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5th June 2024 (Volume 21 Issue 23)

Malaysia's reforms: Hollow or substantive?

It is rare that we cover one country or a topic consecutively as a leading story; but, Malaysia has piqued our interest. Just days after a regulator unveiled a five-year plan to overhaul its approach toward getting more MSMEs involved in the capital markets (as we have weighed on last week), the appointed stewards to position Malaysia as an international Islamic finance gateway has called for reforms to stay ahead of the curve. There are several initiatives that we should take note of as they may have wider implications beyond the Malaysian borders, VINEETA TAN writes.

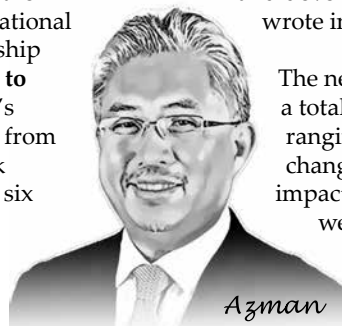
Ten impact projects. That was the number given to us by Azman Mokhtar, the chairman of the Malaysia International Islamic Financial Centre Leadership Council (MLC), when we spoke to him at length about the country's shifting its Islamic finance gears from Halal to Tayyib in order to break away from its plateau after over six decades of development.

This was about a year ago — the number of impact projects

has now grown to 18. And about half of the new initiatives confirmed carry an international flair.

The MLC has made clear its position in a new paper released last week that advocates for reform and restoration (Islah) of the economy and society, using Islamic finance.

"Indeed, while we are grateful for the progress made in the post-Merdeka [independence] period, there must be recognition that what brought us here will not be enough to take us to where we need to go. The time has come to inject a new sense of Islah or reforms in order to chart the next phase of growth and development," the MLC wrote in its Position Paper.



The new paper outlines a total of 50 items, ranging from focus areas, change principles to impact projects, which we can view as initial building blocks in constructing a new wave and

curve for Islamic finance in Malaysia; but it is a handful that caught our attention.

International flavor

Four out of the 18 initial impact projects are partnerships with known Islamic finance markets — neighboring heavyweight Indonesia, emerging star Türkiye and established power of the west, the UK.

Interestingly, Hong Kong is also in the mix of partners. The Asian financial powerhouse may have once drummed up considerable buzz with Sukuk and a potential role in facilitating China's Belt and Road Initiative (BRI), but that mostly has simmered down with arguably a lack of a follow-up and apathy by authorities.

Memorandums of cooperation were signed with entities from these four different markets (see sidebar) but the exact details of the collaboration were not revealed — they remain vague and broad.

What we know is that it covers 'product innovation', the push for the *continued on page 3*

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DEALS

Malaysian government-owned water services company launches Sukuk

Turkish telecommunications company auctions Islamic paper worth TRY300 million (US\$9.3 million)

Emirates Islamic lists US\$750 million Sukuk offering on **Dubai Financial Services Authority** and **NASDAQ Dubai**

Albaraka Turk Katilim Bankasi announces TRY500 million (US\$15.5 million) lease certificate sale

Qatar Central Bank auctions treasury bills and Sukuk

Saudi holding company to issue SAR500 million (US\$133.22 million) Sukuk

Two Indonesian companies register Sukuk on **Indonesia Central Securities Depository**

Indonesian government's SPV registers Sukuk program under Malaysia's Lodge and Launch Framework

NEWS

Uganda-based Islamic fintech platform partners with earned wage access platform from South Africa

IsDB's research arm conducts training for Libyan financial institutions

Nigeria's central bank foresees Shariah compliant banking sector expansion

IsDB grants US\$291,200 to Guyana to fund geriatric facility in Georgetown

Maldivian bank introduces Shariah compliant credit card

Malaysian regulator issues rulings on anticipatory hedging in Islamic finance

International Islamic Liquidity Management Corporation appoints Malaysian Islamic bank as global primary dealer for Sukuk program

Turkish Islamic bank signs cooperation agreement with financing aggregator platform

AAOIFI's Governance and Ethics Board approves governance standards

IsDB takes part in **African Development Bank Group's** 2024 Annual Meetings

Islamic Finance Council UK partners with **Malaysia Islamic Finance Centre Leadership Council**

Italian export credit company guarantees Islamic financing facility for UAE conglomerate

Former CEO of **Bank Melli of Iran** passes away

Saudi stationery and office supplies distribution company secures Islamic credit facilities

Bahraini Islamic bank introduces new financing solutions for watercraft buyers

Kuwaiti real estate company renews KWD56.02 million (US\$182.2 million) credit facility with Islamic bank

RESULTS

RHB Bank attains RM730 million (US\$155.02 million) net profit in Q1 2024

ASSET MANAGEMENT

Shariah compliant ESG digital asset exchange to launch Green Token

Malaysian firm **Inter-Pacific Asset Management** announces rebrand

Securities and Exchange Commission of Pakistan initiates consultation on securities managers regulations

UAE private equity firm to create logistics joint venture with industrial services company in Saudi Arabia

TAKAFUL

Islamic bank announces purchase of shares in Saudi Takaful company

Saudi Takaful company to provide health insurance for employees of **Saeed Raddad Group**

UAE-based Takaful company rejects zero motor claims following period of heavy rains

Insurance company renews license with Saudi **Insurance Authority**

MOVES

Rating agency appoints former head of Malaysian bank as new CEO

Kuwaiti Islamic bank appoints chief digital officer

Board member of Omani Islamic bank resigns

Investor relationship officer of Omani Takaful company resigns

Disclaimer: IFN invites leading practitioners and academics to contribute short reports each week. Whilst we have used our best endeavors and efforts to ensure the accuracy of the contents we do not hold out or represent that the respective opinions are accurate and therefore shall not be held responsible for any inaccuracies. Contents and copyright remain with REDmoney.



Malaysia's reforms: Hollow or substantive?

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development of cross-border financial activities, capacity-building and education.

Will these truly bear fruit, or will they be another exercise in name only? Only time will tell.

But the potential is immense and all countries can indeed stand to mutually benefit, for example, using Hong Kong as a launchpad to internationalize Malaysia's Islamic finance expertise through China's ambitious BRI infrastructure project which spans across 150 nations, a sizeable portion being Muslim economies.

Turkiye, which has impressive successes in its Islamic fintech endeavors, has much to teach in that regard, and simultaneously much to learn from Malaysia's long-standing track record in both Shariah capital markets and participation banking.

The UK, both a global fintech hub and international destination of Islamic investments, has often looked to the Malaysian experience for inspiration, while the latter could use the UK as a gateway to the wider European market or different segments leveraging on the UK's leadership in fintech and also sustainable finance.

Indonesia is a particularly interesting one. The Republic has always struggled getting its private sector to use Sukuk as a fundraising source — an area Malaysia has excelled in. It could also take a leaf out of its neighbor's playbook in building its asset management sector from mutual funds to REITs and exchange-traded funds.

Malaysia on the other hand has lagged in getting retail investors involved in the Sukuk space — an area Indonesia has been wildly successful at, both with its retail Sukuk series as well as Islamic equity markets. Another potential area of collaboration is Waqf Sukuk, something Indonesia has pioneered, and something Malaysia wants to succeed at.

Social change

The MLC has identified developing Waqf-linked Sukuk for social impact undertakings as one of its 18 projects. Who will issue and how it will be issued

18 initial MLC impact projects

1. MLC collaboration with Indonesia's Komite Nasional Ekonomi dan Keuangan Syariah
2. MLC collaboration with Hong Kong Trade Development Council
3. Establish the Social Exchange for social enterprises (by the SC)
4. RM3 billion (US\$636.86 million) Shariah-based Dana Pemacu by KWAP
5. Waqf-linked Sukuk for social impact projects
6. Project Hassan Smart Sawah Berskala Besar Asnaf by Lembaga Zakat Negeri Kedah with INCEIF University and Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) member banks
7. Establishment of Centre of Excellence for Islamic Economics (an initiative by INCEIF University and MLC)
8. Development of a Global Programme for Islamic Economist (an initiative by Bank Negara Malaysia (BNM) and implementation partners)
9. Issuance of a discussion paper on the scholars' review of the Tayyib concept (by ISRA-INCEIF University)
10. Development of a Maqasid Shariah Scorecard by Malaysian Takaful Association (MTA)
11. Launch of a post-retirement medical Takaful scheme by MTA
12. Scaling up iTEKAD (by BNM, AIBIM member banks)
13. Elevating entrepreneurship financing schemes (by AIBIM member banks)
14. RM1 billion biodiversity SRI Sukuk (by MoF)
15. Greening Halal businesses (an initiative by MoF, BNM, IsDB and World Bank Hub in Malaysia)
16. Development of Shariah compliant stock screening approach driven by technology (eg artificial intelligence, big data, blockchain)
17. MLC collaboration with Finance Office of Presidency of The Republic of Turkiye
18. MLC collaboration with Islamic Finance Council UK

have not yet been determined but it would be remiss not to take advantage of Indonesia's expertise and experience in this area.

It is also worth noting that the MLC included the government's planned biodiversity Sukuk of up to RM1 billion (US\$212.31 million) as one of the impact projects. Proceeds from the issuance, part of Budget 2024, would be channeled toward replanting of degraded forests in line with the country's carbon-neutral agenda and National Energy Transition Roadmap. While no exact date of issuance has been

announced, it is safe to assume that the offering would take place within this fiscal year given that the MLC has also put this on its agenda.

Waqf, biodiversity — all can be parked under the ever-popular SRI umbrella — are, unsurprisingly, a big driving focus on the MLC's initial projects. Even the Social Exchange, which the Securities Commission Malaysia (SC) hopes to launch before the year closes, will also include Islamic endowment-related projects and environmental sustainability and conservation projects. SC Chairman Dr Awang



Dr Awang

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Malaysia's reforms: Hollow or substantive?

Continued from page 3

Adek Hussin said last year an Islamic social exchange is the way forward for the Islamic capital market.

Another project we are keeping a close eye on is the RM6 billion (US\$1.27 billion) Booster Fund, or **Dana Pemacu**, helmed by pension fund Kumpulan Wang Persaraan (KWAP). Half of the fund will take on an Islamic profile — a commitment unlike that of any other pension funds in the world (except Malaysia's Employees Provident Fund with its Shariah segregation scheme).

If it materializes, it is an effective way to boost equity risk capital formation through participatory finance using instruments such as Mudarabah and Musharakah through private equity and venture capital as well as deploying capital from pools of savings.

"This will be key to create a more vibrant ecosystem of capital providers, capital intermediaries and an entrepreneur base that is more inclusive, meritocratic and progressive," noted the MLC.

This is certainly a welcome development, but is it enough for us to forget that KWAP once held the ambition to shift its entire investment portfolio to become Shariah compliant?

This was not even 10 years ago, and the country's second-largest pension fund never did give us a fixed timetable for the conversion although the then-CEO did assure the industry that it was already preparing for such an eventuality, having already had half of its portfolio in Islamic-permissible businesses. Management and government have since changed, and this plan has not been revisited — it does feel like the ship toward having a state-backed Islamic fund, worth approximately RM185 billion (US\$39.28 billion), has sailed.

The next decade, the typical time frame for programs of this scale to deliver their outcomes, will be the real test of Malaysia's resolve and capability in elevating its Islamic finance approach and industry to the next level, embodying true inclusiveness and impact. (2)



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Indonesian Islamic digital bank looks into digital Takaful and insurtech

Bank Aladin Syariah, an Islamic digital bank based in Indonesia and also known as Aladin Bank, aims to meet the evolving needs of its customers, and these include Takaful solutions. NESSREEN TAMANO speaks to the bank's CEO and President Director Dyota M Marsudi.

Since its establishment in 2020, Aladin Bank has focused on introducing customer-centric products. "Even though we are a Shariah digital bank, we don't think of ourselves strictly as such when creating products. We focus on what the customer wants first," shared Dyota.

This strategy is reflected in Aladin Bank's pipeline of initiatives, which includes partnerships with insurance companies to begin offering digital Takaful solutions to the bank's customers.

Insurance can prevent severe financial dips that the customers experience due to unexpected expenses, and having Islamic insurance solutions available, designed

to address sudden financial needs due to accidents or health emergencies for instance, means the bank is staying true to its main objective of meeting the customers' needs first, Dyota noted.

Collaborations are under way to introduce 'bite-sized' insurance products. "We are working with insurtech firms and underwriters to create products that genuinely meet our customers' needs. The goal is to offer financial stability through accessible insurance solutions, reducing the impact of unforeseen events on customers' savings."

When discussing the broader Islamic banking landscape, and particularly the ongoing topic of spinning off Shariah banks from their conventional counterparts, Dyota opined: "From a competitive point of view, it's beneficial for us if they spin off, as we'd be competing with stand-alone entities." However, he stressed the importance of scale for Shariah banks to operate efficiently and profitably, suggesting a

more balanced approach where these banks can leverage assets and capabilities from their holding companies.

"The government's move to merge some state-controlled Islamic banks, like the recent merger resulting in Bank Syariah Indonesia, is a step in the right direction." Dyota believes that a robust Shariah banking industry, backed by adequate resources, would enhance liquidity and customer education, ultimately benefiting the entire financial ecosystem.

Aladin Bank is also committed to ESG initiatives. "We finance recycling plants, partnered with (social enterprise) Plastic Bank to clean oceans and offset our carbon footprint. We prioritize gender diversity, with half of our management being women, hired solely on merit."

Dyota expressed hope that other banks would follow suit in prioritizing ESG efforts. "We need to turn ESG from a buzzword into a norm," he asserted. (3)

Malaysia introduces initiatives to further expand Islamic finance ecosystem

Malaysian Prime Minister Anwar Ibrahim at the Global Forum of Islamic Economics and Finance (GFIEF) held on the 28th–29th May 2024 announced several initiatives aimed at further growing the Islamic finance ecosystem in the country. NESSREEN TAMANO reports.

One of these initiatives is a fundraising mechanism for Waqf developments through P2P financing and equity crowdfunding platforms, with the Malaysian government providing matching funding through the investment scheme Malaysia Co-Investment Fund at a 0% financing rate.

The program will benefit MSMEs undertaking Waqf-related projects, especially in the development of Waqf land in the upstream agriculture and bio-economy segments.

Dr Awang Adek Hussin, the chairman of the Securities Commission Malaysia, also

affirmed the proposed establishment of a Social Exchange, a dedicated fundraising platform for social enterprises and non-profit organizations "to raise funds at zero coupon and zero capital repayments for projects benefiting the underprivileged segment of society, which in the process will foster a more inclusive and equitable financial system."

The commission will be establishing an advisory committee by the end of the year to speed up the exchange's implementation, Dr Awang said during his opening address on the second day of the GFIEF event.

The forum showcased other Malaysian pioneering initiatives, including a new, innovative Sukuk structure under the Malaysian Government Investment Issues program that employs the Wakalah Bi Al-Khadamat concept designed to complement existing Sukuk options. The



new structure is scheduled for issuance by 2025.

GFIEF is organized by Bank Negara Malaysia, under the patronage of the Malaysian Ministry of Finance, and in collaboration with the SC, the Labuan Financial Services Authority, the International Islamic Liquidity Management Corporation, the IsDB, the IFSB and the World Bank Group. This year's two-day GFIEF was themed 'Shaping a Resilient Global Islamic Economy Through Value-based Reforms'. (3)

Malaysia unveils world's first Shariah compliant Labuan Blockchain Hub Master Plan

Malaysia has taken a groundbreaking step in the world of Islamic finance with the unveiling of the world's first Shariah compliant Labuan Blockchain Hub (LBH) master plan. GURUCHATHRAM LEDCHUMANAN takes a closer look at the strategy.

Labuan Financial Services Authority (Labuan FSA), which introduced this ambitious initiative last week, hopes that it would transform the Labuan International Business and Financial Centre (Labuan IBFC) — the offshore center of Malaysia — into a premier digital financial hub and a key player in the global Islamic digital economy.

While other regions, such as the UAE and Bahrain, have made strides in integrating blockchain with Islamic finance, Malaysia's approach is distinct in its comprehensive Shariah compliance and targeted incentives.

“The strategy is supported by incentives such as a five-year, zero percent tax exemption starting from the 2024 assessment year”

Islamic digital economy

The LBH master plan focus is to create a robust ecosystem where Islamic digital players can thrive and provide a launchpad for new technologies that adhere to Islamic principles by attracting more digital assets and fintech players to Labuan.

Already, Labuan IBFC has put in place the regulatory infrastructure needed to support digital banking, insurtech, robo-advisory, digital asset exchanges, blockchain tokens as well as e-payment systems.



The strategy is supported by incentives such as a five-year, zero percent tax exemption starting from the 2024 assessment year.

The LBH initiative, which aligns with Malaysia's MADANI Economy Framework, is envisioned to attract blockchain technology firms, fintech innovators and Shariah compliant digital enterprises to Labuan IBFC. MADANI is the Malay acronym for SCRIPT, which stands for sustainability, care and compassion, respect, innovation, prosperity and trust.

“With the demand for Shariah compliant investment products estimated at US\$3.8 trillion globally, the adoption of blockchain technology serves [as] a greater contribution to [the] Islamic economy especially in addressing the huge gap and untapped market of the 1.9 billion Muslim community,” said Minister of Finance II Amir Hamzah.

Labuan FSA has been implementing regulatory reforms to enhance the business environment. These reforms include streamlining the approval process for new businesses, offering more flexible licensing options and improving the regulatory framework to ensure it is in line with international standards. These measures should simplify the establishment and operation of Shariah compliant businesses to make Labuan a more attractive destination for investors.

Infrastructure improvements included upgrades of digital infrastructure

to support blockchain and fintech operations, involving enhanced internet connectivity, investments in data centers and development of cybersecurity measures to protect digital transactions. These improvements would ensure that Labuan has the necessary technological backbone to support a thriving blockchain ecosystem.

