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Another important IFSB event worth mentioning is the 14th IFSB Summit 2019 which is going to be held from 12 to 14 November 2019 in Jakarta, Indonesia. The IFSB is privileged that Bank Indonesia, side by side with us as a host in organising this landmark event. The IFSB encourages and invite all members to attend the IFSB Summit and to support this event.

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Dr. Bello Lawal Danbatta

MESSAGE BY THE SECRETARY-GENERAL

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Dr. Bello Lawal Danbatta

ABOUT US

The IFSB is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors. The IFSB also conducts research and coordinates initiatives on industry-related issues, as well as organises roundtables, seminars and conferences for regulators and industry stakeholders. Towards this end, the IFSB works closely with relevant international, regional and national organisations, research/educational institutions and market players.
The Side Events of the Annual Meetings 2019 commenced with 19th Islamic Financial Stability Forum (IFSF) during the Welcome Dinner. The event was held on 28 April 2019 at Four Seasons Hotel, Kuala Lumpur. Mr. Abayomi A. Alawode, Head of Islamic Finance, Finance, Competitiveness & Innovation at The World Bank delivered a presentation on “Natural Alliance between Sustainable Development Goals (SDGs) and Islamic Finance: Financial Stability Perspective”.

The IFSF which was co-hosted by Bangladesh Bank and Bank Negara was attended by sixteen central bank Governors and Deputy Governors of regulatory and supervisory authorities including senior representatives from among the IFSB members and more than 100 delegates from 22 jurisdictions and the Islamic Development Bank.

Second Side Events was the 11th Public Lecture on Financial Policy and Stability was held on 30 April 2019. The lecture started with an opening and welcoming remarks by Mr. Md. Abdur Rahim, Executive Director, Bangladesh Bank and Dr. Bello Lawal Danbatta, Secretary-General, IFSB respectively. It was then followed with the first Lecture entitled “FinTech, RegTech, and SupTech and their Implications for Regulation and Supervision: A Regulators Perspective was delivered by Mr. Fahad Yateem, Director, Islamic Financial Institutions Supervision, Central Bank of Bahrain.

The 2nd series of Risk Management Executive Programme was conducted on 17 & 18 July 2019 in Sasana Kijang, Kuala Lumpur. Themed “Effective Risk Management II - Implementing Effective Stress Testing and Financial Safety Nets in Islamic Banks: Governance and Regulatory Compliance,” the programme targeted at the Board of Directors and senior management of Institutions Offering Islamic Financial Services (IIFS) and intends to provide a platform for industry leaders, top management and regulators to engage in high-level discussions and share industry experiences.

The programme saw participation of 15 participants from Bahrain, Bangladesh, Malaysia, Oman, Qatar, with 10 speakers from the regulatory and supervisory authorities, international organisations and rating agency sector.


Public Hearing Events 2019

The IFSB and Malaysia Deposit Insurance Corporation (MDIC) co-organised Public Hearings on 18 June 2019. The Exposure Drafts (ED) were the Exposure Draft: Core Principles for Effective Islamic Deposit Insurance Systems (ED CPDIS) and Exposure Draft: Guidance Note 7 on Sharī`ah-Compliant Lender-of-Last-Resort-Facilities. Public Hearings via Webinar were also held on 26 June 2019 which saw participations from the IFSB member and non-member organisations as well as interested individuals.
Members and Industry Engagement Sessions

Two Members and Industry Engagement Sessions (MIES) were held on 30 April 2019 in Kuala Lumpur Malaysia and on 24 July 2019 in Astana, Kazakhstan.

The MIES in Kuala Lumpur was held in conjunction with the IFSB Annual Meetings and Side Events 2019, hosted by the Bangladesh Bank. It was attended by participants including heads and senior representatives of regulatory and supervisory authorities (RSAs) and financial institutions from over 20 countries, among the IFSB members.

The second MIES was hosted by Astana Financial Services Authority (AFSA) with the attendance of members and non-members from among regulators and market players in Kazakhstan.

The Sessions were held as part of the IFSB’s efforts to provide an interactive platform in which IFSB member organisations and the Islamic financial services industry stakeholders engage with the IFSB on industry and regulatory related issues, and explore ways to address them. The Sessions also aimed to provide inputs and feedback to the IFSB to ensure that the activities planned and conducted by the IFSB are of relevance and are in line with the needs of its stakeholders.

Launchings of the Islamic Financial Services Industry (IFSI) Stability Report 2019

The IFSB officially launched the Islamic Financial Services Industry (IFSI) Stability Report 2019 at the IFN Forum in Singapore on 29 August 2019. The launch was officiated by the Secretary-General of the IFSB, Dr. Bello Lawal Danbatta. This is the seventh issue of the IFSI IFSI Stability Report, which has been published annually since 2013. Over the years, the Report has become a benchmark publication for the IFSB and numerous other stakeholders, tracking the growth, development and stability assessment of the Islamic financial services industry.

