

## Welcome Message from the Secretary-General

We are just a couple of months away from closing the 2016 chapter. The IFSB still has work and programme before we can call it a year.

We have established three new Working Groups: Supervisory Review Process for *Takāful* and *Retakāful* (July), Transparency and Market Discipline for Islamic Banks and Core Principles in Islamic Capital Markets (September). *Detailed updates are covered on page 4.*

For Facilitating the Implementation of the IFSB Standards (FIS) Workshops, we will be organising four FIS Workshops: one in Manila, Philippines (October) and three more for Regulatory & Supervisory Authorities (RSAs), in Kuala Lumpur (October and November). In addition, we will be having two joint programmes: IFSB-INCEIF Executive Forums. (see Events Calendar on page 7).

We have also embarked on a new collaboration with Arab Monetary Fund (AMF). The IFSB and AMF signed a Memorandum of Understanding (MoU)

on 25 July 2016 at Sasana Kijang, Kuala Lumpur. Under the MoU, both parties will be cooperating and collaborating to promote programmes and initiatives that foster the development of the Islamic finance sector in the Arab region.

On the membership front, the Secretariat has emailed the 2016 Membership Satisfaction Survey to all members in September and target to receive feedback from members by middle October. The findings will be presented in the IFSB Council scheduled this December in Cairo, Egypt.

The IFSB has also released the fourth set of Prudential and Structural Islamic Financial Indicators (PSIFIs) data from 17 member countries in July, which are available for download from the IFSB website. Detailed updates on PSIFIs is covered on page 4. The 6th Meetings of the PSIFIs Task Force will be held on 12-13 October 2016 in Kuala Lumpur.

Currently, the Secretariat is working on the Strategic Workplan for 2017. Do visit the IFSB website for further details and future programmes.

Jaseem Ahmed

## The IFSB Regulators Forum and Launching of the IFSI Stability Report 2016

The IFSB Regulator's Forum was held on 10 May 2016, in conjunction with the Global Islamic Finance Forum (GIFF 5.0), which was held on 11 & 12 May 2016 in Sasana Kijang, Kuala Lumpur, Malaysia.

Themed, "Islamic Finance in 2016 and Beyond: Challenges, Opportunities and Evolving Regulatory Focus", the Forum was designed to encourage broad interaction among the delegates to explore implications of the evolving global regulatory reform agenda on the Islamic financial services industry (IFSI). In the light of the current global macroeconomic conditions, the Forum also sought to raise awareness on the emerging challenges in the resilience and stability of the IFSI while discussing the regulators' roles in mitigating such vulnerabilities. Over 100 delegates attended the Forum.

Eight chairpersons and discussants from among senior financial sector supervisors and experts from international financial institutions participated in two sessions entitled:

- The Outlook and Opportunities of IFSI in 2016 and Beyond: Sustaining IFSI Growth and Resilience Amid Challenges
- Global Regulatory Reforms: The Islamic Finance Response

The Forum also saw the launch of the IFSB's fourth edition of the IFSI Stability Report. The 2016 Report was launched by Deputy Governor of Bank Indonesia, H.E. Dr. Hendar and was witnessed by Mr. Jaseem Ahmed, Secretary-General of the IFSB and Mr. Mohd Zabidi Md Nor of Bank Negara Malaysia.



1. H.E. Hendar and Mr. Jaseem Ahmed during the launching of the IFSI Stability Report 2016
2. Among the delegates attending the Forum
3. The Outlook and Opportunities of IFSI in 2016 and Beyond: Sustaining IFSI Growth and Resilience Amid Challenges panellists: Raja Teh Maimunah Raja Abdul Aziz, Ashar Nazim and Peter Kruschel

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## مجلس الخدمات المالية الإسلامية وصندوق النقد العربي، يوقعان مذكرة تفاهم لتشجيع تطوير التمويل الإسلامي في الدول المنضمة تحت عضويتهم

وقع كل من مجلس الخدمات المالية الإسلامية وصندوق النقد العربي، مذكرة تفاهم لفترة أولية مدتها ثلاث سنوات، للتعاون والتنسيق بينهما لتعزيز البرامج والمبادرات الرامية لتطوير قطاع التمويل الإسلامي في المنطقة العربية.

هذا وقد وقع مذكرة التفاهم كل من الأمين العام لمجلس الخدمات المالية الإسلامية السيد/ جاسم أحمد، معالي الدكتور / عبد الرحمن بن عبد الله الحميدي المدير العام رئيس مجلس الإدارة لصندوق النقد العربي بالنيابة عن مؤسستهما، بتاريخ 25 يوليو 2016 في العاصمة الماليزية كوالالمبور.