According to Labuan FSA, the Labuan IBFC has drawn over 90 digital service providers, including Islamic digital banks, fintech firms, insurtechs, digital token issuers and licensed digital securities exchanges using blockchain technology. These developments support Labuan's goal in becoming a leading digital finance hub in Asia that emphasizes Shariah compliant digital finance services. (P)



Saudi Arabia's triple-tranche Sukuk offering oversubscribed four times

The Saudi government, through its National Debt Management Center (NDMC), tapped the international Sukuk market with a triple-tranche issuance as part of its economic diversification drive. NESSREEN TAMANO writes.

The Islamic offering, worth a total value of US\$5 billion and parked under the Kingdom's global trust certificate issuance program, received a total orderbook of around US\$20 billion, representing an oversubscription of four times.

The first tranche was a US\$1.25 billion facility with a three-year tenor; the second tranche was worth US\$1.5 billion and carries a maturity of six years; and the third tranche was valued at US\$2.25 billion and has a 10-year tenor.

The bid-to-cover ratio confirms the strong demand for the country's issuances and the international investors' confidence in investment opportunities in Saudi Arabia, read a statement.

"That was shown in this issuance that was oversubscribed with demand from a wide array of international investors and was allocated to a global mix of asset managers and financial institutions."

Citigroup Global Markets, BNP Paribas and Goldman Sachs acted as the joint global coordinators and active bookrunners for the deal, while AlJazira Capital, JPMorgan Securities and Standard Chartered were the passive bookrunners.

The Sukuk facility is the Kingdom's first triple-tranche Islamic issuance to support

its strategy to diversify its funding sources and meet its financing needs through the international debt capital markets.

“ The Sukuk facility is the Kingdom's first triple-tranche Islamic issuance to support its strategy to diversify its funding sources ”

Moody's Investors Service last week affirmed Saudi Arabia's credit rating at 'A1' with a positive outlook, driven by its progress in implementing broad-based reforms and macroeconomic and fiscal policies, and its investments in non-oil sectors that help lower the Kingdom's reliance on hydrocarbons. (2)



Kenyan asset manager enters Islamic capital market with two Shariah funds

Arvocap Asset Managers, an investment services company regulated by the Capital Markets Authority (CMA) of Kenya and founded in 2023, has officially entered the capital market with the launch of its funds on the 3rd June 2024. NESSREEN TAMANO reports.

The CMA had, on the 15th May 2024, approved the registration of the firm's Arvocap Unit Trust Scheme, a collective investment scheme comprising 10 sub-funds.

These include two Shariah compliant funds: Global Sharia Equity Special

Fund (USD), which utilizes the Dow Jones Islamic Market MENA Index as its benchmark, and Mabruk Sharia Special Fund (KES), which follows the guidelines set by reputable Shariah compliant indices, the company said.

The launch affirms Arvocap's entry into the country's growing unit trust sector, whose value of assets under management will grow by 9% in 2025 according to the CMA's projections (compared to a 3% growth recorded in 2022).

Kenya has at least six firms offering Islamic funds and unit trusts, including

Premier Bank's FCB Capital, Chase Bank Group's Genghis Capital, Apollo Asset Management Company, Etica Capital, CPF Financial Services and Local Authorities Provident Fund.

The CMA has, in the last few years, encouraged the registration of new firms as part of its drive to deepen and develop the country's capital markets. According to CEO Wyckliffe Shamiah, the authority licensed 22 new fund managers since 2020, reflecting the interest and demand in the market. (3)

IFN Monthly Review: May — Increasing regulatory support

The regulators of Nigeria, Malaysia, Uzbekistan and Iran announced updates and plans to further support their respective Sukuk and Islamic finance markets. In the GCC, mergers and acquisitions announced in Q1 2024 moved forward, while the Southeast African nation of Malawi welcomed its first Islamic banking product.

IFN closes May 2024 with the top news and highlights from the industry.

Regulatory updates

The International Capital Market Association, the IsDB and the London Stock Exchange Group jointly **released a document** on green and sustainable Sukuk to help issuers and market players with labeling their Sukuk appropriately.

Nigeria's Securities and Exchange Commission **proposed new rules** for the issuance and allotment of securities, including Sukuk, by private companies, and the Central Bank of Uzbekistan said it **plans to introduce** a bill on Islamic finance to parliament this year.

The Pakistan Banks' Association recommended to Muhammad Aurangzeb, the federal minister for finance and revenue, the facilitation of foreign retail **investment through digital** micro Sukuk, and in Malaysia, the regulator launched a **five-year roadmap** (2024–28) to catalyze the access of MSMEs and mid-tier companies to the capital market.

The Malaysian government also said it is planning to launch a **new, innovative** Sukuk structure in 2025, and it opened **local currency-denominated** Sukuk issuances to multilateral development banks without prior regulatory approval. Iran's Securities and Exchange Organization meanwhile approved the **issuance of callable** Sukuk Murabahah in the country.

Banking and finance

Ithmaar Holding's shareholders approved the **proposed acquisition** of its financing and investment portfolios by GFH Financial Group, and Al Salam Bank **completed its acquisition** of Kuwait Finance House (KFH) Bahrain from KFH Group.



Qatar's Lesha Bank officially entered the Kazakhstan market **with its acquisition** of Bereke Bank, and the Southeast African nation of Malawi **welcomed the first** Islamic banking service in the country, offered by FDH Bank.

Sukuk

The Syrian government reportedly said it is **planning to launch** a Sukuk issuance to support the failure of its treasury bond auctions, while the Ministry of Finance of Pakistan **confirmed its plan** to issue green Sukuk by December 2024.

Eden Villas Properties became the **first issuer** of Sukuk in Zambia, raising TZS1.96 billion (US\$747,451), while Bank Syariah Indonesia launched what is touted as the **first ESG** Sukuk instrument in Indonesia in the form of sustainability Sukuk Mudarabah.

Saudi Arabia sold a **triple-tranche** Sukuk offering — the first of its kind that is intended to support the Kingdom's efforts to diversify fund sources.

Takaful

The United Nations Development Programme (UNDP) said it **will be developing** an Islamic sustainable financing platform in collaboration with Kuwait Finance House, the first member of the UNDP's Global Takaful Alliance.

Microfinance company Savana Islamic Finance **signed a partnership** with Chanas Assurances to begin providing Cameroonianians with access to Shariah compliant insurance products.

Zurich Malaysia partnered with Malaysia's first-ever Islamic digital bank AEON Bank to **bring its** insurance and

Takaful platform to customers of the bank.

Asset management

Trading and investment platform eToro **partnered with tech** company Arabesque AI to launch a Shariah compliant portfolio for Middle East users, while Malaysian digital asset manager Halogen **introduced its new** multi-coin fund focused on digital assets.

Fintech

In the Islamic fintech space, UAE-based Shariah compliant micro-lender Namara announced its Series A fundraising round seeking US\$25 million, to **support its expansion** into Saudi Arabia and Egypt.

In Saudi Arabia, Islamic crowdfunding platform Mekyal **received a fintech** experimental permit from the capital market regulator, while Hala Financing **secured a license** from the central bank to begin offering debt-based crowdfunding solutions.

Moves

Qatari Islamic investment banking firm QInvest **accepted the resignation** of Hussain Abdulla from his post as co-CEO, while in the UAE, Ajman Bank appointed Adrian P L Hodges as the **new group treasurer**.

In Malaysia, alrajhi bank **announced the appointment** of Mohd Syahrul Ishak as its new CEO, and in the Maldives, Dr Aishath Muneeza **joined** Maldives Islamic Bank's Shariah committee.

The IsDB's insurance subsidiary appointed Dr Khalid Khalafalla as its **officer-in-charge**. ☺

Sovereign Securities: Saudi Arabia closes Sukuk sale

This week, the Saudi government closed the sale of its triple-tranche Sukuk while regular issuers Malaysia, Bangladesh, Kuwait, Qatar and The Gambia tapped the Sukuk market. HANIF NAMORA brings you updates from the global sovereign Islamic securities space.

Saudi Arabia

The Saudi government, through its National Debt Management Center (NDMC), tapped the international Sukuk market with a triple-tranche issuance as part of its economic diversification drive.

The Islamic offering, worth a total value of US\$5 billion and parked under the Kingdom's global trust certificate issuance program, received a total orderbook of around US\$20 billion, representing an oversubscription of four times.

Separately, the NDMC issued new Sukuk in three tranches worth a total of SAR64.1 billion (US\$17.08 billion).

The first tranche amount is approximately SAR16 billion (US\$4.26 billion) maturing in 2031, the second tranche amount is approximately SAR29.3 billion (US\$7.81 billion) maturing in 2034 and the third tranche amount is approximately SAR18.8 billion (US\$5 billion) maturing in 2039.

The Saudi Ministry of Finance and the NDMC appointed HSBC Saudi Arabia, Al Rajhi Capital, SNB Capital,

Aljazira Capital and Alinma Investment as the joint lead managers to lead the transaction.

Malaysia

Bank Negara Malaysia (BNM) between the 28th May and the 4th June 2024 issued four Money Market Tender Murabahah Overnight Borrowing Acceptance Islamic facilities worth a total of RM84.99 billion (US\$18.04 billion).

Separately, BNM issued a Bank Negara Interbank Bill – Islamic facility worth RM1 billion (US\$212.95 million) which received 38 bids. The paper was issued on the 29th May 2024.

Bangladesh

Bangladesh Bank held an auction on the 23rd May 2024 for its three-month and six-month Bangladesh Government Islami Investment Bonds (BGIIIBs). The three-month Sukuk received two bids amounting to BDT3 billion (US\$25.32 million), while the six-month Islamic offering received five bids worth a total of BDT4.48 billion (US\$37.81 million). The profit-sharing ratio of the accepted bids was 90:10.

Kuwait

The Central Bank of Kuwait (CBK) announced the issuance of CBK bonds and related Tawarruq facilities worth KWD240 million (US\$780.54 million) with a tenor of six months and a rate of return of 4.5%.

Pakistan

The Pakistan Stock Exchange (PSX) listed the one-year discounted government of Pakistan's Sukuk Ijarah with accepted competitive bids worth a total of PKR39.91 billion (US\$142.96 million). The auction was held on the 23rd May 2024.

Qatar

The Qatar Central Bank (QCB) on the 30th May 2024 auctioned its treasury bills and Sukuk which attracted bids amounting to QAR11 billion (US\$3.02 billion).

The total allocated amount was QAR4 billion (US\$1.1 billion), with the tenors of the six issuances ranging from seven to 364 days.

The Gambia

The Central Bank of The Gambia (CBG) floated tenders for its three-month, six-month and one-year Sukuk Salam facilities worth GMD45 million (US\$661,689) in total, which closed on the 27th May 2024.

The three-month Islamic paper worth GMD5 million (US\$73,521) was oversubscribed by GMD2.46 million (US\$36,098.8), the six-month Islamic paper worth GMD10 million (US\$147,042) was oversubscribed by GMD4.32 million (US\$63,522.1); and the one-year Islamic paper worth GMD30 million (US\$441,126) was oversubscribed by GMD12.93 million (US\$190,052). (📉)

Upcoming sovereign Sukuk			
Country	Amount	Expected issuance date	Date of announcement
Pakistan	• TBA (Green Sukuk)	• December 2024	• 10 th May 2024
Syria	• TBA	• TBA	• 7 th May 2024

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Saudi Arabia: Growing demand for Sukuk and Islamic fintech

The Kingdom of Saudi Arabia remains the leading Islamic banking and finance jurisdiction in the world, with its Shariah banking sector holding a 74.9% share of the country's total banking assets, amounting to SAR2.5 trillion (US\$666.21 billion) as at Q3 2023. NESSREEN TAMANO writes an overview of the Saudi Islamic finance landscape.

Regulatory landscape

A single regulatory framework governs both Islamic and conventional banking in the Kingdom, which generally follows Shariah law but has no dedicated regulation for Shariah banking. All banks have their own Shariah boards to ensure compliance.

The Saudi Central Bank (SAMA) regulates the banking and finance sectors and has an Islamic Finance Division, while the Capital Market Authority (CMA) oversees the Saudi capital market under the Capital Market Law. The Insurance Authority was established in 2022 and took over from the central bank to supervise the insurance sector, which is fully Islamic.

Banking and finance

There are 11 local banks licensed by SAMA, four of which are fully-fledged Islamic — alrajhi bank, Bank AlJazira, Alinma Bank and Bank Albilad — while the rest operate Islamic banking units.

Some notable mergers have taken place in the banking sector in the past few years. Saudi British Bank and Alawwal Bank merged in 2020, resulting in Saudi Awwal Bank. In 2021, Samba Financial Group and National Commercial Bank completed their merger to become Saudi National Bank, which then announced its plan to convert all its retail branches into fully Islamic units.

Three Shariah compliant digital banks have been established in the country: Saudi Digital Bank, formed in 2021 by a consortium of Saudi entities including tech company Al Moammar Information Systems Company; and D360 Bank, which received its license in 2022 and is backed by the Public Investment Fund as a key investor. STC Bank, which was previously digital wallet stc pay, this year secured regulatory approval for its beta launch.

The Kingdom also has a thriving Islamic fintech scene, with 16 fintech companies

licensed by SAMA, all of which provide Islamic solutions (if not fully-fledged Shariah compliant), as of this writing.

“The finance ministry early this year launched Sah, the first savings Sukuk product in the Kingdom”

Capital market

The CMA has a parallel market to the main market of the Saudi Exchange, which opened up in 2019 to foreign companies wishing to be listed on the exchange, and the Kingdom is also featured in the MSCI and FTSE Russell Indices.

Saudi Arabia debuted its sovereign Sukuk in 2017, that year's largest issue size at US\$9 billion. It issues local Sukuk monthly under its Saudi riyal-denominated Sukuk program. The finance ministry early this year launched Sah, the first savings Sukuk product in the Kingdom which has closed four successful rounds at the end of April 2024.

The Saudi Islamic capital market is thriving, with regular issuances from the corporate sector including banks, as well as notable issuances by the government. Most recently, the finance ministry launched a three-tranche Sukuk offering worth SAR64.1 billion (US\$17.08 billion), immediately after an international Sukuk issuance worth a total of US\$5 billion, as part of the government's economic diversification drive.

The Kingdom accounted for 24% of global Sukuk issuances, second to Malaysia which held a 40% share of the

market, as of May 2024, according to Moody's Investors Service.

Asset management

Saudi Arabia remains home to the largest number of Islamic funds worldwide, holding 34% of total Islamic fund assets under management. According to the CMA, there are 751 investment funds in the country, including 17 REITs and six exchange-traded funds.

Takaful

The Saudi insurance sector is the largest Takaful market in the world with 30 licensed insurance operators, accounting for more than 87% of total contributions along with Malaysia and the UAE, according to the IFSB.

It is, however, a highly concentrated market, and insurers in the country are pressured into merging to enhance capability. In recent years, three mergers were completed: AlJazira Takaful Taawuni with Solidarity Saudi Takaful; Walaa Cooperative Insurance Company with Metlife, American International Group and the Arab National Bank for Cooperative Insurance; and Gulf Union Cooperative Insurance Company with Al-Ahlia Cooperative Insurance Company. At least three other proposed mergers were announced last year.

Outlook

The Saudi government and the regulators continue to drive the development of the Islamic banking and finance industry, both locally and regionally, with new initiatives for market players and stakeholders. The past two years have also seen the country fully embrace and support the Islamic fintech sector, with new companies focused on digital Sukuk and Islamic digital investments securing permits and licenses. This strong backing only reaffirms the Kingdom's goal of becoming a global Islamic finance hub. (2)

Shariah and corporate governance: Latest advances

The standards set by AAOIFI and the IFSB fortify the Islamic financial services sector. They have introduced over 136 Shariah and corporate governance standards since their establishments. GURUCHATHRAM LEDCHUMANAN provides an overview of the latest advancements in Shariah and corporate governance.

Overview

Shariah governance is the foundation that stabilizes Islamic financial systems. It is crucial to establish a comprehensive Shariah governance framework for maintaining public trust in the ethical and operational integrity of Islamic financial institutions.

Bank Negara Malaysia's Shariah Governance Framework for Islamic Financial Institutions, implemented in 2011, has significantly contributed to the structured growth of Malaysia's Islamic finance industry. This framework has institutionalized governance structures, policies and processes to ensure comprehensive Shariah compliance.

Pakistan, Sudan, Indonesia, the UAE, Morocco and others have also set up Shariah boards to oversee adherence to Shariah principles.

In January 2023, the Bangladesh Securities and Exchange Commission finalized the establishment of a Shariah Advisory Council. This council was established to develop a Shariah-based capital market. It plans to oversee the issuance of Shariah compliant securities and protect investors.

The Financial Markets Authority of the West African Monetary Union issued guidelines for the creation of a Shariah board to supervise financial securities within the West African market, with the Islamic collective investment schemes including equity funds and investment companies.

Pakistan is transitioning to a fully-fledged Islamic financial and banking system. It has a centralized Shariah governance model where the State Bank of Pakistan (SBP) has ultimate authority. The SBP provided a comprehensive Shariah framework. The Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange called for industry feedback on Shariah governance regulations in April 2024.

Globally, AAOIFI and the IFSB continue to play pivotal roles in establishing Shariah and corporate governance standards, assisting Islamic financial institutions worldwide in implementing these regulations effectively.

AAOIFI

AAOIFI, founded in 1991, is a standard-setting organization for the global Islamic finance industry. Its standards, covering Shariah, accounting, auditing, ethics and governance, have been adopted in over 45 countries.

Key governance standards issued by AAOIFI include Governance Standard No 10 on Shariah Compliance and Fiduciary Ratings, Governance Standard No 11 on Internal Shariah Audit and Governance Standard No 12 on Sukuk Governance.