The softcopy of the IFSI Stability Report 2019 was firstly to the public on 31 July 2019. Brief of the Report can be found in the Publications page of this Bulletin.

To download, visit www.ifsb.org.

Capacity Building Programme on Islamic Finance for Market Players

The Workshop, under the Facilitating the Implementation of IFSB Standards (FIS) initiative was organised on 1 May 2019 in Kuala Lumpur as part of the IFSB Annual Meetings and Side Events 2019, co-hosted by Bangladesh Bank and Bank Negara Malaysia. Among the topics presented were Specificities of Institutions Offering Islamic Financial Services for Risk Management and their supervision, Effective Governance Oversight and Conduct of Business Issues for IIFS, Key Elements of Sound Shar‘ī‘ah Governance Systems for IIFS and Panel Discussion: “Capacity Building Issues and Challenges faced by IIFS”. It was attended by participants from the regulatory and supervisory authorities (RSAs) and market players from among IFSB member organisations.

Facilitating the Implementation of the IFSB Standards (FIS) Workshops in Iraq, Kazakhstan, Nigeria and Mauritania

Four “Facilitating the Implementation of the IFSB Standards (FIS)” Workshops were held between April 2019 to August 2019.

A Workshop hosted by the Central Bank of Iraq was held from 7 to 9 April 2019 in Iraq. It was attended by 52 participants from among the Central Bank staff and representatives from the market players. The Workshops covered IFSB-15: Revised Capital Adequacy Standard for Institutions offering Islamic Financial Services (IIFS); GN-3: Guidance Note on the Practice of Smoothing the Profit Payout to Investment Account Holders; GN-4: Guidance Note in Connection with the IFSB Capital Adequacy Standard: The Determination of Alpha in the Capital Adequacy Ratio for IIFS; and GN-6: Guidance Note on Quantitative Measures for Liquidity Risk Management.

A 3-day FIS Workshop was hosted by Astana International Financial Center (AIFC) from 22 – 24 July 2019. More than 40 participants from the market players and regulators benefitted from this Workshop which covered the following IFSB Standards and topics: Introduction to Islamic Capital Market (ICM); Introduction to Takaful; IFSB-6: Guiding Principles on Governance for Islamic Collective Investment Schemes (ICIS); IFSB-21: Core Principles for Islamic Finance Regulation (ICM Segment); IFSB-11: Standard on Solvency Requirements for Takaful Undertakings and IFSB-20: Key Elements in the Supervisory Review Process of Takaful / Patakatul Undertakings.

The Central Bank of Nigeria hosted the FIS Workshop for banking sector from 5 to 7 August 2019 in Abuja, Nigeria with attendance of more than 60 participants. Among the Standards covered were IFSB-15: Revised Capital Adequacy Standard for IIFS; IFSB-16: Key Elements In The Supervisory Review Process and IFSB-4: Disclosures to Promote Transparency and Market Discipline for IIFS.

For more information on the upcoming Workshops, and to download, visit www.ifsb.org.
Updates from The 34th Council of The Islamic Financial Services Board  
29 April 2019, Kuala Lumpur, Malaysia

The 34th meeting of the IFSB Council, hosted by Bangladesh Bank and Bank Negara Malaysia, was held on 29 April 2019 in Kuala Lumpur, Malaysia. The Council Meeting was chaired by H.E. Datuk Nor Shamsiah Mohd Yunus, the Governor of Bank Negara Malaysia and Deputy Chairman of the IFSB for 2019, attended by thirteen central bank Governors and Deputy Governors of regulatory and supervisory authorities, and fifteen senior representatives from among the Council and Full members of the IFSB, representing 18 countries and the Islamic Development Bank.

Membership Updates

The Council of the IFSB resolved to approve the admission of two organisations into the IFSB membership. These include one supervisory authority as an Associate Member and one market player as an Observer Member.

The newly admitted members are Qatar Financial Centre Authority (Associate Member) and HLC Foundation Limited (Observer Member).

The Council also approved the upgrade of the Central Bank of Libya (CBL) from Associate membership to Full membership. This resulted the membership of the IFSB Council to 25 members, comprising central bank Governors from 24 countries, as well as the President of the IsDB and the Chairman of Banking Regulation and Supervision Agency, Republic of Turkey.

The membership of the IFSB is divided into three categories, namely Full, Associate and Observer. The Full Membership, which is the sole membership with voting rights, is available to the financial sector supervisory authorities of each sovereign country.

The full list of the IFSB members is available on the IFSB website; www.ifsb.org.

17th IFSB General Assembly

The 17th IFSB General Assembly was held annually in conjunction with the IFSB Annual Meetings and Side Events 2019. Members representing all membership categories including supervisory and regulatory authorities as well as market players from more than 50 jurisdictions attended the Assembly which was held right after the 34th Council Meeting.

