to have reached US\$729bn at the end of 2007, a 37 per cent increase year-on-year, according to a 2009 paper by the Egyptian British Chamber of Commerce titled Report on Islamic Banking in the UK and Egypt'.

The logic behind introducing Sukuk in the Islamic world is that any form of interest [riba] derived from investments is forbidden [haram].

Islamic finance works from the premise that both the individual customer and bank should be at equal risk upon investment; any possible profits or losses should be equally divided between them.

Conventional financial services, as well as finance for activities related to alcohol, gambling and tobacco are incompatible with the principles set out in Shariah law and therefore prohibited in the Islamic banking system.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1700

HSBC expects record sukuk mandates

Wednesday, June 15, 2011

Dubai: HSBC Amanah, HSBC Plc's Islamic banking unit, expects to manage a record number of sukuk issuance mandates this year, senior executives of the bank said in Dubai Tuesday.

"Our pipeline is very healthy indeed and we've seen a significant pickup in mandates. The year is not over in terms of new issuance and I think we'll see more companies coming to the market with sukuk over the next four to five weeks," said Mohammad Dawood, Head of Islamic Capital Markets at HSBC.

The bank forecasts issuers new to Shariah-compliant finance from Europe, the Middle East and Asia will sell sukuk this year.

The sukuk market has been very active this year — at one point HSBC had three sukuk deals in the market in one week. Broadly speaking, the market for sukuk this year has been buoyant and international investors have been keen buyers of sukuk issued in the Mena region. The year started with the Emaar sukuk, which effectively opened the market after a long pause.

Natural home

Part of the reason for the increase in issuance this year in the region is because the GCC is a natural home for buyers of sukuk — there's a ready investor base in the region. Regional investors are particularly keen on strong regional names — investors were keen buyers of the Sharjah Islamic Bank and Islamic Development Bank sukuk.

Global Islamic bond sales are up 24 per cent so far this year to \$7.8 billion (Dh28.62 billion) from the same period last year as borrowing costs declined.

Issuance reached a record \$31 billion in 2007. HSBC is the world's leading sukuk manager by value this year with 12 issues amounting to \$2.1 billion, according to data compiled by Bloomberg.

The average yield on global Islamic debt fell to the lowest in more than six years on June 8, according to the HSBC/Nasdaq Dubai US Dollar Sukuk Index. The rate advanced three basis points to 3.84 per cent on June 13.

HSBC Middle East issued its own sukuk a few weeks ago. This was the first public sukuk issued by a conventional bank. At \$500 million, the size was significant and the pricing was tight at 155 basis points more than the benchmark mid-swap rate.

Active buyers

"When we looked at who bought it, it had a number of GCC buyers — but importantly, international buyers were very active. We hope that other conventional banks will consider issuing of sukuk in order to access this vital market," Dawood said.

HSBC expects its sukuk issuance will prompt many conventional banks and corporates to follow suit. "We expect our sale to encourage other conventional banks that are somehow involved in Islamic finance to follow suit," said George Elhedery, head of global market, Middle East and North Africa at HSBC Bank Middle East.

<http://gulfnews.com/business/banking/hsbc-expects-record-sukuk-mandates-1.821700>

Saudi Sukuk market outlook promising

Wednesday, June 15, 2011

JEDDAH: After a period of considerable turmoil in the regional bond and Sukuk markets in connection with the global economic turmoil, the fundamentals for Sukuk issuance are once again becoming more favorable.

Speaking at the Bonds & Loans Middle East conference in Dubai recently, chief economist Jarmo Kotilaine of the National Commercial Bank stressed the growing recognition of the important role that Sukuk can play in fostering economic development in Saudi Arabia. Although important progress has been made in Sukuk issuance, the active names have tended to be large companies – led by SABIC and Saudi Electricity – as cost considerations and illiquid secondary markets have deterred others.

Nonetheless, Sukuk are exceptionally well positioned, serving as a bridge between the large pools of capital in the Kingdom and the massive infrastructure investment requirements, which are variously put at some \$750 billion or more.

The government has made an important step by indicating that Sukuk would be used to finance the new King Abdul Aziz Airport project in Jeddah and the pending mortgage law will likely create additional public sector issuance opportunities, thereby helping to create quasi-sovereign benchmarks to encourage others to come to the market. This is a process that has successfully played out in some of the other regional economies, such as Bahrain, Qatar, and the UAE.