AAOIFI has notably been active in the past year. It issued six exposure drafts on government standards in January 2024. It approved Governance Standard 16 for the Institutional Framework for the Implementation of Ethics. The objectives of the standard are to guide Islamic financial institutions on how to institutionalize ethical conduct, fulfill fiduciary responsibilities to stakeholders, promote ethical culture, reduce systemic ethical violations and safeguard the Islamic finance industry from reputational risk of systemic ethics failures.

In December 2023, AAOIFI introduced guidelines for integrating ESG principles within Islamic financial institutions.

IFSB

The IFSB, established in 2002, is another standard-setting body for Islamic financial institutions, ensuring the sector's stability and soundness across banking, capital markets and insurance. The IFSB adapts and introduces new standards consistent with Shariah principles.

To date, the IFSB has released 37 standards, guiding principles and

technical notes for the Islamic financial services industry.

In July 2023, the IFSB adopted 'TN-5: Technical Note on Climate Risk Management for Institutions Offering Islamic Financial Services', which provides guidance on incorporating climate risk considerations within Islamic finance.

In November 2023, the IFSB issued the exposure draft of the Technical Note on Shariah Compliant Digital Asset Management for public consultation. This document outlines and evaluates Shariah compliant digital asset management tools.

In March 2024, the IFSB finalized the Conduct of Business Supervision in Takaful Undertakings standard. This standard offers a comprehensive framework for regulatory authorities.

Bank Negara Malaysia (BNM) unveiled the exposure draft on Islamic banking windows in February 2024. It set BNM's proposed guidelines.

Indonesia's Financial Services Authority issued two regulations on conventional and Shariah rural banks in February 2024 to strengthen them.

Pakistan's Securities and Exchange Commission sought stakeholder feedback and published a consultation paper in February 2024 on implementing new AAOIFI standards.

The Saudi Central Bank sought public consultations on draft amendments to key principles of governance in financial institutions in December 2023.

The ongoing updates and new standards from AAOIFI and the IFSB underscore the evolving nature of Shariah governance and corporate governance within the Islamic finance industry. They address emerging challenges and ensure robust Shariah compliance. (P)

Premier Girls Secondary School's Sukuk: Funding a community

A girls' school in Tanzania has become the first non-financial institution to successfully conclude a Sukuk facility in the domestic market. NESSREEN TAMANO has the exclusive.

Premier Girls Secondary School issued the Sukuk through SPV Premier Sukuk Company to fund its health center, which serves not only the students and the school staff but also the workers, residents and villagers in the area.

The paper is therefore categorized as SRI Sukuk as it meets SDGs such as good health and well-being, quality education and gender equality.

“(This) Premier Sukuk was Yusra’s maiden Sukuk, and now we are on course for a much larger Sukuk ticket”

Concluded on the 31st May 2024, the Islamic offering was launched for an amount of TZS1.2 billion (US\$458,794), and closed with an orderbook amounting to TZS1.96 billion (US\$749,363). It carries a five-year maturity and a profit rate of 13%.

The unrated, asset-backed unsecured Sukuk facility was privately-placed; the investor base was made up of financial institutions (61.42%), non-financial institutions (2.33%) and individual investors (36.25%).

The oversubscription signals a significant appetite for Islamic financial instruments in the Tanzanian capital market and across the Southern African region.

First announced in March 2024, the landmark issuance is touted as the first asset-backed Sukuk out of Tanzania,

and is unique for having an SPV when SPV-less Sukuk facilities, mostly by financial institutions, have dominated the country's Sukuk market in the last three years.

Sheikh Mohamed Issa, the executive chairman of the transaction's lead arranger Yusra Sukuk Company, noted: “(This) Premier Sukuk was Yusra's maiden Sukuk, and now we are on course for a much larger Sukuk ticket, worth TZS32 billion (US\$12.23 million), that is expected to hit the market by late August this year.”

The buzz around Sukuk issuances in the region continues to grow, with roadshows for Zambia's maiden corporate Sukuk currently underway. Two East African countries are also planning to issue sovereign Sukuk papers in the coming financial year, which begins on the 1st July, Sheikh Issa confirmed with IFN.

In Tanzania, the Sukuk market is thriving. The first-ever Sukuk facility was issued in 2021 by microfinance company Imaan Finance, which went on to issue seven more Islamic facilities. In 2022, KCB Bank Tanzania and Amana Bank both raised funds through their respective debut Sukuk issuances.

The country's Capital Market and Securities Authority is said to be working on guidelines for Sukuk issuance in Tanzania. ☺



Photo: World Bank

Premier Girls Secondary School's Sukuk

TZS1.96 billion (US\$749,363)



31st May 2024

Issuer	Premier Sukuk Company
Originator	Premier Girls Secondary School
Profit rate	13%
Type	Asset-backed, unrated, unsecured
Mode	Private placement
Tenor	Five years
Lead arranger	Yusra Sukuk Company
Reporting accountant	BDO Tanzania
Registrar/receiving bank/transfer/paying agent	PBZ Bank-Ikhlās
Shariah advisor	Yusra Sukuk Shariah Advisors

How is the UK's only retail Islamic bank doing?

Mohammed Amin is an Islamic finance consultant and former tax partner at PwC in the UK.

Al Rayan Bank, previously called Islamic Bank of Britain, is the only retail Islamic bank in the UK. My 6th February 2019 column titled 'The UK's first Islamic bank — a financial history' showed that it made significant losses until it was taken over by Qatari bank Masraf Al Rayan.

I wrote about it again in my 7th September 2022 column titled 'Retail Islamic banks need to become internet-only'. A journalist had written to me criticizing Al Rayan for closing its retail branches. Conversely, I think that for retail banks, branches are expensive and largely unnecessary. I finished:

"With the closure of its last branch serving regular retail customers, in my view Al Rayan finally has the right strategy for a retail Islamic bank in the UK. I look forward to seeing the future results."

We now have those future results, and I have set out the last six years. Unfortunately, the 2023 figures are incomplete.

Full accounts have not yet been filed with the UK Companies House registry; instead I have relied on Al Rayan's 23rd April 2024 press release announcing the 2023 results, and had to estimate its tax rate to convert pre-tax profits to post-tax profits, and estimate its equity.

Until November 2021, UK interest rates were very low, ranging from 0.75% to 0.1%.

It is very hard for banks to make profits in a low-interest rate environment, so Al Rayan's 2018–21 results were unsurprising.

Interest rates rose throughout 2022, continuing to rise until August 2023. Accordingly, it is no surprise that Al Rayan's profits increased. When market interest rates rise, banks typically raise interest (or its Islamic banking equivalent) paid on deposits more slowly than interest (or its Islamic banking equivalent) charged on finance provided to customers.

Total operating expenses remained reasonably flat at about GBP35 million (US\$44.65 million). I expected them to fall due to branch closures, after a delay. (Initially employee severance payments and

lease termination costs increase your total costs when you close branches.)

However, in the UK's inflationary environment, if the employee and branch numbers had remained unchanged, the operating expenses would have risen significantly.

For example, if costs had risen in line with inflation, the 2018 figure of GBP32.5 million (US\$41.46 million) would have become GBP42 million (US\$53.58 million) for 2022.

“When market interest rates rise, banks typically raise interest (or its Islamic banking equivalent) paid on deposits more slowly than interest (or its Islamic banking equivalent) charged on finance provided to customers”

Accordingly, Al Rayan can be commended for successful cost reduction by getting rid of its retail branches. ☺



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A modest Kazakhstan player aims to dominate the Islamic mortgage market



KAZAKHSTAN

By Diyas Moldabayev

Proportunity, an ambitious crowdfunding company, graduated from the Astana International Financial Centre's Fintech Lab 'sandbox'. A fintech sandbox is a regulatory framework set up by the regulator to allow small-scale, live testing of financial innovations by private firms in a controlled environment under the regulator's supervision and without immediately incurring all the normal regulatory consequences of engaging in the activity in question.

Proportunity became the best start-up in Kazakhstan in 2021, according to the Global Startups Awards, and became a finalist in the Google Silkway accelerator and one of the leading real estate management companies in 2023.

Being in the real estate market for five years, Proportunity has received numerous requests for Halal mortgages, which indicated significant demand. Recognizing the potential, the Proportunity team started to work on developing another financial product, but this time a Halal one: 'Rent with the option to buy' (Musharakah Mutanakisah).

The idea was to unite those who want to purchase commercial or residential real estate, and investors who help them purchase it. For the investors, Proportunity introduced an investment deposit product under the Mudarabah contract.

These steps marked the beginning of a change in the usual approach of doing business. On the 26th August 2023, Proportunity organized a roundtable discussion on challenges and opportunities for Islamic finance in Kazakhstan. Besides discussing current issues in the development of the Islamic finance market, the roundtable also announced Proportunity's plans to obtain an Islamic banking license. On the 15th February 2024, Proportunity finally produced its Islamic mortgage product.

As was expected, Islamic mortgages became a timely breakthrough in the market of Islamic instruments for purchasing and investing in real estate. Currently, Proportunity is preparing documentation to present to the regulator, Astana Financial Services Authority, to obtain authorization for Islamic banking operations. ☺

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BML Islamic introduces Maldives's first Shariah compliant credit card



THE MALDIVES

By Professor Dr Aishath Muneeza

On the 27th May 2024, BML Islamic launched the country's inaugural Shariah compliant credit card, marking a significant milestone in the Islamic banking sector. The new BML Islamic credit card, operating on the American Express network, comes with a variety of local and international benefits for cardmembers. These include exclusive savings on Booking.com and special offers on dining experiences. Additionally, the credit card allows installment payments through BML EasyPay.

Based on the principle of Ujrah, the new credit card involves charging an agreed fee for providing services to customers. Cardholders can also join the BML Rewards program to earn points on purchases. These points can be redeemed for flights, car rentals, hotel bookings or vouchers from both local and international merchants.

Hassan Kalaam, the director of Islamic banking at Bank of Maldives (BML), stated that the BML Islamic credit card is designed to cater to customers seeking a Shariah compliant payment solution which is a part of BML's efforts to expand its Islamic banking services in response to customer demand and its ongoing commitment to the development of Islamic finance in the Maldives.

The travel Takaful plans are designed to meet the unique needs of credit



cardholders for both local and international transactions and feature the same advanced security measures as other BML cards.

In the past year, according to its annual report, BML Islamic has solidified its position as the leading provider of Shariah compliant financial solutions in the Maldives, boasting an extensive network of branches, ATMs, POS terminals and digital platforms. The bank has made significant strides in enhancing customer experience and expanding its product offerings.

Key highlights include a substantial reduction in education financing rates to 5%, an extended tenor for home purchase financing to 25 years and revamped home

construction and real estate financing with more favorable terms. Additionally, the unsecured financing limit for personal financing has been increased to MVR1.2 million (US\$76,628.4) and overdue penalties were reduced to 2% per month.

These initiatives have broadened BML Islamic's customer base and reinforced its commitment to financial well-being. The bank also facilitated MVR855 million (US\$54.6 million) in new facilities, underscoring its role as a major contributor to the growth of Islamic banking in the Maldives. ☺

Professor Dr Aishath Muneeza is the chairperson of the Alia Investment Shariah Committee, Maldives. She can be contacted at muneeza.aishath@gmail.com.

Table 1: Main features of BML Islamic credit cards

Types of BML Islamic credit cards	Travel Takaful	Actual management charge	Credit limit range	Joining fee	Annual fee	Supplementary card annual fee
BML Islamic American Express Platinum	✓	2.5% per month for cardholders who promptly settle the minimum monthly due for 12 consecutive months, and 2.5% plus MVR65 per month for others	Between MVR76,050 and MVR380,249	MVR900	MVR1,500	MVR900
BML Islamic American Express Gold		2.65% per month for consistent payers, and 2.65% plus MVR65 per month for others	Above MVR22,000	MVR500	MVR800	MVR400
BML Islamic American Express Green		2.85% per month for cardholders who promptly settle the minimum monthly due for 12 consecutive months, and 2.85% plus MVR65 per month for others	Up to MVR22,000	MVR200	MVR450	MVR200

Source: Author's own

Data quality in Islamic banks key for effective risk management



RISK MANAGEMENT

By Mohamed Afzal

Data quality plays a crucial role in the success of Islamic banks, just as it does for conventional banks. In such an intensely competitive and highly regulated arena, effective risk management relies on the availability of precise, verified and timely data. Risk management teams need quick insights from a broad array of data sources, both internal and external.

Risks to profitability, compliance or new products can abruptly arise from any number of business areas, from customer actions or from new regulatory measures. To make the right calls every time, banks should not be relying on outdated, inaccurate data — but all too often they are. They are hindered by data and systems that are barely up to date.

Effective risk management requires accurate, verified and timely data. Risk teams especially in Islamic banks need insights from various sources, both internal and external. Risks related to profitability, compliance or new products can arise from numerous business areas or regulatory updates. Depending on obsolete or incorrect data shackles decision-making. Islamic banks must ensure that their data is up to date and reliable to make informed choices. For instance, in an age of digital transformation, data integrity plays an important role to reap the benefits of digital transformation.

Many banks including Islamic banks still depend on outdated systems that have issues with data quality. These legacy systems lack the expertise needed for efficient data preparation. Frequently, data quality management occurs at a tactical level, where data is cleaned and harmonized for one intention but altered by another team for an alternative use. This inefficiency raises costs, delays and adds risk into decision-making.

Poor data quality endangers compliance with financial regulations. It also inhibits agility — the ability to innovate and adapt to altering conditions. Chief risk officers must ensure that their banks can innovate, adapt and outpace competitors. High-quality data reduces the risk of data redundancy and data integrity and leads to consistent improvements in decision-making.

As we embrace an era of open banking, open finance and proactive regulation dawns, financial institutions must rethink how they support their risk management operations with effective use of data. Hence, high-quality data supports secure decisions, regulatory compliance, financial security and reputation management. It is a critical component of modern business strategy, ensuring secure and reliable data. ☺

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Generation regeneration



REAL ESTATE

By Philip Churchill

US offices have long been a mainstay of the Islamic investor's international portfolio, but the latest emerging trends described as 'The Great Reset' by a real estate publication from PwC and Urban Land Institute are causing generational shifts in this sector.

The cause, as many will be aware, is the relative shift to remote working, but the said report goes further, adding data to back this up. The US Census Bureau's American Community Survey recorded a near-threefold increase in the percentage of workers working from home, from 5.7% in 2019 to 15.2% in 2022. Defined as being workers who spend the majority of their week working from home, this includes those heading into the office one or two days a week.

A remarkable statistic, with an even greater seismic shift for the office sector if you consider the innumerable jobs for which working from home is not an option, with factory workers, coffee baristas and airline pilots springing to mind.

The shift in many of the nation's largest cities has been even greater, with San Francisco, Seattle and Washington DC all moving from less than 10% of workers working from home in 2019, to more than 30% in 2022. And while this may have dialled back a little since, with some employers started to demand to see more of their staff, the impact is still severe.

What to do? Well, it is far from ideal if you are the one with capital in the property, but every asset will find its value level and be capable of being repurposed in one form or another.

CBRE reports that nearly 70 million square feet of office space, equivalent to more than 25 Empire State Buildings, was undergoing conversion in the first quarter this year. That two-thirds of this space is being converted into multifamily housing is not a surprise, but there is real variety for the remaining portion, including life sciences, hotels, data centers and industrial.

The projection from CBRE is that this volume of regeneration will double over



the next 12 months, and considering the current high build and interest costs which weigh on such projects, it may well accelerate further thereafter.

What does this mean for Islamic investors? Expect to see more such office conversion projects hitting your inbox. We at 90 North provided the capital for

several office-to-residential conversions in London in the past, but it seems more likely that these will be on the other side of the Atlantic over the next few years. ☺

Philip Churchill is the founder and managing partner of 90 North Real Estate Partners. He can be contacted at pchurchill@90northgroup.com.

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Interview: Hisham Ashour, managing partner of IMAP Saudi and Haykala

Haykala notably led the restructuring of Azmeel Construction Company to emerge from bankruptcy by converting its debt into a perpetual Sukuk facility. Could you share with us the details of the Sukuk, how it was structured and why Haykala structured it this way?

The key reason was to come up with a restructuring concept which was acceptable to the creditors and the banks but which would enable the company to go back to doing business and take on new projects. The perpetual Sukuk facility (which is a quasi-equity instrument) allows the company to settle its dues over an extended period of time through a cash sweep mechanism in favor of the creditors. This was linked through a cross-default mechanism to the residual debt instrument with the covenants typical of such a transaction. Assets owned by company were pledges in favor of the creditors through a security agent.

Azmeel was able to use the new bankruptcy law in Saudi Arabia to its advantage. How did you navigate it, and do you think other players in the market will follow suit?

We had a lot of support from the trustees (Waleed Al Khaldi and Ghassan Al Majed) as well the Capital Market Authority (CMA) when it came to navigating the legal framework and the regulatory requirements. I think that the existing legal framework is effective and we have received a number of enquiries from companies considering restructuring their business (either in or out of court) and wanted to better understand the approach we took and how perpetual Sukuk work and if it makes sense for them to consider Sukuk in their case. We are always happy to help and engage with companies seeking information on this topic, but generally restructuring does not require a one-size-fits-all approach. What might make sense in one scenario could be adding complexity for no clear gain in another. So it is best to evaluate

each business independently to assess what the optimum solution can be.

Aside from restructuring, Haykala offers other services, including debt advisory, mergers and acquisitions and capital markets. Are there any trends you have observed in terms of solutions that your clients need or ask for?