The Assembly was chaired by H.E. Datuk Nor Shamsiah Mohd Yunus, the Governor of Bank Negara Malaysia and Deputy Chairman of the IFSB for 2019. This annual Assembly marked the participation of Observer members of the IFSB discussing and approving the agendas and discussed issues relating to the objectives of the IFSB.

Updates from The 48th IFSB Technical Committee Meeting  
25 – 26 July 2019, Astana, Kazakhstan

The 48th Technical Committee (TC) Meeting was held from 25 to 26 July 2018 in Astana to provide the Members of the TC with updates on technical projects as well as information about programmes and activities conducted from April to July 2019.

The TC Meeting was chaired by Mr. Khalid Omar Al Kharji, Central Bank of the United Arab Emirates, and hosted by Astana Financial Services Authority (AFSA).
TECHNICAL UPDATES

STANDARDS AND RESEARCH PROJECTS

Standards Under Development

Technical Note on Financial Inclusion and Islamic Finance (TN-3)

The project team provided an update on the project and its progress to the 47th IFSB Technical Committee Meeting held on 26-27 March 2019 in Kuala Lumpur, Malaysia. TN-3 draft was then further discussed in the Sharī`ah Board meeting held on 1 to 5 May 2019 in Madinah, Saudi Arabia.

Having clarified questions from the Sharī`ah board members regarding the TN-3, the revised draft was submitted to the 48th IFSB Technical Committee Meeting, held on 25-26 July in Astana, Kazakhstan for their recommendation to submit TN-3 to the 35th IFSB Council for its adoption.

To recap the project, the Council of the IFSB, in its 29th meeting held on 14 December 2016 in Cairo, Egypt approved the IFSB Work Plan for 2017 which includes, among others, the preparation of a new Technical Note (TN) on Financial Inclusion and Islamic Finance, and setting up of a Task Force (TF) to guide its preparation. Accordingly, the IFSB Secretariat duly formed the project team consisting of assigned IFSB staff and externally appointed subject-matter expert consultants, and formed a TF through invitations to international organisations, multilateral development banks, and regulatory and supervisory authorities (RSAs), in line with the relevant IFSB rules and procedures as well as keeping in due consideration the nature, scope and intended objectives of the TN.

IADI-IFSB Core Principles for Effective Islamic Deposit Insurance Systems

The revised preliminary exposure draft of IADI-IFSB CPIDIS was submitted to the 47th IFSB Technical Committee Meeting held on 26-27 March 2019 for approval to issue the exposure draft of IADI-IFSB CPIDIS for Public Consultation during May to July 2019. The TC resolved to approve the exposure draft of CPIDIS for public consultation for a period of 45 days during May to July 2019.

The IADI’s Core Principles and Research Committee (CPRC), which is the IFSB TC’s equivalent approval authority on the IADI side convened on 21st May 2019 in Basel, Switzerland to review the draft to provide approval for public consultation.

Accordingly, the IFSB issued the ED CPIDIS on 22 May 2019 for Public Consultation period ending 5 July 2019. The IADI issued the ED CPIDIS on 20 June 2019 for public consultation period ending on 20 July 2019. The IFSB also held a public hearing exercise in-line with its due process on 18 June 2019 in Kuala Lumpur, Malaysia and another webinar-based public hearing exercise on 26 June 2019.

The project team is collating comments, and will accordingly coordinate with IADI to consolidate all public consultation comments and discuss further revision to CPIDIS in its next meeting on 23 July 2019 in Astana, Kazakhstan. The revised ED was presented in 48th TC meeting after coordination with IADI to consolidate all public consultation comments.

Guidance Note on Sharī`ah-Compliant Lender-of-Last-Resort Facilities (SLOLR)

The Exposure Draft (ED) on SLOLR was issued on 7 May 2019 for a public consultation period which ended on 5 July 2019. The IFSB also held a public hearing exercise in-line with its due process on 18 June 2019 in Kuala Lumpur, Malaysia and another webinar-based public hearing exercise on 26 June 2019.

The IFSB received comments on the ED during the public consultation phase. A full public consultation report is to be presented to the TC in its 49th meeting in October 2019.

In brief, during the 33rd meeting held on 6 December 2018 in Jeddah, KSA, the Council of the IFSB approved the IFSB Work Plan for 2019 which includes, among others, a Guidance Note on Sharī`ah-Compliant Lender-of-Last-Resort (SLOLR) Facilities.

Revised Capital Adequacy Standard for Institutions Offering Islamic Banking Services (RCAS)

The 4th working group meeting for the revised capital adequacy standard took place on 3 July 2019. The main objective of the meeting was to finalize the document for submission to the Sharī`ah Board for Sharī`ah review. The RCASWG members were also in consensus to submit the revised preliminary exposure draft to TC in its 48th Meeting for their approval to forward the document to the Sharī`ah Board.