In spite of the improving outlook for Sukuk, there is an acute need for developing structures and solutions that will enable Sukuk to become a more integral part of the regional financial sector, Kotilaine said.

While bond markets are an equal third pillar – along with banking and equities – of developed financial markets, their role remains marginal in Saudi Arabia, he added. Above all, innovation is needed to enable the use of Sukuk in project finance. At the same time, tenors will have to increase beyond the current norm of five years, although some positive progress has indeed happened in this regard of late. But the markets will also need new investors, most notably in the institutional space, which is the backbone of global bond markets. In this area, positive progress is materializing thanks to the growth of the Saudi insurance sector. Plans have also been mooted of giving foreign institutions access to the Sukuk market. Retail investors are

increasingly able to tap the Sukuk market both directly and through a growing number of Sukuk and money market funds.

The positive market dynamic, along with recent initiatives by market participants, should also foster greater standardization which will hopefully reduce the time and financial costs associated with Sukuk issuance and increase market efficiency.

Kotilaine noted that "greater attention is being paid to Malaysia's success in the Sukuk space, partly because of growing issuance by GCC names there. Rising to this challenge by developing a regional Sukuk market is essential for unleashing the potential of the GCC as an important center of Shariah-compliant finance globally."

<http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentID=20110615103047>

Malaysia's Bank Negara Sukuk Indexed Launched

Friday, June 17, 2011

It has been reported that financial news service provider Bloomberg launched a non-ringgit denominated sukuk index which was developed in the unprecedented Islamic hub of Malaysia in conjunction with Bank Negara.

Called the Bloomberg Malaysian Foreign Currency Sukuk Index, the new index would provide a global benchmark for the performance of sukuk bonds and the ability to track movements of foreign currency issues.

Bloomberg professional service executive Gerard Francis said in a press release that there was high demand for more transparency, pricing, risk and return information for the rapidly growing Islamic financial marketplace.

"We believe that this latest index will become the instrument of choice to help investors and fund managers maximize their investments in Shariah finance. It is also another sign of our 20 years of experience and commitment to the region," he added.

Meanwhile Bank Negara deputy governor Datuk Muhammad Ibrahim said the launch of the index marked another milestone that would contribute towards the internationalization of Islamic finance.

The index consists of foreign currency sukuk issues listed on Bursa Malaysia or on the Labuan International Financial Exchange and would give fund managers the ability to conduct performance attribution as well as help them to manage their foreign currency exposure.

The index also includes the investment-grade Malaysian foreign currency sukuk priced in US dollars. Bloomberg recently created another index with the Association of Islamic Banks in Malaysia (AIBIM), the Bloomberg-AIBIM- Bursa Malaysia Sovereign Shariah Index, which provides a benchmark of performance for investors seeking exposure to 7 Shariah-compliant ringgit-denominated Government securities.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1707

4. TAKAFUL (ISLAMIC INSURANCE)

International Takaful Summit set for London

Sunday, June 12, 2011

Afkar Consulting Ltd and Istishar IQ are promoting the fifth International Takaful Summit at the Jumeirah Carlton Tower in London on 12-13 July 2011

An International Takaful Master class is to be hosted by Norton Rose, aimed at increasing attendee knowledge of the regulatory frameworks, demographic analysis of the size and scope of the market in Europe as well as the various Shari'ah issues that must be addressed.

“This years’ Master class programme has been designed to explore the potential pitfalls in rolling out a Takaful product in a non-Muslim jurisdiction. It is clear that the potential market exists but as with any commercial venture it must be supported by sound business sense. Offering Takaful as a conventional insurer could be very lucrative if implemented correctly and we aim to demonstrate this at the Master class,” said Iqbal Asaria of Afkar Consulting.

Mohaned Abdullah of Istishar IQ noted “I am passionate about Takaful, and want to make sure that those who risk entering the alternative services market in a business environment dominated by conventional finance are given the due respect. Encouragement must be provided by those of us that wish to see Islamic Finance products succeed. Further, there must be an acknowledgment of the fact that Islamic services are not limited to the Middle East and Malaysia, but are a global phenomenon.”