We are seeing lots of activities in the mid-market in Saudi Arabia and the GCC where companies are preparing themselves for an IPO (specifically the Numo market) because of its (1) attractive valuation and (2) light touch regulatory requirements and (3) the ability to transition to the main market after two years subject to meeting some CMA requirements. Direct listing has also been a unique feature to Numo with almost 20–25% of companies having gone public in Numo through a direct listing. The Numo market has had almost 90 companies (including one REIT) listed since its start and trades at an attractive P/E [price-earnings] of around 20 times. Companies which have transitioned to the main market/Tasi have been well received and in some instances trade at a premium versus the broad index. Another strategy which we see gaining traction and becoming quite interesting is the approach of rolling up SMEs into larger more efficient platforms and gaining the benefits of scale. In markets where family businesses are the majority, this can be a great opportunity for value creation and sector consolidation.

What are some challenges in corporate finance that exist in your market, and how do you think they can be overcome?

The corporate finance market continues to evolve rapidly in the region as regulators continue to actively reform and enhance the legal framework, examples of which we have seen recently in the UAE and Saudi Arabia. One particular area which is of great interest is the area of private credit



and alternative (non-bank) financing. This is especially interesting for companies coming out of major restructuring and looking to tap the financial markets for 'new money'. The recent change in Saudi law allows for secondary transactions in the NPL [non-performing loan] space which can open the door for hedge funds and NBFIs [non-bank financial institutions] to step into positions banks are looking to exit and, through new and creative structures, provide much-needed funding for these businesses. Watch this space.

What is your outlook on the demand for Islamic finance in the Saudi sectors you operate in, as well as in the region? What would you like to see more of?

Most companies we work with have a strong requirement for Islamic finance compliant products and structures. In the GCC, we see an ecosystem developing which brings practitioners from different disciplines together to meet this market need. I hope to see a faster adoption of new structures and products which have proven themselves in more developed markets, being adapted and tailored to the local needs of Islamic finance requirements. ☺

Can Waqf make a difference in enhancing food estates in Indonesia?

Currently, achieving food security at the macro level of a country is becoming increasingly difficult due to population growth, economic factors and climate change affecting food production. In Indonesia, food security has improved in 2022–23, but looking further back, its level is still lower than in 2018–20. This is evident from the Global Food Security Index (GFSI) data in 2022, recorded at 60.2, higher than the previous year's 59.2. Indonesia's best GFSI score in the last 10 years was recorded in 2018. The GFSI measures a country's food security based on four major indicators: affordability; availability; quality and safety of food; and natural resources and resilience. DR BAYU TAUFIQ POSSUMAH explores.



Dr Bayu Taufiq Possumah is the head of Indonesia Waqf Institute and a lecturer in Islamic economics and finance at the Postgraduate School of Islamic Economics, Tazkia University Indonesia.

In 2022, the Central Bureau of Statistics (BPS) reported that Indonesia imported 429,207 tons of rice. However, Indonesia's food supply availability was assessed poorly with a score of 50.9. The nutrition quality also received a score of only 56.2, while sustainability and adaptation scored 46.3. In these three indicators, Indonesia's food security is considered worse than the Asia Pacific region's average.

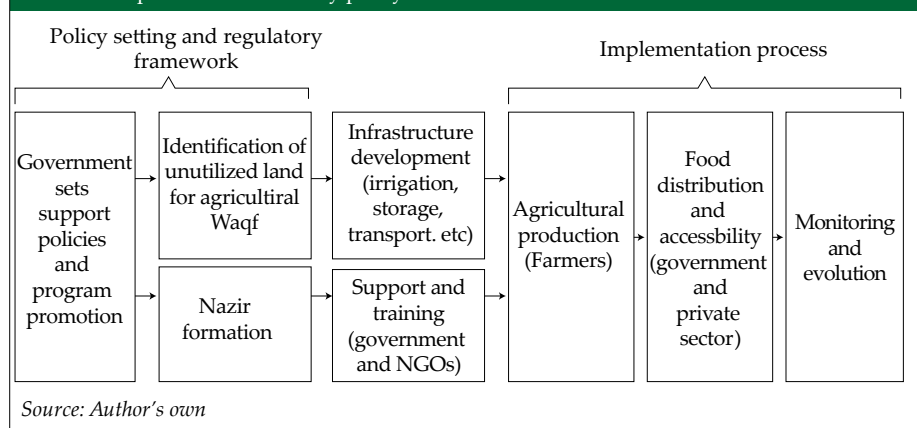
Based on data from the BPS, the prevalence of undernourishment (PoU) in Indonesia was 8.53% in 2023, down from the previous year's 10.21%. The higher the PoU, the higher the percentage of the population consuming food but lacking in energy requirements. Out of 34 provinces in the country, 13 provinces have PoU rates below the national average.

In 2023, Indonesia scored 17.6 on the Global Hunger Index, placing it in the 'moderate' hunger category and ranking second-worst among the nine ASEAN countries surveyed. Only Timor-Leste has a higher hunger level. Seven ASEAN countries — Thailand, Vietnam, Malaysia, the Philippines, Cambodia, Myanmar and Laos — have lower hunger levels.

To address this, Indonesia is developing food estates as part of its National Strategic Program to strengthen food security and improve farmers' welfare, especially post-COVID-19 and amid



Chart 1: Waqf-based food security policy scheme



climate change. These estates, initiated in 2020 and expanding, use integrated systems and modern technology to transform farming practices and optimize agricultural resources.

Currently, Indonesia's food security budget for 2024 is aimed at increasing availability, access and price stabilization of food through various programs, including: improvement of facilities and infrastructure, land optimization, pest and climate change impact control, and strengthening the capacity of farmers and fishermen, etc.

Waqf-based food security

The concept of Waqf holds great potential in addressing two crucial aspects of food security: availability and accessibility of food. Firstly, through Waqf of agricultural land, communities can donate a portion of land for agricultural purposes. This enhances the availability of agricultural land, particularly in areas with limited land resources, thus opening up opportunities for participation in food production.

Secondly, Waqf can also be used to build infrastructure that supports food distribution and accessibility. Waqf funds

can be allocated for the construction of storage warehouses or transportation facilities, improving the food supply chain from producers to consumers. This ensures a stable and affordable food supply in various regions.

Thirdly, Waqf can also be applied to social programs aimed at improving food accessibility for vulnerable groups. For example, by endowing a portion of funds to establish or support food programs such as community kitchens, food distribution packages or food assistance programs for poor families, the community can play an active role in enhancing food accessibility for those in need.

Implementing Waqf land for agriculture can reduce unemployment by creating job opportunities in the agricultural sector. As more land is utilized for agricultural production through this scheme, demand for labor increases, absorbing surplus labor from other sectors and reducing unemployment rates. Additionally, seasonal agricultural activities provide employment opportunities for individuals during certain periods of the year. Overall, Waqf for agriculture enhances food security, stimulates economic growth and reduces unemployment by creating jobs in the agricultural sector.

The more important thing is involving the government in the provision of Waqf land becomes a strategic solution. The government controls a significant amount of underutilized land. By endowing some of this land for agriculture, the availability of agricultural land can be increased, providing opportunities for community involvement in food production. Government-supported agricultural land Waqf programs allow for planned and sustainable land management. Technical support, infrastructure and funding from the government will enhance the productivity of endowed land. The sustainability of Waqf land use is also ensured through legal certainty, encouraging community participation in agricultural Waqf activities.

Thus, through a well-planned and government-supported Waqf mechanism, the challenges of food availability and accessibility can be effectively addressed. This will create a more inclusive, productive and sustainable agricultural system for the Indonesian people. ☺

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Spread of Islamic finance in the post-Soviet region

The terms 'Islamic finance' and 'Islamic banking' have become increasingly common in recent times. A type of bank financing that has recently been actively developing worldwide, Islamic finance, with its growth potential and increasingly widespread adoption, makes a promising financing trend, yet it is not well known to quite a number of financial market participants. In this article, VYACHESLAV KHOROVSKIY and IRINA LISINSKAYA highlight a few specifics of Islamic finance and its legal regulation in certain countries of the post-Soviet space.



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The prerequisites for the development of Islamic banking in the post-Soviet space are the presence of a significant number of professing Muslims and their active economic relations with Arab countries.

Azerbaijan does not have a legal framework to regulate Islamic finance, but discussions on a draft of Islamic finance law are underway at various levels. However, this republic has a history of applying Islamic finance. The International Bank of Azerbaijan established an Islamic banking branch in 2012 as part of the Islamic window project, which operated until 2015, offering Ijarah, issuing Islamic bank cards and opening Qard Hasan accounts.

Kazakhstan introduced Islamic finance through Law No 133-IV On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on the Organization and Activities of Islamic Banks and Islamic Finance Institutions dated the 12th February 2009, which added an Islamic banking chapter to Law No 2444 On Banks and Banking Activities in the Republic of Kazakhstan dated the 31st August 1995, to legalize a long list of Islamic products, including Murabahah, Ijarah, Musharakah, Mudarabah, Sukuk and others. The 2015 legislation added Takaful to the list of insurance products.

Two fully-fledged Islamic banks are currently operating in Kazakhstan — Al Hilal Bank and Zaman Bank — while

there is also an Islamic finance lessor, Kazakhstan Ijara Company; an Islamic insurer, Mutual Insurance Company Takaful; and a multifunctional Islamic finance institution, Al Saqr Finance.

The general meetings of shareholders of the financial institutions establish Islamic finance principles-based boards, appointed on the recommendation of the respective institutions' board of directors, to determine the compliance of the institutions' financial activities with Shariah requirements.

The Astana International Financial Centre (AIFC) is Kazakhstan's special economic zone that offers special legal treatment to facilitate business and encourage investment. Islamic finance is one of the focus areas of the AIFC. The center has created a legal framework for the operation of financial organizations according to Shariah rules. The main regulatory instruments are the AIFC Islamic Finance Rules and the AIFC Islamic Finance Prudential Rules.

All Islamic financial products, including Islamic securities and insurance, are available in the AIFC. To offer Islamic financial services, a company must be an Islamic financial institution registered in the AIFC and hold a Shariah compliant banking license. Islamic institutions can only offer Islamic finance. Other non-Islamic institutions may offer Halal services through Islamic windows. Each Islamic institution must establish an independent Shariah supervisory board to ensure its Shariah compliance. Islamic investment funds may also be established in the AIFC.

Islamic financial institutions already offering services in the AIFC include Al Saqr Islamic Bank, Alif Islamic Bank and Kazakhstan Islamic Finance Company.

Kyrgyzstan began introducing Islamic finance in 2006 when its National Bank of the Kyrgyz Republic, its central bank, adopted the Regulation for Implementing the Principles of Islamic Banking and

Finance in the Kyrgyz Republic within the Pilot Project. Islamic finance rules are incorporated in the Law of the Kyrgyz Republic No 93 On Banks and Banking Activities dated the 11th August 2022 and in the Kyrgyz civil code. The central bank is actively adopting new regulations to set standards for the provision of Islamic services, including such comprehensive and detailed regulations as the Regulation on the Requirements to the Standard Agreements Concluded under the Principles of Islamic Banking and Finance adopted in 2009 and amended in 2022.

Kyrgyzstan has one bank (the Eco-Islamic Bank), four conventional banks with Islamic windows and several microcredit companies operating under Shariah rules. Intercascade Islamic Special Financial Company issued Kyrgyzstan's **first Sukuk Mudarabah** for KGS750 million (US\$8.53 million) in May 2023.

Each Kyrgyz commercial bank has a Shariah board, an independent body responsible for ensuring the bank's compliance with Shariah standards. The chairmen and members of the boards must have knowledge of Shariah and the principles of Islamic finance. The republic has adopted the 'Concept for the Development of the Islamic Economic Platform in Kyrgyzstan for 2022–2027' to develop Islamic finance which, among other things, provides for the establishment of a Shariah supervisory board at the state level.

In **Russia**, the Federal Law No 417-FZ On the Experiment to be Conducted in Certain Constituent Entities of the Russian Federation to Establish Special Regulation for the Purpose of Creating the Necessary Conditions for Partner Finance Activities Therein, and on Amendments to Certain Legislative Acts of the Russian Federation (the **Partner Finance Law**), was adopted on the 4th August 2023. The Partner Finance Law authorized piloting some of the Islamic banking products in Bashkortostan,

Dagestan, Tatarstan and Chechnya from the 1st September 2023 to the 1st September 2025.

An expert council constituted under the government of the Russian Federation will assess the viability of the project at the end of the pilot period. Under the Partner Finance Law, banks and other financial organizations in the designated regions may provide banking services equivalent to Murabahah, Mudarabah, Musharakah, Ijarah and Sukuk. Implementation of the Partner Finance Law will enable the identification of real needs in the development of Islamic finance in Russia and pave the way for more comprehensive legal regulation in the future.

Tajikistan began developing Islamic banking in 2010 when its National Bank of Tajikistan, its central bank, joined the IFSB as an observer. Tajikistan adopted its Islamic Banking Law No 1108 on the 26th July 2014 and introduced a new tax code on the 1st January 2022, which abolished double taxation on Murabahah purchases and sales by Islamic banks. These measures were favorable for the further development of Islamic finance. The central bank has established the Advisory Council on Islamic Banking Services to regulate the operations of Islamic banks and other credit organizations.

Both Islamic and conventional banks with Islamic windows, as well as non-bank credit institutions and

microfinance organizations, may provide Islamic financial services in Tajikistan. The chairmen and members of the management boards and chief accountants of the banks must be qualified in Islamic banking. Providers are also required to establish Islamic financial services boards responsible for ensuring that their financial activities comply with Islamic banking standards.

So far, one fully-fledged Islamic bank, Tawhidbank, is operating in Tajikistan, and another, Alif Bank, is in the process of being converted into an Islamic institution. A microcredit fund, Imon, and a microdeposit organization, Humo, were licensed in 2020 to operate according to Islamic finance principles through Islamic banking windows.

In **Uzbekistan**, the Islamic finance industry is still a work in progress. The country still has no special law on Islamic finance and no comprehensive legal regulation in this area. Article 4 of Law No 3PY-765 On Non-Bank Credit Institutions and Microfinance Activities dated the 20th April 2022 allows only microfinance institutions to operate in Islamic finance. Nevertheless, Uzbekistan is currently drafting legislation on Islamic finance, while the republic's president and government are issuing decrees and regulatory Acts to promote Islamic banking.

Uzbekistan joined the International Islamic Trade Finance Corporation

by the president's Ordinance No IIII-4147 dated the 1st February 2019. Presidential Decree No VII-6207 On Measures for Further Development of the Capital Market dated the 13th April 2021 sets out measures to conduct an experiment on the introduction of securities based on the principles of Islamic finance. Pending the adoption of a comprehensive law on Islamic finance, banks are developing the necessary infrastructure to open Islamic windows.

Conclusion

Based on the foregoing review of the status and development of Islamic finance in various jurisdictions, a trend toward the spread of Islamic finance in the post-Soviet space emerges. Kazakhstan, Kyrgyzstan and Tajikistan have established a legal framework for the development of Islamic banking, while Azerbaijan and Uzbekistan anticipate drafting legislation in this field.

In Russia, Islamic finance is available in certain regions. Among the various factors influencing the advancement of Islamic finance — including the level of economic development, financial literacy and access to banking services — legal frameworks stand out as crucial prerequisites. Proactive regulation of Islamic finance is expected to bolster its steady expansion in the post-Soviet region. (P)



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Luxembourg's leadership in Islamic finance: A call for innovation and deeper integration

Luxembourg has long been recognized as the leading European hub for the domiciliation of Islamic funds, boasting a robust regulatory framework and a favorable business environment that have attracted numerous Shariah compliant investments. However, despite its strong foundation, the sector has seen little evolution since 2016 and is now facing increasing competition from other financial centers. The market has not been as buoyant as initially expected, largely due to the lack of deep local roots and integration with the broader financial ecosystem. In this article, KABIRA BOULAKCHOUR explores the current state of Luxembourg's Islamic finance sector, the challenges it faces and the potential pathways for reinvigoration and growth.



Kabira Boulakchour is the founder of Rush'd Advisors, a consultancy firm specializing in governance, compliance, risk and internal controls. She can be contacted at Kabira.boulakchour@rushd.com.



Dominance in Islamic fund domiciliation

Luxembourg's prominence in the Islamic finance sector is anchored in its role as a leading domicile for Islamic funds in Europe. The country offers a supportive regulatory environment, tax advantages and a well-developed infrastructure that have made it an attractive destination for Islamic finance practitioners. Luxembourg was the first European country to authorize an Islamic insurance company, list Sukuk in 2002 and issue euro-denominated Sukuk. These milestones underscore its pioneering role in integrating Islamic finance into the European financial landscape.

However, since 2016, the sector has not experienced significant growth or innovation. The number of new Shariah compliant funds has plateaued, and the market's overall dynamism has diminished. This stagnation has opened the door for other financial hubs to challenge Luxembourg's dominance by offering competitive alternatives and innovative solutions tailored to Islamic finance needs.

Challenges

Several factors have contributed to the current challenges faced by Luxembourg's Islamic finance sector:

1. Lack of local roots

Despite its achievements, Luxembourg's Islamic finance sector lacks deep local

integration. Unlike some financial hubs that have developed a strong base of local expertise and cultural affinity with Islamic finance principles, Luxembourg's engagement with Islamic finance has largely been driven by its appeal to international investors. This limited local connection has hindered organic growth and innovation within the sector.

2. Increased competition

Other financial centers, such as London, Dubai and Kuala Lumpur, have made significant strides in Islamic finance, offering competitive regulatory frameworks, specialized financial products and deeper integration with local markets. These hubs are increasingly attracting Islamic finance practitioners and investors, posing a challenge to Luxembourg's leadership.