In retrospect, the revision of the current capital adequacy standard (IFSB-15) project was endorsed by the Council of the IFSB, in its 32nd meeting held in Kuwait City, Kuwait on 3 May 2018. The objective of the review was to ensure that the standard is up-to-date and aligned to the latest developments in the Islamic financial services industry (IFSI) and global regulatory best practices.

Disclosure to Promote Transparency and Market Discipline for Takāful / Retakāful Undertakings

The Secretariat presented a draft outline of the Preliminary Exposure Draft (PED) of the Standard at the 3rd meeting of the WG which was held on 9 April 2019 in Kuala Lumpur Malaysia.

The 4th meeting of the Working Group (WG) for the Standard was held on 4 July 2019, in Muscat, Oman, in which, the WG members discussed the Preliminary Exposure Draft (PED).

The next deliverable will be the revision of the PED by incorporating the Working Group (WG) members feedback at the 4th Meeting. The revised PED will then presented to the WG at its 5th Meeting to be held in October 2019, in Abu Dhabi, UAE.

The Council of the IFSB, in its 32nd meeting in Kuwait City, Kuwait on 3rd May 2018 approved the development of a standard named Disclosure to Promote Transparency and Market Discipline for Takāful/Retakāful Undertaking. The IFSB established a Working Group for the preparation of this standard comprising members from regulatory and supervisory authorities, international and multilateral organisations.

Investor Protection in Islamic Capital Markets

In December 2018, the IFSB established a Working Group for the preparation of this standard comprising members from Regulatory and Supervisory Authorities, international and multilateral organisations. The IFSB disseminated the surveys on 22 February 2019.

The Secretariat presented a report on the results of the surveys, and a draft outline of the Preliminary Exposure Draft (PED) of the Standard at the 2nd meeting of the WG which was held on 8 April 2019 in Kuala Lumpur Malaysia.

Following the 2nd Meeting, the Secretariat drafted the Preliminary Exposure Draft of the Standard, which was circulated in June 2019 for written feedback and inputs from the WG.

The final version of the PED, following incorporation of the WG’s initial input, was presented at the 3rd Meeting of the IPICM WG, held in Astana, Kazakhstan on 22 July 2019.

Core Principles for Islamic Finance Regulation (Takāful)

In line with the institutional mandate, the Council of the IFSB, in its 33rd meeting held on 6 December 2018 in Jeddah approved the preparation of Standard on Core Principles For Islamic Finance Regulation (Takāful Segment).

The commencement of the first Working Group meeting was held on 10 April 2019 in Kuala Lumpur, where the Secretariat presented its Issues Paper to the WG.

The second WG meeting was held on 2 July 2019 in Muscat, Oman. The WG members discussed the initial Study Report together with draft survey questionnaires for Regulatory and Supervisory Authorities (RSA).
The Council of the IFSB, in its 33rd Meeting held on 6 December 2018 in Jeddah, KSA approved the IFSB Work Plan for 2019 which included, among others, to launch the preparation of a joint IFSB-AAOIFI Revised Sharī`ah Governance Framework Standard. Accordingly, and based on proposals submitted previously to the 46th IFSB Technical Committee, the IFSB and AAOIFI Secretariats worked together to develop a joint collaboration framework for the preparation of this standard.

The Project Team presented the update to the IFSB Technical Committee in its 47th Meeting held on 26-27 March 2019 in Kuala Lumpur, Malaysia regarding the proposed Collaboration Framework between the IFSB and AAOIFI Secretariats for the preparation of this joint standard. The 47th IFSB TC resolved to endorse the IFSB-AAOIFI Collaboration Framework. This Framework had also been endorsed by the AAOIFI Governance and Ethics Board (AGEB).

In this regard, the project team prepared the first JWG meeting documents comprising of an Issues Paper and its supporting documents, and it were circulated to JWG members for discussion in the first meeting held on 30 June in Oman.

### Technical Note on Resolution and Recovery (RRP) of IIFS

The first meeting was conducted on 11 April 2019 in Kuala Lumpur that discussed the Issues Paper by discussing the appropriate key proposed objectives and scope for RRP. The Task Force (TF) members analysed the international standard benchmarking on TNRRP, which is addressed generally on Domestic Systemically Important Banks (D-SIBs) given by the direction of FSB and BCBS.

Besides, the TF members gave valuable inputs on how to refine the key proposed objectives and scope, address practical and Sharī`ah issues arising from the TFFRP for IIFS and better address the issues based on the prevailing regulation across jurisdictions.

Moreover, the concept framework was also discussed in the TF meeting in which the TF members gave the comments to improve based on idiosyncratic vs systemic wide perspectives to operationalise the RRP for IIFS as well as international benchmarking process. These issues were addressed in the Initial Study Report (ISR) that was discussed in the second meeting in Oman in July 2019 along with the draft of survey questionnaires that will be distributed to RSAs and IIFS.