Among companies sponsoring the Summit are Norton Rose, Aon Benfield, Salama, Best Re, AM Best, NCB Capital, Takaful Re and FWU Group.

<http://www.cpifinancial.net/v2/News.aspx?v=1&aid=8243&sec=Islamic%20Finance>

Ijara Management Signs MOU with Real Economy

Tuesday, June 14, 2011

Ijara Management Company has signed an MOU with Real Economy Partners. The Memorandum of Understanding commits the two to developing alternative leasing solutions for the French market

Ijara Management Company (IMC) a wholly owned subsidiary of The Islamic Corporation for the Development of the Private Sector (ICD) a multilateral organization, affiliated with the Islamic Development Bank (IDB) Group and REAL ECONOMY PARTNERS (REP) have announced an exclusive partnership to develop Alternative Leasing (Credit-Bail Alternative) solutions for the French Market.

REP says it is proud to announce the signing of a Memorandum of Understanding meant to set forth the main lines of this partnership between REP and IMC with a view to offering alternative lease solutions to French businesses.

The MoU represents a pivotal milestone in the development of a French alternative finance industry, aiming to breath new ethics into the business life of French SMEs. As Islamic finance is growing and developing in France there is no better time to sign the memorandum of

understanding as it can further spur the Islamic finance industry forward with innovative companies opening up key opportunities in the country and abroad.

IMC's main objective is to bring world-class expertise and best practices in Islamic leasing industry, offering 'turn key solutions' and all required expertise in ensuring that new Ijarah companies are properly set-up and thereafter successfully operated. IMC offers complete software support including a disaster recovery centre. REP is the first French AMF – (the French SEC) certified advisory firm specialised in Islamic Investment and Finance solutions.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1697

5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

Shariah-compliant pension fund launched

Sunday, June 12, 2011

The first Shariah-compliant pension fund has been launched in the UK.

The fund which does not invest in companies that trade in guns, alcohol, gambling, tobacco or pornography, nor does it receive interest, has been launched by Point on York and the Islamic Bank of Britain (IBB).

Investors will be able to save in a self-invest personal pension and choose from a range of Shariah-compliant assets. These could include cash, funds and property.

Importantly, savers will be able to enjoy tax relief on their pension contributions.

"People are being alerted to the risks of not putting enough aside in pensions for their retirement," said Sultan Choudhury, the commercial director of IBB. "Retirement planning has been neglected because, among other reasons, the specific needs of Muslims have not been addressed."

The scheme will be available to employers providing a pension fund for their staff. At present, many Muslims are put off workplace pension schemes because they can contravene Shariah law. The Shariah pension fund follows earlier moves into the Islamic-friendly mortgage and current account mortgages by the IBB and Lloyds.

<http://www.independent.co.uk/money/pensions/shariacompliant-pension-fund-launched-2296359.html>

IDB to help finance Egypt projects for \$2.5 bln

Wednesday, June 15, 2011

JEDDAH - Jeddah-based Islamic Development Bank is setting aside \$2.5 billion for development projects in Egypt over the next three years to support its economy after the ouster of its leader, the bank said on Wednesday.

"To assure the role of the banking group in supporting the development efforts in Egypt, the group decided to offer \$2.5 billion in financing over the next three years, that will be intended to finance development projects," the bank said in a statement.

Political turmoil in Egypt led to the resignation of President Hosni Mubarak on February 11, hurting tourism and spooking foreign investors.

The International Monetary Fund said in April that Egypt faced a funding gap of \$10 billion to \$12 billion and is projecting slower growth of 1.0 percent this year, well below its long-term average, after a 5.1 percent expansion in 2010.

Saudi Arabia pledged in May a \$4 billion aid package for Egypt, including a \$1 billion deposit at the central bank and \$500 million in bond purchases.

<http://af.reuters.com/article/investingNews/idAFJOE75E0CY20110615>

6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

Jordan Takes Part in World Islamic Economic Forum

Monday, June 13, 2011

It has been reported that Jordan has joined other Islamic business communities in the 7th World Islamic Economic Forum 2011 (WIEF) in Kazakhstan's capital Astana to discuss mechanisms of boosting economic cooperation among Islamic countries in light of the economic and political conditions facing countries of the region as well as a number of Islamic states.