3. Market dynamics

The Islamic finance market in Luxembourg has not been as vibrant as anticipated. While the country has succeeded in attracting initial investments, sustaining long-term growth has proven difficult. The absence of a strong local market for Islamic finance products means that Luxembourg relies heavily on international inflows, which can be

volatile and influenced by global economic conditions.

4. Regulatory and structural constraints

Although Luxembourg's regulatory framework is supportive, there are areas where further enhancements could be made to better accommodate the specific needs of Islamic finance. This includes developing more tailored regulations that address the unique characteristics of Shariah compliant products and services.

Strategies for reinvigorating Islamic finance

To address these challenges and revitalize its Islamic finance sector, Luxembourg can pursue several strategic initiatives:

1. Enhancing local engagement

Building deeper local roots is crucial for sustainable growth in Islamic finance. This involves fostering greater awareness and understanding of Islamic finance principles among local financial institutions, regulators and the broader business community. Developing educational programs, industry partnerships and research initiatives focused on Islamic finance can help cultivate a local ecosystem that supports innovation and growth.

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2. Promoting innovation

Luxembourg can leverage its strengths in fund administration and financial technology to develop innovative Shariah compliant products and services. This includes exploring opportunities in areas such as Islamic fintech, green Sukuk and SRI. By positioning itself as a leader in innovation, Luxembourg can attract new market participants and stay ahead of emerging trends in Islamic finance.

3. Strengthening regulatory frameworks

While Luxembourg's regulatory environment is supportive, there is room for further refinement to better accommodate the unique needs of Islamic finance. This includes developing more specific guidelines for Shariah compliant products, enhancing transparency and ensuring that regulatory processes are streamlined and efficient. Collaborating with international Islamic finance bodies can help align Luxembourg's regulations with global standards and best practices.

4. Expanding market reach

To reduce reliance on international inflows, Luxembourg can work to develop a stronger local market for Islamic finance products. This includes promoting Shariah compliant financial services to local businesses and consumers, as well as encouraging local financial institutions to offer Islamic

finance products. Building a robust local market can provide a stable foundation for long-term growth and resilience.

5. Leveraging international partnerships

Strengthening partnerships with key Islamic finance hubs and institutions around the world can enhance Luxembourg's connectivity and access to new opportunities. This includes collaborating on cross-border initiatives, participating in international forums and sharing best practices. By building a global network of partners, Luxembourg can position itself as a key player in the international Islamic finance community.

Recent developments and future outlook

Despite the challenges, there have been positive developments in Luxembourg's Islamic finance sector. The issuance of euro-denominated Sukuk by the sovereign state of Luxembourg remains a significant milestone, demonstrating the country's commitment to supporting Islamic capital market transactions. Additionally, recent efforts to enhance the regulatory framework and promote innovation are steps in the right direction.

Looking ahead, Luxembourg's future in Islamic finance will depend on its ability to adapt to changing market dynamics

and leverage its strengths to address current challenges. By focusing on local engagement, innovation, regulatory enhancements and international partnerships, Luxembourg can revitalize its Islamic finance sector and maintain its leadership position in Europe.

Conclusion

Luxembourg's role as the leading European domicile for Islamic funds is a testament to its robust financial infrastructure and supportive regulatory environment. However, the sector's growth has stalled in recent years, facing challenges from increased competition and a lack of deep local roots. To reinvigorate its Islamic finance sector, Luxembourg must enhance local engagement, promote innovation, strengthen regulatory frameworks, expand market reach and leverage international partnerships.

By addressing these challenges and pursuing strategic initiatives, Luxembourg can revitalize its Islamic finance sector, attract new investments and reaffirm its position as a key hub for Shariah compliant finance in Europe. As the global landscape of Islamic finance continues to evolve, Luxembourg's proactive approach and commitment to innovation will be crucial for sustaining its leadership and fostering long-term growth in the industry. ☺



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Bright future for Islamic private banking sector in Türkiye

Islamic banks in Türkiye, also known as participation banks, have been steadily increasing their market share within the Turkish banking sector, typically in the range of 8–9% of the total banking assets in the country. The asset size of participation banks has been growing at a faster rate compared with conventional banks, driven by increased awareness, government support and a growing preference for Islamic financial products. The major Islamic banks in Türkiye, such as Kuveyt Turk, Türkiye Finans, Albaraka Turk, Vakıf Katılım, Ziraat Katılım and Emlak Katılım collectively hold a significant portion of the assets in the Islamic banking sector. M EKREM OZULKER writes.



Ekrem Ozulker is the managing director of Yekta Investment. He can be contacted at eozulker@hotmail.com.

As of March 2024, the combined assets of participation banks in Türkiye are approximately US\$70 billion. This figure is expected to grow as the sector continues to attract more customers and investments.

The Turkish government and the banking sector aim to increase the market share of participation banks to around 15% in the near future. This ambitious goal reflects the confidence in the growth potential of Islamic banking in Türkiye.

Islamic private banking in Türkiye is designed to cater to clients seeking Shariah compliant financial services. It avoids interest-based transactions and focuses on ethical investments, following Islamic principles.

Banks like Kuveyt Turk, Türkiye Finans, Ziraat Katılım and Albaraka Turk are leading providers in this sector. They offer various products, such as profit-sharing accounts, real estate financing and investment opportunities in compliant sectors.

The Turkish government supports this industry, ensuring a conducive regulatory environment for participation banks. This support helps the industry grow and integrate with global Islamic finance markets.

Overall, Islamic private banking in Türkiye provides high-net-worth (HNW) individuals with tailored financial solutions that align with their religious values.

Key features of Islamic private banking in Türkiye include:

- Financial products are structured to avoid interest, focusing on profit-

sharing, leasing and sales-based contracts like Murabahah (cost-plus financing), Ijarah (leasing) and Mudarabah (profit-sharing).

- Investments are made in tangible assets, such as real estate and commodities, ensuring compliance with Shariah principles.
- Funds are invested in sectors that align with Islamic values, avoiding industries such as alcohol, gambling and pork products.

Kuveyt Turk, which started private banking for the first and only time in Türkiye in 2015, planned to provide the best service especially to its local and foreigner customers. Subsequently, other participation banks followed this and started to add value to private banking. The private banking organization within each bank is still trying to grow and aims to reach a certain asset size.

Islamic private banking products in Türkiye are limited in many areas and they mainly offer the following services to their customers: accounts; investments; precious metals and commodities; financing; and credit cards. These services are usually provided under the portfolio management system by well-educated, presentable employees who can speak at least one of the languages such as English, Arabic, Russian, German, etc.

Participation banks that strive to satisfy their HNW and UHNW [ultra-high-net-worth] customers are forced to diversify their products in areas such as card services and privilege services rather than the limited space in the finance area. This situation makes it very difficult for them when up against conventional banks.

Kuveyt Turk, which is the pioneer of the sector in this regard, established the first portfolio management company in the participation banking sector under the name of Kuveyt Turk Portfoy. By offering new fund services to the sector and customers in this channel, it has relieved

the stuck banking sector and increased the general satisfaction level by acting together with the private banking department. It has played an important role in providing customers with access to Islamic products available not only in Türkiye but also abroad.

However, in the digital world, digitalization has taken its place in banks and has become indispensable, especially in the field of private banking. Many innovations, from remote account opening to mobile banking, offer convenience to customers. It has become impossible for private banking departments to stay away from these issues.

With digitalization in the coming period, everyone, especially HNW and UHNW customers, will expect boutique services and each will demand differentiation from the general banking services offered. This situation necessitates private banking units to invest more in digital and artificial intelligence.

Private banking departments will perhaps start to offer services to their customers that will make their lives easier during the day. Based on the customer's wealth management, it should aim to provide services on many issues such as the customer's daily planning, which school their child will go to, which country will provide more tax advantages, which airline they will travel with and which vehicle they will buy that will be a better investment tool for the future. Most importantly, it must be able to meet the needs for human resources and technology in these matters.

In conclusion, the future of Islamic private banking in Türkiye appears bright, with multiple factors contributing to its potential for growth. With supportive government policies, increasing demand, technological advancements and a focus on ethical investing, Islamic private banking is poised to become a significant segment of the Turkish financial landscape. ☺

Tokenizing Sukuk: Enabling participation of retail investors in Pakistan's capital market

The introduction of Pakistan's first publicly listed sovereign Sukuk in December of the preceding year, valued at PKR30 billion (US\$107.5 million) on the Pakistan Stock Exchange (PSX), coupled with significant investor interest amounting to nearly PKR400 billion (US\$1.43 billion), has opened avenues for ongoing issuance of Shariah compliant securities. This momentum is poised to inspire the development of innovative Islamic financial products like Sukuk exchange-traded funds and Sukuk tokenization accessible to retail investors. AHMED ALI SIDDIQUI writes.



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As projected, Pakistan's Ministry of Finance actively launched Sukuk of varying durations on the PSX in January 2024, including three- and five-year-tenored instruments. This initiative has effectively tapped into liquidity from investors seeking Shariah compliant returns, enabling the government to secure more favorable rates compared with conventional options.

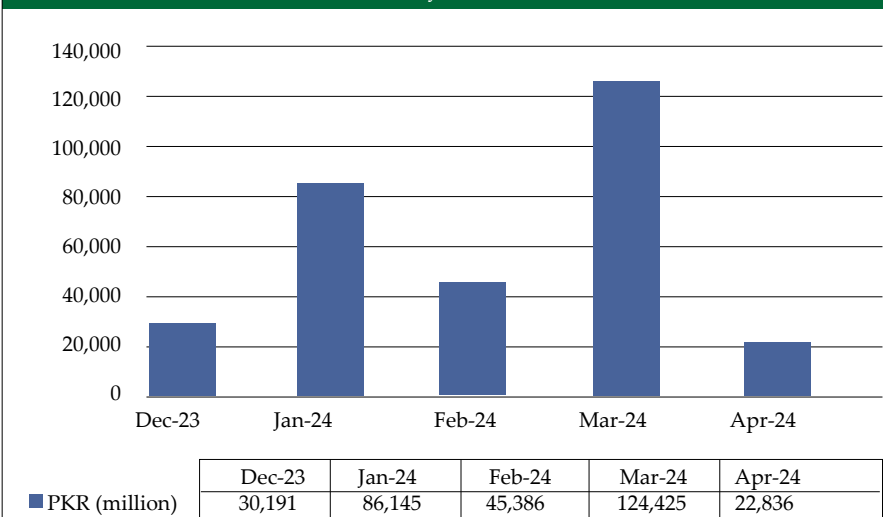
Over the past five months, Sukuk issuance on the PSX has surpassed PKR308 billion (US\$1.1 billion), with expectations of sustained issuance due to a Shariah court ruling favoring the transition to Islamic financial systems for government borrowing. In 2023, the Ministry of Finance issued Sukuk amounting to over PKR1.7 trillion (US\$6.09 billion), with a focus on converting a substantial portion of sovereign debt to Islamic financing mechanisms.

Despite Sukuk being listed on the PSX, their accessibility to retail investors at the grassroots level remains constrained. According to industry experts, more than 97% of investors in listed Sukuk are institutional. Factors contributing to limited retail participation include complexities in opening accounts, lack of awareness, low trading volumes, high investment thresholds required to attract brokers, absence of real-time settlement and the lack of user-friendly technological platforms.

Against this backdrop, the introduction of Sukuk tokenization in the Pakistani



Chart 1: Listed Sukuk issuance on the PSX by month



Source: Author's own

market holds the potential to transform the Sukuk market, offering numerous advantages for retail investors and fostering positive growth in Sukuk investment. Furthermore, it will facilitate global investors seeking Shariah compliant returns to seamlessly invest in the Pakistani market with just a click of a button.

Exploring Sukuk tokenization

Sukuk tokenization entails the digital transformation of Sukuk assets, converting them into digital tokens or securities tradable on a blockchain or similar technology platform. This method divides ownership into fractions, enabling investors to buy and trade smaller segments of Sukuk,

thereby enhancing accessibility for retail investors. Leveraging technology, Sukuk tokenization guarantees transparency, security and efficiency across issuance, trading and settlement procedures.

The advantages of Sukuk tokenization can be outlined as follows:

Expanded accessibility and fractional ownership

Sukuk tokenization removes conventional barriers, broadening the scope of Sukuk investment for a wider audience of retail investors. By dividing ownership into fractions, investors can acquire smaller shares of Sukuk assets, such as PKR100 (US\$0.36), aligning their investments with their financial capabilities and risk tolerance. This democratization of access allows individuals to diversify their investment portfolios with Sukuk holdings, fostering financial inclusivity and empowerment.

Enhanced exploration of Sukuk offerings

Furthermore, Sukuk tokenization facilitates convenient exploration of diverse Sukuk offerings through digital platforms. With reduced administrative burdens and streamlined processes, retail investors can research, analyze and invest in Sukuk securities effortlessly, eliminating the need for intermediaries or complex paperwork.

Improved liquidity and secondary market trading

Among the notable benefits of Sukuk tokenization lies its capacity to enhance liquidity within the Sukuk market. Conventional Sukuk instruments frequently encounter constraints regarding secondary market trading avenues and sluggish settlement procedures, potentially impeding investors' capacity to divest from their positions. Sukuk tokenization tackles this issue by injecting liquidity through digital exchanges, thereby facilitating real-time settlement of transactions.

Retail investors gain the ability to trade Sukuk tokens on dynamic digital platforms, thereby accessing liquidity and flexibility in managing their investments. This heightened liquidity not only facilitates smoother market operations but also fosters price discovery and enhances market efficiency.

Cost-effectiveness and lowering entry barriers

Sukuk tokenization simplifies procedures and diminishes expenses linked with Sukuk investment, rendering it appealing particularly to retail investors, including students who are becoming acquainted with digital exchanges for digital assets. Through the utilization of technology, Sukuk tokenization eradicates the necessity for intermediaries and diminishes administrative expenses, thereby leading to decreased transaction costs and fees.

Additionally, the fractional ownership structure allows retail investors to engage in Sukuk investments with lesser initial capital, thereby dismantling financial obstacles to entry.

Opportunities for diversification and risk management

Sukuk tokenization presents retail investors with the opportunity to access a wide array of Sukuk issuances spanning various sectors, durations and risk profiles. By investing in a diversified portfolio of Sukuk tokens, investors can spread their holdings and mitigate the risk of overexposure, thereby bolstering the resilience of their investment portfolios.

Furthermore, Sukuk tokenization empowers investors to customize their portfolios to match their risk tolerance and investment objectives. Whether prioritizing stable income or capital growth, retail investors can select Sukuk tokens that align with their

financial aspirations, thus enhancing risk management and optimizing portfolio performance.

Transparency, security and confidence

The technology underlying Sukuk tokenization ensures transparency, security and confidence in the issuance and trading of Sukuk tokens. Additionally, smart contracts can be utilized to automate contractual obligations, reducing the risk of fraud and human error. This fosters investor trust and confidence in Sukuk tokenization platforms, creating a robust and secure investment environment for retail investors.

Regulatory considerations and market outlook

To facilitate the adoption of Sukuk tokenization in Pakistan, regulatory frameworks must evolve to safeguard investor interests and uphold market integrity. Regulators must establish clear guidelines governing the issuance, trading and custody of Sukuk tokens, ensuring compliance with Shariah principles and regulatory standards.

Peering into the future, Sukuk tokenization shows great promise, propelled by ongoing technological advancements that fuel its growth and reach. As global awareness of Islamic finance expands, Sukuk tokenization stands ready to democratize access to Sukuk markets and promote financial inclusivity on a global scale.

To sum up, Sukuk tokenization presents several advantages for retail investors, including improved accessibility, liquidity, cost-effectiveness and risk management. Through the utilization of technology, Sukuk tokenization can foster the development of Islamic capital markets and reshape the landscape of Islamic finance, empowering retail investors and nurturing sustainable growth in Sukuk investment. (P)



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DEALS

PASB launches Sukuk

MALAYSIA: Pengurusan Air SPV (PASB), an SPV of the Malaysian government-owned water services company Pengurusan Aset Air, has issued an Islamic medium-term note (IMTN) worth RM520 million (US\$110.39 million) that carries a 3.98% coupon rate and a seven-year tenor as well as another IMTN worth RM1.08 billion (US\$229.27 million) that carries a 15-year tenor and a 4.07% coupon rate. The papers were issued on the 4th June 2024.

CIMB Investment Bank was the lead arranger for both transactions. (📄)

Superonline auctions Islamic paper

TURKIYE: Turkish telecommunications company Superonline İletişim Hizmetleri has completed the auction of a domestic lease certificate worth TRY300 million (US\$9.3 million) to qualified investors. The issuance, which was completed on the 28th May 2024, has an annual simple return rate of 50% and a 105-day maturity. (📄)

Emirates Islamic lists Sukuk

UAE: EI Sukuk Company, the Sukuk-issuing SPV of Emirates Islamic, has listed its US\$750 million Sukuk facility due 2029 on both the Dubai Financial Services Authority (DFSA) and NASDAQ Dubai.