### Prudential and Structural Islamic Financial Indicators (PSIFIs) Updates

The IFSB disseminated country-level data on financial soundness and growth of the Islamic banking systems for Q3 and Q4 of 2018 from 22 IFSB member jurisdictions on 30 May 2019. This 12th dissemination completed the availability of quarterly data from Q4 of 2013 to Q4 of 2018 as part of the IFSB’s Prudential and Structural Islamic Financial Indicators (PSIFIs) project.

On 8 August 2019, the IFSB released the first dissemination of country-level data on Detailed Financial Statements (DFS) of the Islamic banking systems for Q3 of 2017 and four quarters of 2018. The DFS data were compiled and submitted by participating IFSB member organisations from Afghanistan, Bangladesh, Malaysia, Pakistan, Palestine, Turkey, and the United Arab Emirates. The launching of the DFS database represents an important milestone of PSIFIs project for Islamic finance database taking into account the analytical needs to enhance greater comparability of data across countries – in line with the IFSB’s objective for the stability and soundness of financial system of the member countries.
As the global standard setting body for prudential regulation and supervision of the industry, the IFSB in line with its mandate undertakes a number of research working papers on pertinent issues relating to the specificity of the Islamic financial services industry. As part of its Strategic Work Plan for research activities in 2019, the IFSB plans to issue five working papers and commence five new ones. While two have been issued as Working Papers and available on the IFSB website, other working papers billed for issuance in 2019 are still ongoing.

Working Papers Issued in 2Q19

Two working papers relating to the Islamic banking sector were issued in the second quarter of 2019. The first paper on ‘Risk-Sharing in Islamic Banking’ explores and describes the practices of Islamic banks in relation to governance rights of UPSIA holders as well as likely reasons that may account for the limited usage of equity-based contracts especially on the asset side of the balance sheet of Islamic banks. The paper is a prelude to another newly launched working paper on ‘Profit Sharing Investment Accounts: A cross-country analysis’. The other issued working paper is on ‘Investigating Inter-sectoral Linkages in the Islamic Financial Services Industry’ (IFSI). The paper explores inter-sectoral financial linkages within the IFSI as well as between the IFSI and the real economy via a financial network analysis. The paper provides a basis for another newly launched working paper of the IFSB on the ‘Effectiveness of Macro-prudential tools for the financial stability of the IFSI’. 

Ongoing Working Papers for Issuance in 4Q19

Three working papers are presently ongoing with the intent of issuance in the fourth quarter of 2019. All the three papers are presently subjected to IFSB Members’ consultation. One of these papers on Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT). The research paper attempts to address whether there is any evidence that peculiar AML/CFT risks in Islamic banking are indeed prevalent, and significantly different from those that arise in conventional banking due to former’s product structure, contractual relationship peculiarities and increasing activities in the Islamic social finance without commensurate regulation.

The other two papers are related to the Islamic capital market. The first paper is on the ‘Issues in the Regulation and Supervision of Islamic Hedging Instruments’. This paper highlights pertinent regulatory issues as well as offer policy recommendations relating to the Islamic hedging instruments. The fifth paper noted that rules around market misconduct, conflicts of interest, and so on can also be very similar across sectors. The main issues in Islamic capital market therefore, concern relations with the customer, and what claims the intermediary makes. The paper also notes regulators’ concern for retail customers, who are less able to make their own investment judgements and to protect their own interests.

Newly Launched Working Papers in 2019

As per approval of the IFSB Technical Committee, five new working papers have been launched with the intent of completing all in 2020. These papers include: Profit-Sharing Investment Accounts: A Cross-country Analysis, Effectiveness of Macro-prudential Tools for the Stability of the IFSI, and Regulatory and Prudential Issues arising from Takaful Operations. The other two papers are on: FinTech, RegTech, SupTech and Islamic Finance, and Risk-Based Supervision in Islamic Banking.
Collaboration with International Standard-Setting Bodies and Multilateral Organisations

As a part of global policy dialogue, the IFSB has been engaging with other international standard-setting bodies for conventional finance such as the Basel Committee on Banking Supervision (BCBS), the International Organisation of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS).

These interactions have resulted in better understanding and recognition of the issues faced by the Islamic financial services industry at the global level.

The IFSB participates formally in the Consultative Group of the BCBS as well as in the Consultative Advisory Groups of International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA).

The IFSB and ADB Signed MoU to Promote the Development of Islamic Financial Services Industry in Asia and Pacific

The Islamic Financial Services Board (IFSB) and the Asian Development Bank (ADB) signed a Memorandum of Understanding (MoU) to promote the development of the Islamic financial services industry in Asia and the Pacific. The signing ceremony took place in Nadi, Fiji during the ADB Annual Meetings 2019. Under this MoU, the two institutions will work more closely to enhance peer learning and knowledge sharing in Islamic finance, including in banking, capital markets, and insurance for common member countries in the Asia and Pacific.