Deputizing for His Majesty King Abdullah II, Minister of Finance Mohammad Abu Hammour took part in the 3-day forum which tackled investment issues in Islamic countries, intra-regional trade, financing Small and Medium Enterprises (SMEs) and activating Islamic finance tools like Islamic fixed-income securities, Sukuk.

Abu Hammour stressed Jordan's tendency toward a comprehensive economic and political reform to provide citizens with decent life and improve their living conditions, noting that creating the appropriate climate for investment, leadership, innovation and creativity is the key for economic and community development.

He added that Jordan has improved its business environment through legislative amendments and facilitating its business establishment procedures by sharply reducing the Minimum Capital Requirements (MCR) from JD30, 000 to JD1, 000 and recently to JD1.

The Jordanian government has also reduced fees for transferring land and real estate ownership and granted SMEs a full tax exemption in order to work as efficiently and appropriately as it should, the minister added.

He said that Islamic countries can play a key role in creating the appropriate conditions for entrepreneurial competencies by having economic policies to encourage private sector and training entrepreneurs on how to avoid risks which will positively affect the community.

During his visit, Abu Hammour met with chairman of Kazakhstan's sovereign wealth fund Timur Kulibayev and discussed means of cementing bilateral ties in various fields.

The minister also met with a number of heads of delegations and Islamic countries' ambassadors in Kazakhstan and discussed issues of common interest.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1693

About Jaoude and Associates Law Firm participates in 2011 Annual Arab Investment Summit

Tuesday, June 14, 2011

Abou Jaoude and Associates Law Firm from Lebanon were represented at the summit by partner Souraya Machnouk who gave an insight into Lebanon's investment climate. The 2011 Annual Arab Investment Summit that took place on May 23-24 at the Yas Rotana Hotel in Abu Dhabi delivered a focused agenda featuring over 20 expert speakers comprising many of the region's decision and policy makers, investors, financiers and service providers who discussed the various investment opportunities in the fast-growing markets in the Arab world.

Participants represented major institutions from the UAE, Qatar, Kuwait, KSA and Mexico among other jurisdictions. Abou Jaoude & Associates Law Firm from Lebanon participated in the event and provided detailed insights on Lebanon's investment climate which qualifies it as an excellent business platform. The Firm was represented by partner Souraya Machnouk whose presentation and panel discussion revolved around the topic "Private Equity: A Gateway to the Renaissance of the Capital Markets".

The summit closed with the prestigious 2011 Arab Achievement Award Ceremony where forty-eight awards distinguished the very best following a tough competition between a large number of contenders from various fields such as banking and finance, real estate, education, healthcare, telecom, insurance, hospitality and law.

Prominent winners include Emaar as "Leader in Real Estate", Etisalat as "Leader in Telecommunications", Standard Chartered Bank as "Leader in Islamic Investments" and Qatar National Bank as "Best Investment Bank". Abou Jaoude & Associates Law Firm was the exclusive award winner from Lebanon winning the coveted 'Best Law Firm of the Year' Award. The award reflects the Firm's distinctive work in the past 12 months on a number of significant and complex transactions and recognizes the Firm's solid position in the region among other highly respectable regional, UK and US international law firms that were nominated for the Best Law Firm Award.

Souraya Machnouk, the partner representing the Firm as a speaker at the Summit, received the Award and commented, "We are honored to receive this award. Winning this award is a testament of our Firm's commitment to delivering quality services with added-value in an aim of always exceeding its clients' expectations. We would like to thank our colleagues who have worked very hard and our clients for their trust and support without which we wouldn't be where we are today."

<http://www.ameinfo.com/268035.html>

International Turnkey Solutions to hold first Islamic banking conference in Oman

Wednesday, June 15, 2011

International Turnkey Solutions (ITS), one of the leading business and technology solutions providers for banking, Islamic finance, higher education and telecommunications

sectors, will host its first Islamic banking conference in Oman at the Shangri-la's Barr Al Jissah Resort and Spa on June 20th, 2011.

Following an Omani royal decree in early May authorizing the establishment of Shariah-compliant services, the event will feature top Islamic banking experts discussing opportunities for Omani banks interested in taking advantage of this new opportunity.

"I am very excited to join ITS in discussing Islamic banking issues with the Omani banking sector, which is facing a unique opportunity today with the opening up of an Islamic finance sector," said Dr. Mabid Al-Jarhi, President, International Association for Islamic Economics, who will present at the Conference.