The certificates were admitted to the DFSA Official List of Securities and began trading on NASDAQ Dubai on the 28th May 2024. (📄)

Mayar to issue Sukuk

SAUDI ARABIA: Mayar Holding Company plans to issue Saudi riyal-

denominated Sukuk through a program amounting to SAR500 million (US\$133.22 million) for the purposes of financing the company's working capital and capital expansions. The company also appointed Afaq Financial Company as the exclusive financial advisor for the purposes of establishing the program and issuing and offering the Sukuk facilities under it. (📄)

Albaraka Turk sells lease certificate

TURKIYE: Albaraka Turk Katilim Bankası has sold a domestic lease certificate worth TRY500 million (US\$15.5 million) with an annual simple return of 49.5% and a tenor of 92 days. The facility was sold on the 28th May 2024. (📄)

QCB auctions Sukuk

QATAR: The Qatar Central Bank (QCB) on the 30th May 2024 auctioned its treasury bills and Sukuk which attracted bids amounting to QAR11 billion (US\$3.02 billion). The total allocated amount was QAR4 billion (US\$1.1 billion), with the tenors of the six issuances ranging from seven to 364 days. (📄)

IILM appoints dealer for Sukuk program

MALAYSIA: The International Islamic Liquidity Management Corporation (IILM) has appointed Affin Islamic Bank as the third Malaysia-based global primary dealer for its US\$4 billion short-term Sukuk program. (📄)

Indonesian companies register Sukuk

INDONESIA: Hijab manufacturer Kanti Sehati Sukses and Shafira Apparel Indonesia have respectively registered a Sukuk facility worth IDR2.6 billion (US\$160,438) that carries a three-month

tenor and a Sukuk facility worth IDR2.4 billion (US\$148,282) that carries a five-month tenor on the Indonesia Central Securities Depository.

Shafiq was the lead arranger for both transactions. (📄)

Indonesian government's SPV registers Sukuk program

GLOBAL: Perusahaan Penerbit SBSN Indonesia III, an SPV that issues Sukuk for the Indonesian government, has lodged a US dollar-denominated trust certificate issuance program worth US\$35 billion under Securities Commission Malaysia's Lodge and Launch Framework.

HSBC Amanah Malaysia is the program's principal advisor. (📄)

CBG floats Sukuk Salam

GAMBIA: The Central Bank of The Gambia (CBG) floated tenders for its three-month, six-month and one-year Sukuk Salam facilities worth GMD45 million (US\$661,689) in total, which closed on the 27th May 2024.

The three-month Islamic paper worth GMD5 million (US\$73,521) was oversubscribed by GMD2.46 million (US\$36,098.8), the six-month Islamic paper worth GMD10 million (US\$147,042) was oversubscribed by GMD4.32 million (US\$63,522.1); and the one-year Islamic paper worth GMD30 million (US\$441,126) was oversubscribed by GMD12.93 million (US\$190,052). (📄)

Bangladesh Bank auctions Sukuk

BANGLADESH: Bangladesh Bank held an auction on the 23rd May 2024 for its three-month and six-month Bangladesh Government Islami Investment Bonds

DEAL TRACKER

Full Deal Tracker on page 34

EXPECTED DATE	COMPANY / COUNTRY	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Mayar Holding Company	SAR500 million	Sukuk	30 th May 2024
TBA	K-Electric	Up to PKR5 billion	Sukuk	28 th May 2024
TBA	Paramount	Up to RM1 billion	Sukuk	16 th May 2024
December 2024	Government of Pakistan	TBA	Green Sukuk	12 th May 2024
TBA	Aqaseem	Up to SAR500 million	Sukuk	9 th May 2024

(BGIIBs). The three-month Sukuk received two bids amounting to BDT3 billion (US\$25.32 million), while the six-month Islamic offering received five bids worth a total of BDT4.48 billion (US\$37.81 million). The profit-sharing ratio of the accepted bids was 90:10.

Separately, Bangladesh Bank received five bids from five banks amounting to BDT47.25 billion (US\$398.74 million) for its 28-day Islamic Banks Liquidity Facility (IBLF) which were accepted. The expected profit rate (EPR) for the IBLF was between 4% and 7% with the auction held on the 23rd May 2024.

Bangladesh Bank also received one bid from one bank amounting to BDT4.97 billion (US\$41.93 million) for its 14-day IBLF and two bids from two banks amounting to BDT5.7 billion (US\$48.09 million) for its 28-day IBLF which were all accepted.

The EPR for the 14-day IBLF was 5.5%, and the EPR for the 28-day tenor was between 4.5% and 6.5%. The auction for the IBLFs was held on the 27th May 2024.

Bangladesh Bank in addition received one bid from one bank amounting to BDT1 billion (US\$8.42 million) for its 28-day IBLF which was accepted. The EPR was 4%. The auction for the IBLF was held on the 29th May 2024.

Bangladesh Bank also received one bid from one bank amounting to BDT3 billion (US\$25.3 million) for its 14-day IBLF and three bids from three banks amounting to BDT20.35 billion (US\$171.62 million) for its 28-day IBLF which were all accepted.

The EPR for the 14-day facility was 4.5% and the range for the EPR for the 28-day facility was between 4% and 4.5%. The auction for the IBLFs was held on the 30th May 2024. (📌)

Kuveyt Turk completes Sukuk issuance

TURKIYE: Kuveyt Turk Katilim Bankasi has completed its lease certificate issuance of TRY500 million (US\$15.5 million). The facility, which was sold on the 28th May 2024, carries an annual simple return rate of 48.5% and a tenor of 120 days. (📌)

BNM issues Islamic facilities

MALAYSIA: Bank Negara Malaysia (BNM) between the 28th May and the

4th June 2024 issued four Money Market Tender Murabahah Overnight Borrowing Acceptance Islamic facilities worth a total of RM84.99 billion (US\$18.04 billion).

Separately, BNM has issued a Bank Negara Interbank Bill – Islamic facility worth RM1 billion (US\$212.95 million) which received 38 bids. The paper was issued on the 29th May 2024. (📌)

Cagamas sells Islamic paper

MALAYSIA: Cagamas has issued an Islamic commercial paper worth RM300 million (US\$63.88 million) that carries a 3.5% coupon rate and a three-month tenor. The paper was issued on the 29th May 2024.

The paper received a 'MARC-1 IS' rating from MARC Ratings and a 'P1' rating from RAM Ratings. CIMB Investment Bank was the transaction's lead arranger. (📌)

K-Electric to issue Sukuk

PAKISTAN: K-Electric plans to issue a rated, unsecured, privately placed short-term Sukuk instrument (STS-26) of up to PKR5 billion (US\$17.91 million) which is inclusive of a green shoe option of PKR1 billion (US\$3.58 million).

The tenor of STS-26 is up to six months from the date of drawdown and will be redeemed in bullet at maturity. The proceeds of the issue will be utilized for the company's working capital requirements.

The proposed Sukuk issuance has received a preliminary rating of 'A-1+' from VIS Credit Rating Company. (📌)

PSX lists government Sukuk

PAKISTAN: The Pakistan Stock Exchange (PSX) has listed the one-year discounted government of Pakistan's Sukuk Ijarah with accepted competitive bids worth a total of PKR39.91 billion (US\$142.96 million). The auction was held on the 23rd May 2024. IFN previously reported the Sukuk issuance. (📌)

Ziraat Katilim issues lease certificate

TURKIYE: Ziraat Katilim Bankasi has completed its issuance of a domestic lease certificate worth TRY1.5 billion (US\$46.56 million).

The facility, which was sold on the 27th May 2024, carries an annual simple

return rate of 50%, and will mature on the 6th September 2024. (📌)

CBK issues Tawarruq facilities

KUWAIT: The Central Bank of Kuwait (CBK) has announced the issuance of CBK bonds and related Tawarruq facilities worth KWD240 million (US\$780.54 million) with a tenor of six months and a rate of return of 4.5%. (📌)

Saudi Arabia commences Sukuk sale

SAUDI ARABIA: Saudi Arabia has commenced the sale of its benchmark-sized triple-tranche Sukuk with tenors of three, six and 10 years.

Initial guidance has been placed around 85bps over US Treasuries (UST) for the three-year Sukuk, 100bps over UST for the six-year portion and 110bps over UST for the 10-year tranche.

BNP Paribas, Citi and Goldman Sachs International have been appointed as the global coordinators and joint bookrunners to manage the debt sale. Aljazira Capital, HSBC, JPMorgan and Standard Chartered have been selected as the passive joint lead managers and bookrunners on the offering.

Separately, the National Debt Management Center (NDMC) of Saudi Arabia has issued new Sukuk in three tranches worth a total of SAR64.1 billion (US\$17.08 billion).

The first tranche amount is approximately SAR16 billion (US\$4.26 billion) maturing in 2031, the second tranche amount is approximately SAR29.3 billion (US\$7.81 billion) maturing in 2034 and the third tranche amount is approximately SAR18.8 billion (US\$5 billion) maturing in 2039.

The Saudi Ministry of Finance and the NDMC have appointed HSBC Saudi Arabia, Al Rajhi Capital, SNB Capital, Aljazira Capital and Alinma Investment as the joint lead managers to lead the transaction. (📌)



AFRICA

Thiqa Digital Finance partners with Paymenow

UGANDA: Thiqa Digital Finance, an Islamic finance platform from Uganda, has formed a technology partnership with an earned wage access platform from South Africa, Paymenow. The partnership aims to provide Uganda's civil servants with access to their already earned wages via a mobile app. (📷)

IsDBI conducts training for Libyan entities

LIBYA: The IsDB Institute (IsDBI) organized and conducted two programs

titled 'Introduction to Islamic Finance' and 'Islamic Finance Shari'ah and Accounting Standards' on the 19th-13th May 2024 in Tunisia for staff of Libyan financial institutions.

The programs are part of an IsDBI technical assistance grant for Islamic finance capacity-building for the Ministry of Finance of Libya. (📷)

CBN foresees Islamic banking expansion

NIGERIA: The Central Bank of Nigeria (CBN) predicts the emergence of more Shariah compliant banks, citing their positive impact on the nation's economy, the Nigerian Tribune reported citing

CBN Governor Olayemi Cardoso, speaking at a reception for Dr Umar Oseni, the secretary-general of the OIC Arbitration Centre. (📷)

AMERICAS

Guyana receives IsDB funding

GUYANA: The IsDB has awarded the government of Guyana with a grant funding of US\$291,200, facilitated through the Ministry of Human Services and Social Security, to finance the procurement of resources to enhance the quality of life of the residents at Palms Geriatric Facility in Georgetown. (📷)

ASIA

BML Islamic introduces credit card

MALDIVES: Bank of Maldives's BML Islamic has introduced the country's first Shariah compliant credit card, operating on the American Express network. (📷)

SAC issues rulings

MALAYSIA: The Shariah Advisory Council (SAC) of Bank Negara Malaysia has made a ruling to clarify the Shariah requirements on the application of anticipatory hedging in Islamic finance. The ruling becomes applicable on the 29th May 2024.

Separately, the SAC decided that it is permissible for Malaysian Government Investment Issues (MGIIs) to be issued using the Wakalah concept and its variants as an alternative to Murabahah in order to diversify the underlying Shariah concept for the instrument.

The SAC also decided that aside from tangible assets, intangible assets that are non-debt in nature like usufructs, services and financial rights are also permissible to be the underlying assets for the Wakalah-based MGIIs. (📷)

MyCIF co-invests in MSME growth

MALAYSIA: The Malaysia Co-Investment Fund (MyCIF) co-invested RM289 million (US\$61.37 million) in 3,587 MSMEs. The fund was established by the Ministry of Finance in 2019 to provide equity crowdfunding and P2P

financing. Securities Commission Malaysia stated that MyCIF has co-invested RM930 million (US\$197.49 million) in over 6,000 MSMEs since its inception. (📷)

SAC ruling on transfer of funds

MALAYSIA: The Shariah Advisory Council (SAC) of Bank Negara Malaysia

has made a ruling in respect of the Shariah Parameters on Transfer of Funds for Funding and Liquidity Risk Management from an Islamic Financial Institution to a Conventional Financial Institution.

This ruling aims to clarify the Shariah parameters that shall be complied with by Islamic financial institutions in

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determining the permissibility of transfer of funds for funding and liquidity risk management from an Islamic financial institution to a conventional financial institution. (2)

IAP signs agreement with NCMF

PHILIPPINES: Islamic crowdfunding platform Investment Account Platform (IAP) has signed a memorandum of cooperation with the National Commission on Muslim Filipinos (NCMF) to explore collaboration to forward Islamic fundraising and

investments in the Philippines. The memorandum was signed during the Global Forum on Islamic Economics and Finance 2024 in Malaysia. (2)



GLOBAL

UKIFC partners with MLC

GLOBAL: Islamic Finance Council UK (UKIFC) has partnered with Malaysia Islamic Finance Centre Leadership Council (MLC) to promote the agenda for Islamic sustainable finance. (2)

AAOIFI approves governance standards

GLOBAL: The AAOIFI's Governance and Ethics Board has approved six governance standards (GSs), namely GS 18 'Shariah Decision-Making Process', GS 1 (2024) 'Shariah Governance Framework', GS 19 'Shariah Supervisory Board: Appointment and Composition', GS 20 'Shariah Supervisory Board: Functions and Operations', GS 21 'Shariah Supervisory Board: Review and Report' and GS 22 'Application of Shariah Governance Principles to Islamic Finance Subsidiaries/Associates'.

GS 18 'Shariah Decision-Making Process' aims to set out a comprehensive framework for the Shariah decision-making process for Islamic financial institutions and additionally complements the AAOIFI Shariah Standard 29 'Stipulation and Ethics of Fatwa in the Institutional Framework'.

The other standards are the outcomes of the Shariah governance framework project, which is aimed at establishing the guiding principles and rules, as well as best practices for a sound and effective Shariah governance framework for Islamic financial institutions. (2)

SACE guarantees financing for IFFCO

GLOBAL: Italian export credit company SACE has unveiled its Push Program in partnership with UAE-headquartered mass-market food manufacturer IFFCO, under which SACE has guaranteed a

EUROPE

Albaraka Turk signs cooperation agreement

TURKIYE: Albaraka Turk Katilim Bankasi has signed a cooperation agreement with financing aggregator platform IFIN SimdiFinans.

Through the partnership, the bank's customers can do their shopping from over 225 dealers partnered with IFIN SimdiFinans using Albaraka Turk's consumer financing products. (2)

Murabahah financing facility in favor of IFFCO. HSBC is the sole participating bank for the deal, which is the first facility guaranteed by SACE with an Islamic finance structure. (2)

IsDB participates in AfDB's annual meetings

GLOBAL: The IsDB took part in the African Development Bank (AfDB) Group's 2024 Annual Meetings.

In his keynote address to a high-profile event themed 'Presidential Dialogue: Africa's Transformation, the African Development Bank Group, and the Reform of the Global Financial Architecture', IsDB President and Group Chairman Dr Muhammad Al Jasser remarked that the strategic partnership between the IsDB and the AfDB incarnates a firm commitment to a shared vision of transforming the African continent. (2)

MIDDLE EAST

Bank Melli's former CEO passes away

IRAN: Asadullah Amir Aslani, the former CEO of Bank Melli of Iran, has passed away. (2)

Ithmaar Holding's shareholders grant authorization

BAHRAIN: Ithmaar Holding's shareholders have discussed and approved the proposed acquisition of the company's financing and investment portfolios by GFH Financial Group during the company's extraordinary general meeting. The shareholders have also authorized Ithmaar Holding's board

of directors to finalize the terms and structure of the transaction.

IFN previously **reported** that both entities have been in talks regarding the acquisition since March 2024. (2)

Mamun partners with Qpay

OMAN: Shariah compliant fintech firm Mamun has partnered with Qpay, the first licensed Buy Now Pay Later (BNPL) platform in Oman, to offer more payment options for Qpay customers.

The partnership will also enable Qpay to utilize Mamun's crowdfunding platform to supply liquidity to its BNPL fund. (2)

PGM secures Islamic credit facilities

SAUDI ARABIA: Saudi stationery and office supplies distribution company Pan Gulf Marketing (PGM) has secured Islamic credit facilities with Saudi Awwal Bank worth SAR70 million (US\$18.65 million) for a period of one year to finance its working capital. (2)

Al Salam Bank introduces watercraft financing

BAHRAIN: Al Salam Bank has launched financing solutions for clients purchasing various watercrafts, including boats, jet skis and jetties in support of the Kingdom's maritime sector. (2)

Al-Tijaria renews credit facility

KUWAIT: The Commercial Real Estate Company, widely known as Al-Tijaria, has renewed its credit facility valued at KWD56.02 million (US\$182.2 million) with a local (unnamed) Islamic bank. (🔗)

IsDB and BIBF co-organize training

SAUDI ARABIA: The IsDB and Bahrain Institute of Banking and Finance (BIBF) have co-organized a joint training refresher course for 15 IsDB Internal Audit Department participants. Topics included Islamic financial accounting, Sukuk standards, financial reporting by Waqf institutions and a general presentation on disclosures in financial statements.

The session was held on the 12th–16th May 2024 at the IsDB Group Thiqah Training Centre in Jeddah, Saudi Arabia. (🔗)

Aamal to acquire Islamic bank's stake

QATAR: Aamal has signed an agreement with Masraf Al Rayan for the former, through its subsidiary cement producer Aamal Readymix, to purchase the bank's stake in Ci San Trading, a company jointly owned by both entities, for QAR32 million (US\$8.79 million). (🔗)

Meethaq Islamic partners with Temenos

OMAN: Bank Muscat's Meethaq Islamic Banking has transitioned from its legacy core banking system to the Temenos Transact Core system for both retail and corporate banking.

The implementation of the new core banking system allows Meethaq to enhance its Shariah compliant banking services and reduces operational costs by up to 30%. (🔗)

SEO approves callable Sukuk

IRAN: The Securities and Exchange Organization of Iran (SEO) has approved the issuance of callable Sukuk Murabahah in the Iranian capital market, said Majid Pireh, the head of the Islamic Finance Office of the SEO.

The Iranian government may include a call option in the Sukuk terms to anticipate future decreases in interest rates.

This allows the government to repurchase the securities ahead of maturity to avoid high costs. This approach enables the Iranian government to manage financial burdens associated with high interest rates in the long term and manage long-term interest rate risks. (🔗)

Atlas Elevators makes deposit

SAUDI ARABIA: Atlas Elevators has made a deposit of SAR17.96 million (US\$4.79 million) at Bank AlJazira for a period of 13 weeks with an annual return of 5.9%. (🔗)

AWPT increases financing with SAIB

SAUDI ARABIA: The value of Alkhorayef Water & Power Technologies (AWPT)'s Shariah compliant credit facility with Saudi Investment Bank (SAIB) has been increased from SAR180.5 million (US\$48.09 million) to SAR380.5 million (US\$101.38 million).