The IFSB Secretary-General, Dr. Bello Lawal Danbatta and ADB Vice-President for Knowledge Management and Sustainable Development, Mr. Bambang Susantono signed the Memorandum of Understanding (MoU) on behalf of their institutions.

International Organization for Securities Commission (IOSCO) 2019 Annual Meeting

The IFSB Secretary-General, Dr. Bello Lawal Danbatta attended the IOSCO 2019 Annual Meeting held from 13 to 17 May 2019 in Sydney, Australia. He also held a meeting with the IOSCO Secretary-General, Mr Paul P. Andrews.


The Secretary-General of the IFSB and Assistant Secretary-General Walid Ahmad Al-Zahrani attended the impact of regulation in a changing world: innovations and new risks, A joint workshop by the Research Task Force of the Basel Committee on Banking Supervision and the Centre for Economic Policy Research on 9 and 10 July 2019 in Basel, Switzerland. The IFSB also took the opportunity to meet the key figures from the Basel Committee on Banking Supervision (BCBS), Mr William (Bill) Coen – Secretary General; Financial Stability Board (FSB), Mr Dietrich Dominski – Secretary General; and Financial Stability Institute (FSI), Mr Fernando Restoy – Chairman as well as Mr Stijn Claessens - Head of Financial Stability Policy.

Follow the IFSB Linkedin page at https://www.linkedin.com/company/islamic-financial-services-board/
ISLAMIC FINANCIAL SERVICES INDUSTRY STABILITY REPORT 2019
Issuance Date: July 2019

The IFSB’s seventh edition of its annual flagship publication: the Islamic Financial Services Industry (IFSI) Stability Report 2019 examines the implications for the global IFSI of recent economic developments and changes in the global regulatory and supervisory frameworks, tracks developments and trends as well as examines the resilience of the three sectors of the IFSI: Islamic banking, Islamic capital market and takāful.

Based on various analyses contained in the IFSI Stability Report 2019, the global IFSI is well placed to maintain its positive growth trajectory, experiencing asset increases across all three of its main component markets. To achieve this, The Secretary-General of the IFSB, Dr. Bella Lawal Danbatta remarked that the IFSI should be wary of the new challenges posed by evolving market structures mainly due to advancements in financial technology, increasing activities of the non-bank financial institutions, as well as increasing cyber risks among other operational issues.

IFSB 10TH PUBLIC LECTURE ON FINANCIAL POLICY AND STABILITY
Issuance Date: July 2019

The tenth series of the Lecture was held in May 2018 in Kuwait, features two lecture papers entitled, Islamic Finance Policies: Implications for Industry Stakeholders by H.E. Emeritus Professor Dr. Ishrat Husain, Chairman, Centre for Excellence in Islamic Finance, Institute of Business Administration, Pakistan. The Lecture touched upon policy initiatives needed to build and advance the key strengths of Islamic finance and enhance institutional capacity. While Islamic finance has been considered an important tool to strengthen inter-regional trade, support corporate and SME sector growth and spur infrastructure development, the Lecture suggested interventions and policies to take the industry to its next stage of development and reinforce the robustness of the industry in a more challenging and dynamic socio-economic and tech-oriented environment.

Financial Policy and Stability: Islamic Finance Perspective by Professor Dr. Monzer Kahf, Professor of Islamic Finance and Islamic Economics, Faculty of Islamic Studies, Hamad bin Khalifa University, Qatar discussed the prevailing model and role of Islamic finance in enhancing financial stability, given the emerging challenges arising in the economic and geo-political environment in various regions. The Lecture covered the financial stability implications of Islamic finance achieving systemic significance in many jurisdictions as well as increasing integration in the conventional and Islamic financial system that requires additional considerations in further developing the financial architecture and enabling environment for the growth and resilience of Islamic financial services industry.

The publications are available on the IFSB website, www.ifsb.org.

UPCOMING IFSB WORKSHOPS, MEETING & AWARENESS PROGRAMMES
OCTOBER - DECEMBER 2019

14 October 2019 | Bahrain
2nd MEETING OF THE WORKING GROUP ON THE REVISED SHARI’AH GOVERNANCE FRAMEWORK STANDARD

15 – 16 October 2019 | Bahrain
IFSB-AAOIFI JOINT SEMINAR ON THE PRUDENTIAL IMPLICATIONS OF IFRS-9 AND ITS FAS EQUIVALENT FOR ISLAMIC FINANCIAL INSTITUTIONS

23 – 24 October 2019 | Malaysia
49th MEETING OF THE TECHNICAL COMMITTEE OF THE IFSB

29 – 31 October 2019 | Malaysia
IFSB-FIS WORKSHOP FOR REGULATORY & SUPERVISORY AUTHORITIES
ISLAMIC CAPITAL MARKETS & TAKĀFUL SECTORS