"This is surely a situation where early adopters will pick up the most benefits but much planning and expertise is required to assure long-term growth, profitability and credibility," added Al-Jarhi.

HRH Sultan Qaboos bin Said Al Said's royal decree authorizing Shariah-compliant financial products sparked interest in the Islamic finance sector. The decree comes as studies indicate that the global Islamic finance industry is set to grow 24% annually and has weathered the financial crisis, with total value of assets controlled growing from OR154bn at the end of 2008 to more than OR0.38 trillion in 2010.

"The royal decree ushers in a new era for Omani finance. Demand from the youth, who make up 65% of the GCC, will certainly drive this industry. We are proud to extend our support to ITS who will leverage their years of experience to benefit Oman's burgeoning Islamic finance industry," said Dr. Haroun Dharsey, Senior Vice President Operational Projects, Dubai Islamic Bank, and speaker at the ITS Islamic Banking Conference.

The seminars will bring together industry experts and speakers from regional Islamic institutions who will discuss the challenges involved in migrating to a Shariah-compliant structure. Those challenges include overhauling the IT infrastructure, training staff and integrating with the global banking system, elaborated Tarek Khalifa, SGR Area Manager of ITS.

"AT ITS, we are taking the initiative and sharing our 30 years of industry experience with what is sure to become a key market. The expertise we have accumulated through our operations in Saudi Arabia and various Islamic knowledge centers allow us to design turnkey solutions that will help our clients migrate to Shariah compliancy quickly and seamlessly," said Khalid Al-Saeid, MD and General Manager of ITS. The seminars are targeting key decision-makers in the banking industry such as top management officials and C-level executives.

<http://www.ameinfo.com/268189.html>

Barwa Bank holds 'Future of Islamic Finance' seminar

Wednesday, June 15, 2011

Barwa Bank, Qatar's newest Sharia'h compliant banking service provider, held a seminar entitled "The Future of Islamic Finance" on June 13, 2011 in Four Seasons. The seminar was attended by over 70 invitees representing the business community in Qatar, who were introduced

to the vision and strategy of Barwa Bank and the initiatives it is leading in corporate and business banking area.

After welcoming the guests, Mr. Steve Troop talked about the vision and strategy of Barwa Bank. Following that, Mr. Keith Bradley presented the various initiatives and offerings that Barwa Bank is providing to corporate and business customers, with a focus upon corporate internet banking services which enable clients to manage their accounts and complete various transactions online.

Mr. Steve Troop, CEO, Barwa Bank Group commented on the occasion, "To achieve our goal of becoming a leading Sharia'h compliant banking group, we have developed a unique proposition for each of our customers segments that we believe will position us as the partner of choice for Sharia'h compliant banking services in Qatar. We wanted to share this with our current and potential customers in this seminar, and we have had a very positive reception today."

Mr. Keith Bradley, GM-Head of Banking Group, said, "Barwa Bank is new, ambitious and responsive. We will continue to invest with a particular focus on our Corporate and SME customers, and we look forward to partnering with each of our customers to help them seize the opportunities offered to them."

The third speaker in the seminar was Dr. Osama Al Deraie, Executive Member of Barwa Bank's Shariah Board and Chief Executive of Bait al-Mashoura, who gave an insightful presentation on the guiding principles of Sharia'h Compliant Banking, and the role it plays in driving economic growth.

Dr. Al Deraie commented on the occasion saying, "Sharia'h compliant banking is still relatively new, but it has proved to be resilient and strong during the recent global crisis. This is due mainly to the belief and moral principles that govern all transactions. If the banks want to achieve the prosperity and successes they should work closely with customers in various sectors to apply these principles to innovative Sharia'h compliant banking products and services that meet their needs."

The three speakers then took the stage for an interactive session with the guests, where they answered various questions related to Sharia'h compliant banking in general, and Barwa Bank strategies and operations in particular.

Mr. Samy Kher El-Din, Head of Business Banking Group, Barwa Bank, said, "Through our market knowledge and research, we have identified SME as a key growth sectors with over 20000 SMEs operating in Qatar and have established a Business Banking Group to cater to the specific needs of this new sector. This event is a great opportunity for us to share our vision with clients and get their feedback and comments to help us improve and enhance our services."