The security provided for the financing under the promissory note has also been amended to SAR380.5 million with all other terms and conditions remaining the same. (🔗)

SAMA seeks public consultation on tariff

SAUDI ARABIA: The Saudi Central Bank (SAMA) is seeking public consultation on the draft of the 'Banking Tariff Guideline'. Stakeholders are invited by SAMA for suggestions and observations by visiting the 'Istitlaa' platform. (🔗)

ASSET MANAGEMENT

GreenX to launch Green Token

MALAYSIA: Greenpro Capital Corp's Shariah compliant ESG digital asset exchange, GreenX, plans to introduce Green Token, a security token focused on funding green-tech ESG companies, it announced during the Global Forum on Islamic Economics and Finance held on the 28th–29th May 2024. (🔗)

SECP consults on securities managers rules

PAKISTAN: The Securities and Exchange Commission of Pakistan (SECP) has released the draft Securities Managers (Licensing and Operations) Regulations, 2024, seeking feedback from market participants and the public. The proposed framework allows eligible

securities brokers to provide portfolio management services under a new 'securities manager' license. (🔗)

Two SNB Capital funds to merge

SAUDI ARABIA: The Saudi Capital Market Authority has approved the merging of two funds into the SNB Capital GCC Growth and Income Fund. They were previously SNB Capital Al Ataa GCC Equity Fund and SNB Capital Al Jood GCC Equity Fund. (🔗)

GII to form new logistics platform

SAUDI ARABIA: Dubai-based private equity firm Gulf Islamic Investments (GII) and Saudi Industrial Services Company's subsidiary LogiPoint inked a SAR1 billion (US\$266.44 million) deal to create a joint venture logistics company offering warehousing solutions in Saudi Arabia.

The joint venture will create new logistic infrastructure in key Saudi cities, starting in Riyadh and Jeddah, providing warehousing and handling facilities for a multi-asset logistical network. (🔗)

MIS to increase investment

SAUDI ARABIA: Al Moammar Information Systems (MIS) has received new orders to increase the capacity of data centers at a value of SAR75.16 million (US\$20.03 million).

IFN previously reported that the data centers are part of the Private Investment Fund, a Shariah compliant venture capital fund jointly managed by MIS and Saudi Fransi Capital. (🔗)

Inter-Pacific Asset Management rebrands

MALAYSIA: Malaysian asset management company Inter-Pacific Asset Management has rebranded to its new name Berjaya Mutual. (🔗)

Arat partners with Moneythor

SAUDI ARABIA: Saudi crowdfunding platform for SME real estate developers Arat has partnered with loyalty solutions provider Moneythor.

Through the partnership, Arat will deploy Moneythor's loyalty solutions,

allowing its customers to earn points through, among others, referrals and participation in investment opportunities. (2)

Halogen launches new fund

MALAYSIA: Digital asset management company Halogen has launched the

Halogen Shariah Crypto Titans Fund, a multi-coin fund that enables investors to own a basket of digital assets with large market capitalization.

The fund aims to exceed Bitcoin's performance over the long term. (2)

RESULTS

RHB Bank

MALAYSIA: RHB Bank attained a net profit of RM730 million (US\$155.02

million) in Q1 2024, a fall of 4.1% from the same quarter last year of RM762 million (US\$161.82 million). RHB Group's Shariah business had a pre-tax profit of RM249 million (US\$52.88 million). Gross

financing grew slightly to RM84.5 billion (US\$17.94 billion). Islamic business contributed 44.3% of the group's total domestic gross loans and financing. (2)

TAKAFUL

Watania Takaful rejects zero motor claims

UAE: Watania Takaful has rejected zero motor claims following the period of heavy rains in the UAE from the 15th April 2024.

In the first few days after the heavy rains, the company received three times the daily average number of motor claims where 100% of the claims submitted by customers were registered and processed within 50% of the usual time frame. Settlement offers were made to nearly 70% of them. (2)

Bank AlJazira completes share purchase

SAUDI ARABIA: Bank AlJazira has purchased 4.65 million shares in AlJazira Takaful Taawuni worth SAR76.21 million (US\$20.31 million). The shares were purchased from Solidarity Group Holding and represent 7.05% of the company's capital. (2)

Gulf Union Al Ahlia signs contract

SAUDI ARABIA: Gulf Union Al Ahlia Cooperative Insurance has signed a contract with Saeed Raddad Group to provide health insurance to the latter's

employees and their families for a period of one year.

The contract value exceeds 5% of Gulf Union Al Ahlia's gross written premiums according to the audited financial statements for the year 2023. (2)

Gulf General renews license

SAUDI ARABIA: Gulf General Cooperative Insurance Co has renewed its license with the Saudi Insurance Authority to practice insurance activities in the Kingdom for a period of three years, starting from the 21st September 2024 until the 19th August 2027. (2)

MOVES

Bank Nizwa

OMAN: Ishaq Zaid Al Mawali has resigned from Bank Nizwa's board of directors due to personal reasons. The resignation is effective from the 29th May 2024. (2)

Warba Bank

KUWAIT: Warba Bank has appointed Naser Maher Al Mutawaa as its new chief digital officer starting from the 2nd June 2024. (2)

Central Bank of Bahrain

BAHRAIN: King Hamad has decreed on the restructuring of the board of directors of the Central Bank of Bahrain, state news agency Bahrain News Agency reported. Hassan Khalifa Al Jalahma remains as the chairperson while the new board also includes the chief executive of the Bahrain Economic Development

Board; the CBB governor; the undersecretary for financial affairs at the Ministry of Finance and National Economy; the chief executive of the National Centre for Financial Investigation at the Ministry of Interior; Ahmed Mohammed Buheji; and Amaal Ahmed Al Abbasi. (2)

Amana Cooperative Insurance

SAUDI ARABIA: Amana Cooperative Insurance has appointed Rashid Salim Abi Nader as the CEO and managing director of the company. (2)

Malaysian Rating Corporation

MALAYSIA: Malaysian Rating Corporation (MARC) has appointed Arshad Mohamed Islamic as its new group CEO, taking the place of Jamaludin Nasir whose term ends in November 2024.

Arshad was formerly the president and CEO of Export-Import Bank of

Malaysia, and held leadership roles at Bank Pembangunan Malaysia, Maybank Islamic, International Islamic Liquidity Management Corporation, Al Hilal Bank in the UAE, Aayan Capital in Saudi Arabia and HSBC Amanah in the UAE. (2)

Takaful Oman

OMAN: Syed Muhammad Haider Hussain has resigned from his position as the investor relationship officer of Takaful Oman due to personal reasons. The resignation is effective from the 30th May 2024. (2)

Bonyan REIT Fund

SAUDI ARABIA: Saudi Fransi Capital, as the manager of Bonyan REIT Fund, announced the resignation of Hesham Abdulaziz Al Zaid as an independent member of the REIT fund's board of directors on the 26th May 2024. (2)

DEAL TRACKER

Expected date	Company/country	Size	Structure	Announcement Date
TBA	Mayar Holding Company	SAR500 million	Sukuk	30 th May 2024
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TBA	Paramount	Up to RM1 billion	Sukuk	16 th May 2024
December 2024	Government of Pakistan	TBA	Green Sukuk	12 th May 2024
TBA	Aqaseem	Up to SAR500 million	Sukuk	9 th May 2024
TBA	Government of Syria	TBA	Sukuk	7 th May 2024
TBA	Warba Bank	US\$750 million	Sukuk	2 nd May 2024
TBA	Beni Restu	Up to RM2 billion	Sukuk	18 th April 2024
TBA	Adira Finance	IDR400 billion	Sukuk Mudarabah	18 th April 2024
TBA	NEOM	Up to SAR5 billion	Sukuk	17 th April 2024
TBA	Al Karam Textile Mills	PKR4 billion	Sukuk	8 th April 2024
TBA	Drake & Scull	TBA	Convertible Sukuk	1 st April 2024
TBA	QIIB	TBA	Tier 1 Non-convertible Sukuk	31 st March 2024
TBA	Al Salam Bank	Not exceeding BHD230 million	Sukuk	24 th March 2024
TBA	National Central Cooling Company (Tabreed)	Up to US\$1 billion	Sukuk and bonds	21 st March 2024
TBA	QSR Stores	Up to RM1 billion	Sukuk Wakalah	20 th March 2024
TBA	Kuwait Finance House	TBA	Sukuk	19 th March 2024
TBA	Malakoff	Up to RM1.2 billion	Islamic commercial papers; Islamic medium-term notes	7 th March 2024
TBA	Abu Dhabi Islamic Bank	Up to US\$5 billion	Senior Sukuk	3 rd March 2024
TBA	Tasaheel Microfinance Company	EGP6 billion	Sukuk	3 rd March 2024
2024	Golden Coast Company	EGP7 billion	Green Sukuk	3 rd March 2024
TBA	Contact Financial Holding	EGP2 billion	Sukuk	3 rd March 2024
TBA	Hextar Global	Up to RM1.3 billion	Sukuk	13 th February 2024
TBA	Knowledge Tower	SAR20 million	Sukuk	13 th February 2024
TBA	West Sumatra (Indonesia)	TBA	Sukuk	4 th February 2024
TBA	Ministry of Finance (UAE)	AED5 billion in total	Sukuk and bonds	28 th January 2024
TBA	Estithmar Holding	Up to QAR3.4 billion	Sukuk	24 th January 2024
TBA	Thar Energy	PKR5 billion	Sukuk	18 th January 2024
TBA	Water and Power Development Authority (Pakistan)	PKR10.09 billion	Sukuk	2 nd January 2024
TBA	Deer Real Estate Company	SAR10 million	Sukuk Murabahah	27 th December 2023
TBA	Abhi	Up to PKR5 billion	Sukuk	27 th December 2023
TBA	Ministry of Finance (Egypt)	TBA	Sukuk	21 st December 2023
TBA	Tradewinds (M)	Up to RM645 million	Sukuk Wakalah	1 st December 2023
TBA	Mashreq Bank	Up to US\$2.5 billion	Sukuk	28 th November 2023
TBA	Advanced Chemical Industries	BDT6 billion	Sukuk	27 th November 2023
TBA	Alif	US\$50 million	Sukuk	20 th November 2023
TBA	National Building and Marketing	Up to SAR500 million	Sukuk Murabahah	17 th November 2023
2025	The Maldives	TBA	Sukuk or bonds	6 th November 2023
TBA	Development Bank of Ethiopia	TBA	Sukuk	19 th October 2023
TBA	Malaysia	Up to RM1 billion	Biodiversity Sukuk	13 th October 2023
TBA	Eurasian Development Bank	US\$500 million	Sukuk	12 th October 2023
2024	Solarvest Holdings	RM60 million	Sukuk	9 th October 2023
TBA	Energy Development Oman	TBA	Green Sukuk	6 th October 2023
TBA	Real Estate Developers Association of Nigeria	NGN50 billion	Sukuk	29 th September 2023
2024	Otorita Ibu Kota Nusantara	TBA	Sukuk	20 th September 2023
TBA	Agha Steel Industries	TBA	Green Sukuk	15 th September 2023

DEALOGIC LEAGUE TABLES

Most Recent Global Sukuk						
Priced	Issuer	Nationality	Instrument	Market	US\$ (mln)	Managers
28-May-24	Saudi Arabia	Saudi Arabia	Sovereign, local authority Sukuk	Global market public issue	5,000	Bank Al-Jazira, BNP Paribas, Citigroup, Goldman Sachs, HSBC, JPMorgan, Standard Chartered Bank
21-May-24	Emirates NBD	UAE	Sukuk	Euro market public issue	750	Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, FAB, Islamic Development Bank, Standard Chartered Bank
17-May-24	Pengurusan Aset Air - PAAB	Malaysia	Sukuk	Domestic market public issue	341	AmInvestment Bank, Bank Islam Malaysia, CIMB Group, RHB Bank
16-May-24	DRB-HICOM	Malaysia	Sukuk	Domestic market public issue	106	AmInvestment Bank, CIMB Group
09-May-24	Al Rajhi Bank	Saudi Arabia	Sukuk	Euro market public issue	1,000	Al Rajhi Capital, Citigroup, Dubai Islamic Bank, Emirates NBD, Goldman Sachs, HSBC, Standard Chartered Bank
08-May-24	Islamic Development Bank	Saudi Arabia	Non-US agency	Euro market public issue	2,000	Citigroup, Credit Agricole, DBS, Dubai Islamic Bank, HSBC, ICBC, Natixis, Sharjah Islamic Bank, SNB Capital, Standard Chartered Bank
07-May-24	Aldar Properties	UAE	Sukuk	Euro market public issue	500	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, FAB, HSBC, Mashreqbank, Morgan Stanley, Standard Chartered Bank
07-May-24	RHB Bank	Malaysia	Sukuk	Domestic market public issue	105	RHB Bank
24-Apr-24	Kuwait International Bank	Kuwait	Sukuk	Euro market public issue	300	Abu Dhabi Islamic Bank, Al Dawli Invest Investment, Bank of Sharjah, Citigroup, Dubai Islamic Bank, Emirates NBD, FAB, Kuwait Projects, Mashreqbank, Standard Chartered Bank, Sumitomo Mitsui Financial Group
02-Apr-24	LPPSA	Malaysia	Sukuk	Domestic market public issue	688	AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Maybank, RHB Bank
29-Mar-24	KLCC Property Holdings	Malaysia	Sukuk	Domestic market public issue	412	Maybank
20-Mar-24	Gamuda	Malaysia	Sukuk	Domestic market public issue	106	AmInvestment Bank, CIMB Group, Maybank, OCBC, RHB Bank
19-Mar-24	Malaysia Rail Link	Malaysia	Sukuk	Domestic market public issue	318	AmInvestment Bank, CIMB Group, Kenanga Investment Bank, Maybank, OCBC, RHB Bank
15-Mar-24	CIMB Group	Malaysia	Sukuk	Domestic market public issue	747	CIMB Group
11-Mar-24	Public Investment Fund	Saudi Arabia	Sukuk	Euro market private placement	200	HSBC
11-Mar-24	Saudi FAS Holding	Saudi Arabia	Sukuk	Euro market public issue	100	HSBC
05-Mar-24	Al Rajhi Bank	Saudi Arabia	Sukuk	Euro market public issue	1,000	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Al Rajhi Capital, Citigroup, Dubai Islamic Bank, Emirates NBD, FAB, Goldman Sachs, HSBC, Kuwait Finance House, SG Corporate & Investment Banking, Standard Chartered Bank, Sumitomo Mitsui Financial Group
29-Feb-24	Saudi FAS Holding	Saudi Arabia	Sukuk	Euro market public issue	500	Arab National Bank, Dubai Islamic Bank, Emirates NBD, GFH Financial Group, Goldman Sachs, HSBC, JPMorgan, Kuwait Projects, Mashreqbank, Sharjah Islamic Bank, Warba Bank
29-Feb-24	Yinson Holdings	Malaysia	Sukuk	Domestic market public issue	134	CIMB Group, UOB
28-Feb-24	Alinma Bank	Saudi Arabia	Sukuk	Euro market public issue	1,000	Abu Dhabi Commercial Bank, Alinma Bank, Emirates NBD, JPMorgan, MUFG, Standard Chartered Bank