12 – 14 November 2019 | Indonesia
14th IFSB SUMMIT 2019
Islamic Finance for Sustainable Development in the Era of Technological Innovations

24 November – 27 November 2019 | United Arab Emirates
IFSB-FIS WORKSHOP (REGIONAL WORKSHOP)
BANKING SECTOR

10 – 11 December 2019 | Bahrain
35th ISLAMIC FINANCIAL SERVICES BOARD (IFSB) COUNCIL MEETING AND SIDE EVENTS

Please visit www.ifsb.org for more information and registration details
# UP COMING EVENTS

## 14TH IFSB SUMMIT: 12 – 14 November 2019

Jakarta Convention Centre, Jakarta, Indonesia

### REGISTRATION FORM

Please fill in your details and email or fax the completed form to the IFSB Secretariat

Mrs. Ida Shafinaz Ab. Malek - E-mail: ieda.shafinaz@ifsb.org | Tel: +603 9195 1400 ext.1427 | Fax: +603 9195 1405

### PARTICIPANT DETAILS

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<td>Country:</td>
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<tr>
<td>Nationality:</td>
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<td>Mobile:</td>
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<td></td>
<td>Telephone:</td>
</tr>
</tbody>
</table>

### SUMMIT FEES (please indicate “X” in the appropriate box)

<table>
<thead>
<tr>
<th>IFSB Member*</th>
<th>Non-IFSB Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 600</td>
<td>USD 1,200</td>
</tr>
</tbody>
</table>

*Only IFSB Member organisations are entitled to member fees. This does not include subsidiaries and affiliated companies of the Member organisations.

### PARTICIPATION DETAILS (please indicate “X” in the appropriate box)

I will be attending the following events:

- IFSB Innovation Forum – 12 November 2019 (Free of charge)
- Country Showcase 1 – 12 November 2019 (Free of charge)
- Country Showcase 2 – 12 November 2019 (Free of charge)
- Industry Development Session – 12 November 2019 (Free of charge)
- Summit Welcome Reception – 12 November 2019 (For Summit Registered Participants only)
- 14th IFSB Summit - Islamic Finance for Sustainable Development in the Era of Technological Innovations – 13 & 14 November 2019 (Summit fee applicable)
- 14th Summit Gala Dinner on evening of 13 November 2019 (For Summit Registered Participants only)

### PAYMENT DETAILS (please indicate “X” in the appropriate box)

- By CHEQUE payable to Islamic Financial Services Board
- By BANK TRANSFER payable to Islamic Financial Services Board, Maybank Berhad, Wisma PKNS, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia
  - USD - Acc No.: 7641 5500 0012
  - (Swift Code: MBBEMYKL)

### CONTACT PERSON (PAYMENT)

If other than the above registered participant, kindly provide the name and contact details for invoice and payment purposes:

- Name: ..........................................
- Phone: ......................................
- Email: ......................................

### CONFIRMATION OF PARTICIPATION

A letter of Confirmation of Participation will be issued by the IFSB upon receipt of payment / proof of transfer of the Summit fees. Please note that copies of the submitted registration form are not sufficient proof of registration.

### PARTICIPANT’S LOGISTICS

The IFSB is not responsible for the travel, accommodation and visa arrangements of participants. However, should you require a letter from the IFSB to facilitate your visa application, please contact the IFSB Secretariat.

### REGISTRATION DEADLINE

15 October 2019
**IFSBE E-LEARNING PACKAGES**

**Core Principles**
- IFSB-17: Core Principles for Islamic Finance Regulation (Banking Segment)

**Supervisory Review Process**
- IFSB-16: Revised Key Elements In The Supervisory Review Process

**Conduct of Business**
- IFSB-9: Conduct of Business for IIFS

**Knowledge**
- Aimed at increasing the understanding and adoption of the Standards, Guidance Notes and Technical Notes issued by the IFSB

**Implementation**
- Complements the implementation activities, including workshop and technical assistance

**Capacity Building**
- The modules are designed to facilitate capacity development in regulation and supervision of the Islamic Financial Services Industry

**Comprehensive**
- A comprehensive online learning suite of e-modules based on key IFSB Standards

**Ease of Use**
- Easy to learn, on-demand, and cost-effective

**Download User Registration Form**
URL: https://www.ifsb.org/ifsb/uploadfile/download.php?uf_id=8204

**Download User Registration Form – Complimentary for Members**
URL: https://www.ifsb.org/ifsb/uploadfile/download.php?uf_id=8203
As of April 2019, the IFSB has published thirty Standards, Guiding Principles, Guidance and Technical Notes as follows:

<table>
<thead>
<tr>
<th>IFSB-1</th>
<th>Guiding Principles of Risk Management for Institutions (other than Insurance Institutions) Offering Only Islamic Financial Services (IFS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFSB-2</td>
<td>Capital Adequacy Standard for IFS</td>
</tr>
<tr>
<td>IFSB-3</td>
<td>Guiding Principles on Corporate Governance for IFS</td>
</tr>
<tr>
<td>IFSB-4</td>
<td>Disclosures to Promote Transparency and Market Discipline for IFS</td>
</tr>
<tr>
<td>IFSB-5</td>
<td>Guidance on Key Elements in the Supervisory Review Process of IFS</td>
</tr>
<tr>
<td>IFSB-6</td>
<td>Guiding Principles on Governance for Islamic Collective Investment Scheme</td>
</tr>
<tr>
<td>IFSB-7</td>
<td>Core Principles of Risk Management for Takāfūl Operations</td>
</tr>
<tr>
<td>IFSB-8</td>
<td>Guiding Principles on Governance of Islamic Insurance (Takaful) Operations</td>
</tr>
<tr>
<td>IFSB-9</td>
<td>Guiding Principles on Conduct of Business for IFS</td>
</tr>
<tr>
<td>IFSB-10</td>
<td>Guiding Principles on Sharī‘ah Governance System</td>
</tr>
<tr>
<td>IFSB-11</td>
<td>Standard on Solvency Requirements for Takāfūl (Islamic Insurance) Undertakings</td>
</tr>
<tr>
<td>IFSB-12</td>
<td>Guiding Principles on Risk Management for Islamic Capital Market Product ( Sukūk and Islamic Collective Investment Schemes )</td>
</tr>
<tr>
<td>IFSB-13</td>
<td>Guiding Principles on Stress Testing for IFS</td>
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<tr>
<td>IFSB-14</td>
<td>Standard on Risk Management for Takāfūl (Islamic Insurance) Undertakings</td>
</tr>
<tr>
<td>IFSB-15</td>
<td>Revised Capital Adequacy Standard for IFS</td>
</tr>
<tr>
<td>IFSB-16</td>
<td>Revised Guidance on Key Elements in the Supervisory Review Process of IFS</td>
</tr>
<tr>
<td>IFSB-17</td>
<td>Core Principles for Islamic Financial Regulation (Banking Segment)</td>
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<tr>
<td>IFSB-18</td>
<td>Guiding Principles for Retakāfūl (Islamic Reinsurance)</td>
</tr>
<tr>
<td>IFSB-19</td>
<td>Guidance Principles on Disclosure Requirements for Islamic Capital Market Product ( Sukūk and Islamic Collective Investment Schemes )</td>
</tr>
<tr>
<td>IFSB-20</td>
<td>Key Elements in the Supervisory Review Process of Takāfūl/Retakāfūl Undertakings</td>
</tr>
<tr>
<td>IFSB-21</td>
<td>Standard on Islamic Financial Regulation (Islamic Insurance) Undertakings</td>
</tr>
<tr>
<td>IFSB-22</td>
<td>Standard on Disclosures to Promote Transparency and Market Discipline for IFS (Banking Segment)</td>
</tr>
</tbody>
</table>

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As of April 2019, the IFSB has published thirty Standards, Guiding Principles, Guidance and Technical Notes as follows:

| GN-1 | Guidance Note in Connection with the Capital Adequacy Standard: Recognition of Ratings by External Credit Assessment Institutions (ECAs) on Sharī‘ah-Compliant Financial Instruments |
| GN-2 | Guidance Note in Connection with the Risk Management and Capital Adequacy Standards: Commodity Murābahah Transactions |
| GN-3 | Guidance Note on the Practice of Smoothing the Profits Payout to Investment Account Holders |
| GN-4 | Guidance Note on the Recognition of Ratings by ECAs on Takāfūl and Retakāfūl Undertakings |
| GN-5 | Guidance Note on Quantitative Measures for Liability Risk Management in IFS |

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As of April 2019, the IFSB has published thirty Standards, Guiding Principles, Guidance and Technical Notes as follows:

| TN-2 | Technical Note on Stress Testing for Institutions Offering Islamic Financial Services |

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As of April 2019, the IFSB has published thirty Standards, Guiding Principles, Guidance and Technical Notes as follows:

| WP-02 | Working Paper on Evaluation of Core Principles Relevant to Islamic Finance Regulation |
| WP-03 | Working Paper on Financial Consumer Protection in Islamic Finance |
| WP-04 | Comparative Study on the Implementation of Selected IFSB Standards |
| WP-06 | Strengthening the Financial Safety Net: The Role and Mechanisms of Sharī‘ah-Compliant Deposit Insurance Schemes (SCDIS) |
| WP-07 | Recovery, Resolution and Insolvency Issues for Institutions Offering Islamic Financial Services |
| WP-08 | Issues Arising From Changes in Takāfūl Capital Requirements |
| WP-09 | Consumer Protection in Takāfūl |
| WP-10 | Risk Sharing in Takāfūl |
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