Mr. Khaled Al Ahbabi, Head of Corporate Banking Group, Barwa Bank, also commented on the occasion, "Capitalising on our strong financial situation and innovative suite of products and services, we will continue to work closely with our corporate clients across all sectors to help them achieve their goals and expand their business."

<http://www.ameinfo.com/268216.html>

Jadwa Investment named 'Overall Best Islamic Investment Bank' for 2011

Thursday, June 16, 2011

It has been reported that Jadwa Investment has been named Overall Best Islamic Investment Bank Award for 2011 by Global Finance Magazine. The announcement was made at Global Finance's fourth annual awards for the World's Best Islamic Financial Institutions.

The awards are given to banks and investment houses that have contributed to the progress of Islamic Finance and have delivered innovative and high performing Shariah-compliant products to their clients.

The award winners were chosen based on objective criteria including growth in assets, profitability, geographic reach, strategic relationships, new business development and innovation in products. Global Finance also factored in the opinions of equity analysts, banking consultants and others involved in the industry.

Ahmed Al-Khateeb, Managing Director & CEO, Jadwa Investment commented: "We are pleased to receive this prestigious award from Global Finance, which is a must-read magazine for finance professionals everywhere. We created Jadwa in 2006 to build a leading investment bank serving the fast growing economies in emerging markets . This award from Global Finance is a validation of both our strategy and our execution.

We are now the largest independent asset manager in Saudi with US\$2 billion in AUMs, and our performance in ECM and M&A league tables has been strong. We have rewarded shareholders as well: since launch, our Shareholders' Equity has grown from USD 133 million to USD 338 million, in addition to paying out 15% dividends for 2009 and 2010." Founded in 2006, Jadwa Investment is a leading Saudi investment bank with paid up capital of SAR568,490,000.

Jadwa is licensed by the Capital Markets Authority (CMA) to offer the full range of investment services, and is active in asset management, investment banking, brokerage and research. All investment services offered by Jadwa Investment are fully Shariah-compliant.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1703

Bahrain Set For Major Islamic Financial Event

Thursday, June 16, 2011

Bahrain is set for a major Islamic financial event of the year with over 1,200 delegates from 50 countries that are to join leaders from the global Islamic finance industry at the 18th annual World Islamic Banking Conference (WIBC 2011) to be held in Bahrain this November.

The WIBC has over the years become the world's largest and most influential annual gathering of Islamic finance leaders.

The event, to be held at Gulf Hotel from November 21 to 23, is set to further strengthen its position as the global hub for Islamic finance, said the organizers.

Announcing the launch of WIBC 2011, World Islamic Banking Conference managing director David McLean said, "The kingdom for many years has played a leading role in the development of the international Islamic finance industry."

"Bahrain has managed to advance its leadership position as the international hub for Islamic finance due its strong fundamentals, pioneering initiatives and world-class regulatory environment, not to mention its continued efforts and initiatives to develop skilled resources and enhance existing ones in different fields of Islamic finance," McLean remarked.

"The WIBC has been held in the kingdom for many years and has become synonymous with the success of Islamic banking in Bahrain," he added.

McLean said the mammoth gathering is again being held with the strategic support of the CBB. "We are delighted with the tremendous support extended by the Central Bank of Bahrain (CBB) to WIBC 2011 and look forward to returning to the kingdom for yet another successful global gathering of the industry's leaders in November," he stated.

McLean said, "A global event of the scale of WIBC is an outstanding platform for leading Bahraini institutions to showcase their leadership to the world as the kingdom has many positive growth stories to tell regarding the exceptional development of its financial services industry and significant contribution to its GDP," he added.

Confirming their support, CBB banking supervision executive director Khalid Hamad said, "Bahrain has a long and proud history in supporting the progress of Islamic finance."

"The kingdom continues to play a pioneering role in the advancement of industry standards, best practices and developing a strong regulatory structure."

"We look forward to welcoming back the global stage of the 18th Annual WIBC to the kingdom and to continuing its tradition of supporting growth and innovation in the international Islamic finance industry," he said.

"The past few years were so challenging for Islamic finance but at the same time the future raises several business development potentials and opportunities which we are all looking forward to exploring during the conference," he added. The Asia summit of the World Islamic Banking Conference is being held today in Singapore.

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