DEALOGIC LEAGUE TABLES

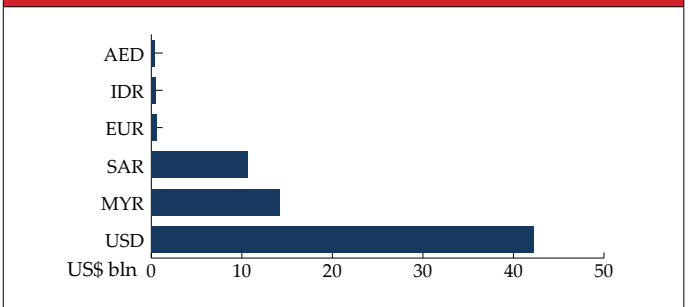
Top 30 Issuers of Global Sukuk					12 Months
Issuer	Nationality	Market	US\$ (mln)	Tranches	Managers
Saudi Arabia	Saudi Arabia	Global market public issue	5,000	3	Bank Al-Jazira, BNP Paribas, Citigroup, Goldman Sachs, HSBC, JPMorgan, Standard Chartered Bank
Saudi Arabia	Saudi Arabia	Domestic market public issue	3,871	1	Al Rajhi Capital, HSBC, SNB Capital
Public Investment Fund	Saudi Arabia	Euro market public issue	3,500	2	Abu Dhabi Commercial Bank, Al Rajhi Capital, Albilad Capital, Alinma Bank, Bank Al-Jazira, Bank of China, BNP Paribas, BofA Securities, Citigroup, Credit Agricole, Deutsche Bank, Emirates NBD, First Abu Dhabi Bank, Goldman Sachs, HSBC, JPMorgan, Mizuho, MUFG, SNB Capital, Standard Chartered Bank, Sumitomo Mitsui Financial Group
Saudi Arabia	Saudi Arabia	Domestic market public issue	2,871	1	Al Rajhi Capital, HSBC, SNB Capital
Turkey	Turkey	Global market public issue	2,500	1	Emirates NBD, HSBC, JPMorgan, Kuwait Finance House, QNB Capital
Public Investment Fund	Saudi Arabia	Euro market public issue	2,000	2	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Al Rajhi Capital, Bank of China, First Abu Dhabi Bank, HSBC, JPMorgan, Mizuho, MUFG, Natixis, Saudi Fransi Capital, SG Corporate & Investment Banking, SNB Capital, Standard Chartered Bank, Sumitomo Mitsui Financial Group
Indonesia	Indonesia	Euro market public issue	2,000	2	CIMB Group, Citigroup, Dubai Islamic Bank, Mandiri Sekuritas, Standard Chartered Bank
Public Investment Fund	Saudi Arabia	Euro market public issue	2,000	1	Al Rajhi Capital, Bank of China, BNP Paribas, BofA Securities, Citigroup, Credit Agricole, Dubai Islamic Bank, Emirates NBD, FAB, Goldman Sachs, HSBC, ICBC, JPMorgan, Kuwait Finance House, Mashreqbank, SG Corporate & Investment Banking, Sharjah Islamic Bank, SNB Capital, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	2,000	1	Citigroup, Credit Agricole, DBS, Dubai Islamic Bank, HSBC, ICBC, Natixis, Sharjah Islamic Bank, SNB Capital, Standard Chartered Bank
Saudi Arabia	Saudi Arabia	Domestic market public issue	1,990	1	Al Rajhi Capital, HSBC, SNB Capital
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,750	1	Barclays, BNP Paribas, Dubai Islamic Bank, First Abu Dhabi Bank, Islamic Development Bank, JPMorgan, Mizuho, Natixis, Standard Chartered Bank
Dubai World	UAE	Euro market public issue	1,500	1	Citigroup, Deutsche Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, JPMorgan, Standard Chartered Bank
SAB	Saudi Arabia	Domestic market private placement	1,066	1	HSBC
Energy Development Oman	Oman	Global market public issue	1,000	1	Abu Dhabi Commercial Bank, Arab Banking, Bank Muscat, Dubai Islamic Bank, First Abu Dhabi Bank, JPMorgan, Kuwait Finance House, Mashreqbank, National Bank of Oman, Standard Chartered Bank
Republic of the Philippines	Philippines	Euro market public issue	1,000	1	Citigroup, Deutsche Bank, Dubai Islamic Bank, HSBC, MUFG, Standard Chartered Bank
Kuwait Finance House	Kuwait	Euro market public issue	1,000	1	Abu Dhabi Commercial Bank, Al Rajhi Capital, Arab Banking Corporation, Dubai Islamic Bank, First Abu Dhabi Bank, HSBC, Islamic Development Bank, Kuwait Finance House, National Bank of Kuwait, Standard Chartered Bank, Sumitomo Mitsui Financial Group
Bahrain	Bahrain	Euro market public issue	1,000	1	Arab Banking Corporation, Dubai Islamic Bank, HSBC, JPMorgan, Mashreqbank, National Bank of Bahrain, Standard Chartered Bank
Dubai Islamic Bank	UAE	Euro market public issue	1,000	1	Al Rajhi Capital, Arab Banking, Dubai Islamic Bank, Emirates NBD, FAB, HSBC, JPMorgan, Kuwait Finance House, Mashreqbank, Sharjah Islamic Bank, Standard Chartered Bank
Alinma Bank	Saudi Arabia	Euro market public issue	1,000	1	Abu Dhabi Commercial Bank, Alinma Bank, Emirates NBD, JPMorgan, MUFG, Standard Chartered Bank
Al Rajhi Bank	Saudi Arabia	Euro market public issue	1,000	1	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Al Rajhi Capital, Citigroup, Dubai Islamic Bank, Emirates NBD, FAB, Goldman Sachs, HSBC, Kuwait Finance House, SG Corporate & Investment Banking, Standard Chartered Bank, Sumitomo Mitsui Financial Group
Al Rajhi Bank	Saudi Arabia	Euro market public issue	1,000	1	Al Rajhi Capital, Citigroup, Dubai Islamic Bank, Emirates NBD, Goldman Sachs, HSBC, Standard Chartered Bank
LPPSA	Malaysia	Domestic market public issue	855	9	AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Maybank, OCBC, RHB Bank
Saudi Arabia	Saudi Arabia	Domestic market public issue	852	1	Al Rajhi Capital, HSBC, SNB Capital
Public Investment Fund	Saudi Arabia	Euro market public issue	850	1	Dubai Islamic Bank, Emirates NBD, Goldman Sachs, HSBC, Mizuho, SNB Capital, Standard Chartered Bank
First Abu Dhabi Bank	UAE	Euro market public issue	800	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Islamic Development Bank, Kuwait Finance House, Sharjah Islamic Bank, Standard Chartered Bank
Sarawak Energy	Malaysia	Domestic market public issue	754	3	AmInvestment Bank, CIMB Group, Maybank, RHB Bank
Abu Dhabi Islamic Bank	UAE	Euro market public issue	750	1	Abu Dhabi Islamic Bank, Citigroup, Emirates NBD, FAB, HSBC, JPMorgan, Standard Chartered Bank
Almarai	Saudi Arabia	Euro market public issue	750	1	Citigroup, Dubai Islamic Bank, HSBC, JPMorgan, Standard Chartered Bank

DEALOGIC LEAGUE TABLES

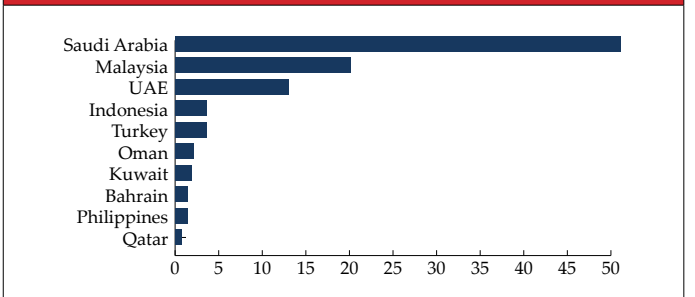
Top Global Islamic Bookrunners 12 Months

	Bookrunner Parents	US\$ (mln)	Iss	%
1	HSBC	8,829	48	12.86
2	CIMB Group	5,341	69	7.78
3	Standard Chartered Bank	4,559	33	6.64
4	Al Rajhi Capital	4,051	11	5.90
5	SNB Capital	3,787	8	5.52
6	Maybank	3,344	50	4.87
7	JPMorgan	3,109	18	4.53
8	Dubai Islamic Bank	3,029	25	4.41
9	Emirates NBD	2,974	27	4.33
10	Citigroup	2,626	14	3.83
11	RHB Bank	2,106	47	3.07
12	FAB	2,105	21	3.07
13	Goldman Sachs	1,617	8	2.36
14	AmInvestment Bank	1,439	33	2.10
15	Kuwait Finance House	1,359	10	1.98
16	BNP Paribas	1,175	4	1.71
17	Mashreqbank	1,157	15	1.69
18	Abu Dhabi Commercial Bank	999	11	1.46
19	Sharjah Islamic Bank	953	11	1.39
20	Bank Al-Jazira	875	2	1.27
21	Mizuho	782	5	1.14
22	Bank Islam Malaysia	771	10	1.12
23	MUFG	733	5	1.07
24	Abu Dhabi Islamic Bank	634	8	0.92
25	Arab Banking Corporation	628	7	0.92
26	Credit Agricole	610	5	0.89
27	Deutsche Bank	591	4	0.86
28	Islamic Development Bank	573	5	0.83
29	QNB Capital	563	2	0.82
30	Natixis	547	3	0.80

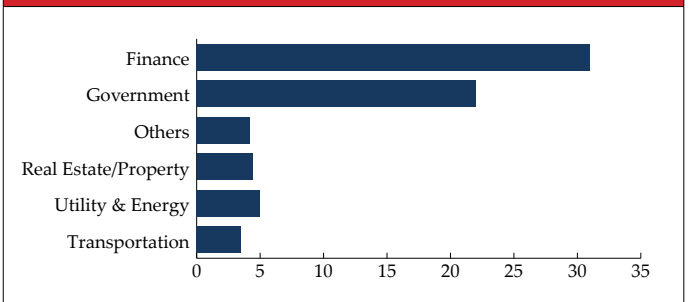
Sukuk Volume by Currency (US\$ billion) 12 Months



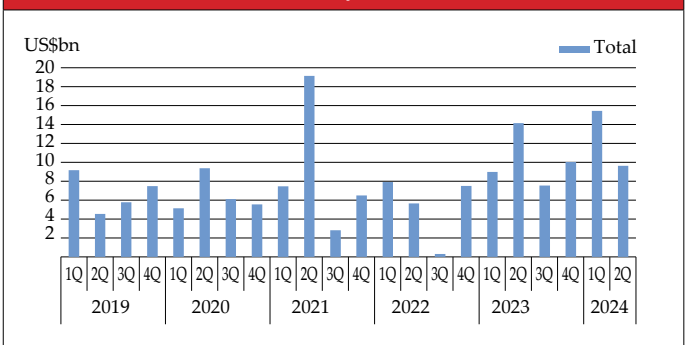
Sukuk Volume by Issuer Nation (US\$ billion) 12 Months



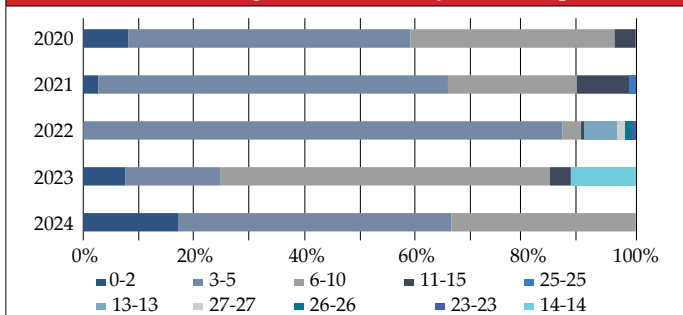
Global Sukuk Volume by Sector 12 Months



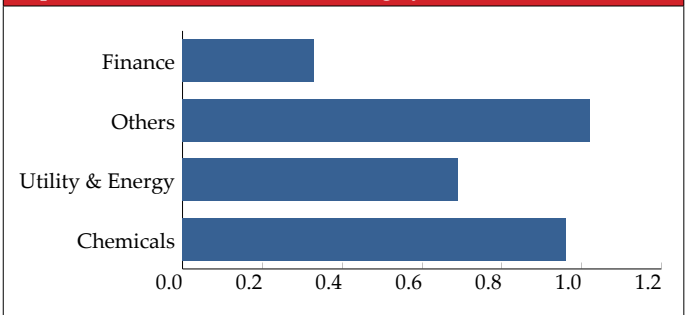
Global Sukuk Volume - US\$ Analysis (US\$ billion)



Global Islamic Financing - Years to Maturity (YTD Comparison)



Top Islamic Finance Related Financing by Sector 12 Months



DEALOGIC LEAGUE TABLES

Top Islamic Finance Related Financing Mandated Lead Arrangers 12 Months				
	Mandated Lead Arranger	US\$ (mln)	No	%
1	Emirates NBD	492	6	10
2	Abu Dhabi Commercial Bank	414	5	8
3	Mashreqbank	372	2	8
4	Standard Chartered Bank	300	4	6
5	Islamic Development Bank	251	4	5
6	FAB	240	4	5
7	Doha Bank	216	1	4
7	Dubai Islamic Bank	216	1	4
9	HSBC	211	3	4
10	National Bank of Kuwait	158	2	3
11	AFC	125	1	3
12	Gulf Bank	113	1	2
13	Al Rajhi Capital	102	2	2
14	Credit Agricole	94	2	2
15	SAB	93	1	2
15	Saudi Fransi Capital	93	1	2
17	Commercial Bank of Dubai	90	2	2
18	MUFG	88	2	2
19	Agricultural Bank of China	87	1	2
19	Arab Petroleum Investments	87	1	2
19	KDB Bank	87	1	2
22	Bank of China	87	1	2
22	China Construction Bank	87	1	2
22	Kuwait Finance House	87	1	2
22	Sumitomo Mitsui Financial Group	87	1	2
26	Kuwait International Bank	71	1	1
27	Bank Islam Malaysia	70	2	1
27	Maybank	70	2	1
27	UOB	70	2	1
30	Citigroup	69	1	1

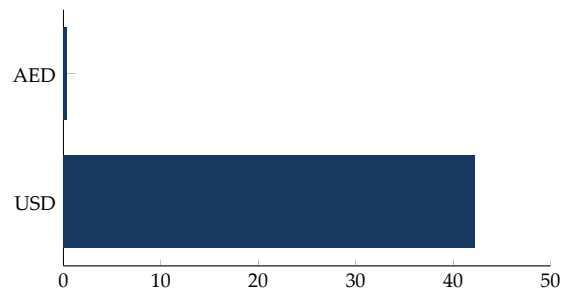
Top Islamic Finance Related Financing Bookrunners 12 Months				
	Bookrunner	US\$ (mln)	No	%
1	Abu Dhabi Commercial Bank	423	3	14
2	Standard Chartered Bank	379	2	12
3	HSBC	313	2	10
4	Emirates NBD	304	3	10
5	FAB	280	3	9
6	Dubai Islamic Bank	270	1	9
6	Mashreqbank	270	1	9
8	Bank of China	137	1	4
8	China Construction Bank	137	1	4
8	Kuwait Finance House	137	1	4

Top Islamic Finance Related Financing Deal List 12 Months			
Credit Date	Borrower	Nationality	US\$ (mln)
02-Oct-23	Ras Laffan Petrochemicals	Qatar	3,387
28-Nov-23	Lulu Group International	UAE	2,698
06-Dec-23	AAA Oils & Fats Apical Middle East	Singapore	1,002
24-Apr-24	Sharjah Electricity & Water Authority - SEWA	UAE	900
04-Apr-24	Olam Global Agri Olam Global Agri Treasury	Singapore	625
28-Dec-23	Emirates Property Investment	UAE	312
14-Sep-23	DenizBank	Turkey	284
15-Oct-23	Arabian Contracting Services	Saudi Arabia	280
16-Jan-24	Egypt Egyptian General Petroleum	Egypt	250
15-Dec-23	QInvest	Qatar	225

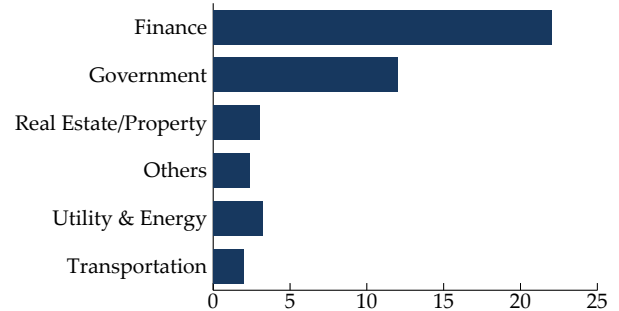
DEALOGIC LEAGUE TABLES

Top Global International Sukuk Managers		12 Months		
Bookrunner	US\$ (mln)	No	%	
1 Standard Chartered Bank	4,559	33	10.55	
2 HSBC	4,241	29	9.82	
3 JPMorgan	3,109	18	7.20	
4 Dubai Islamic Bank	3,029	25	7.01	
5 Emirates NBD	2,974	27	6.88	
6 Citigroup	2,626	14	6.08	
7 FAB	2,105	21	4.87	
8 Goldman Sachs	1,617	8	3.74	
9 Kuwait Finance House	1,359	10	3.15	
10 BNP Paribas	1,175	4	2.72	
11 Mashreqbank	1,157	15	2.68	
12 Abu Dhabi Commercial Bank	999	11	2.31	
13 Sharjah Islamic Bank	953	11	2.21	
14 Bank Al-Jazira	875	2	2.03	
15 Al Rajhi Capital	856	7	1.98	
16 Mizuho	782	5	1.81	
17 MUFG	733	5	1.70	
18 Abu Dhabi Islamic Bank	634	8	1.47	
19 Arab Banking Corporation	628	7	1.45	
20 Credit Agricole	610	5	1.41	
21 SNB Capital	593	4	1.37	
22 Deutsche Bank	591	4	1.37	
23 Islamic Development Bank	573	5	1.33	
24 QNB Capital	563	2	1.30	
25 Natixis	547	3	1.27	
26 Sumitomo Mitsui Financial Group	545	5	1.26	
27 Bank of China	455	3	1.05	
28 CIMB Group	400	1	0.93	
28 Mandiri Sekuritas	400	1	0.93	
30 BofA Securities	388	3	0.90	

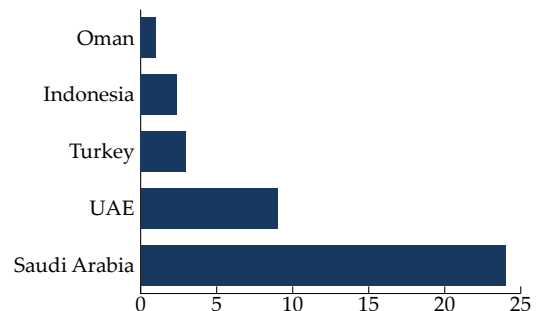
International Sukuk Volume by Currency (US\$ billion)
12 Months



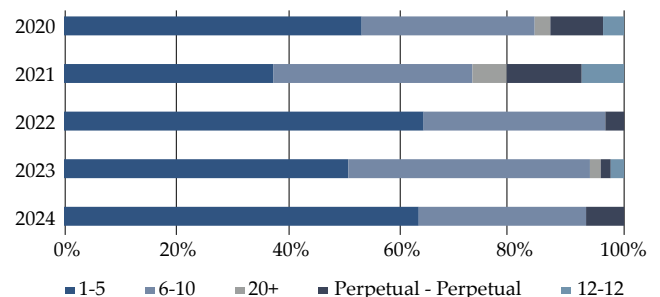
International Sukuk Volume by Sector (US\$ billion)
12 Months



International Sukuk Volume by Issuer Nation (US\$ billion)
12 Months



International Sukuk Years to Maturity



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If you feel that the information within these tables is inaccurate, you may contact the following directly:

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