وبهذه المناسبة أكد معالي الدكتور عبد الرحمن بن عبد الله الحميدي، على أهمية مذكرة التفاهم كآلية للتعاون على صعيد دعم بناء القدرات، وتكثيف تبادل المعرفة، وتعزيز دعم فرص الوصول للتمويل والخدمات المالية لدى الدول العربية. بدوره أوضح السيد/ جاسم أحمد أن هذه الاتفاقية سوف توفر منصة جيدة لمجلس الخدمات المالية الإسلامية للتأسيس إلى شراكة وبناء علاقات مع أعضاء المجلس في الدول العربية

كما تعد مذكرة التفاهم فرصة للاستفادة من خبرات كلا المؤسستين، وخاصة لتعزيز التواصل مع الدول الأعضاء من أجل تعزيز الوعي، وتبادل المعلومات وتقاسم المعرفة. حيث يتطلع المجلس إلى القيام بإجراء أبحاث مشتركة حول الاستقرار والإشراف الكلي في قطاع التمويل الإسلامي، كذلك تعزيز التضامن المالي في الدول الأعضاء.

من جانبها تحدد مذكرة التفاهم بشكل خاص، مجالات العمل المشترك والتي سوف تشمل، ولكنها لا تقتصر على، (i) الجهود والأنشطة المتعلقة بتحديد ونشر الممارسات السليمة في صناعة الخدمات المالية الإسلامية من خلال القيام بتنظيم برامج توعية مشتركة، مثل ورش العمل، والمؤتمرات، والندوات. (ii) بناء القدرات في قطاع الخدمات المالية الإسلامية في المنطقة العربية بهدف تعزيز الاستقرار المالي وتحسين فرص الوصول إلى الخدمات المالية الإسلامية من خلال تنظيم دورات تدريبية مشتركة مخصصة لهذا الغرض، وإتاحة برامج التعليم الإلكتروني بشكل أوسع، وتوفير قاعدة بيانات خاصة بالتمويل الإسلامي. (iii) تشجيع الأبحاث وتعزيز الوعي حول الأسس القانونية، والتنظيمية، والمؤسسية المناسبة، وكذلك الارتقاء بممارسات إدارة المخاطر للمؤسسات المالية الإسلامية بشكل خاص، وقطاع التمويل الإسلامي بشكل عام، من خلال التعاون في تطوير وتنفيذ المعايير والمبادئ الإرشادية الدولية، وتوفير الخبرات للبعثات التي تقوم بتقديم المساعدة الفنية المشتركة وحوارات السياسات المالية.

وعليه سوف يقوم كل من صندوق النقد العربي ومجلس الخدمات المالية الإسلامية من خلال مذكرة التفاهم، على دعم جهود التطوير اللازمة، بما يعزز من دور التمويل الإسلامي في دعم جهود الدول العربية في تحقيق أهداف التنمية الشاملة.

## The IFSB and AMF Sign MoU to Foster the Development of Islamic Finance in Common Member Countries

The Islamic Financial Services Board (IFSB) and the Arab Monetary Fund (AMF) signed a Memorandum of Understanding (MoU) for an initial period of three years, for cooperation and collaboration to promote programmes and initiatives that foster the development of the Islamic finance sector in the Arab region.

The IFSB Secretary-General, Mr. Jaseem Ahmed and AMF Director General Chairman of the Board, H.E. Dr. Abdulrahman A. Al Hamidy signed the MoU on behalf of their institution in Kuala Lumpur on 25 July 2016.

H.E. Dr. Abdulrahman A. Al Hamidy stressed the importance of the MoU in increasing capacity-building, promoting knowledge-sharing and supporting greater sustainable access to finance across AMF members' countries. Mr. Jaseem Ahmed stated that the MoU will provide an excellent platform for the IFSB to engage and build relationships with its members in the Arabic-speaking jurisdictions.

The MoU will benefit from both institutions' expertise, especially for enhancing the outreach to member countries for awareness building, exchange of information and knowledge-sharing. The IFSB also looks forward to joint research with the AMF on stability and macroprudential supervision of the Islamic finance sector, as well as issues related to financial inclusion in member countries.



Through the MoU, the AMF and the IFSB will promote Islamic finance as a potential tool supporting the efforts of countries to reach their development goals.



## The World Bank-IFSB-Turkish Treasury Conference on *Takāful* (Istanbul, Turkey)

This Conference was jointly organised by the IFSB, the World Bank and Undersecretariat of Treasury of the Republic of Turkey and supported by the Insurance Association of Turkey and Participation Insurance Association of Turkey on 30 & 31 May 2016, in Istanbul, Turkey.

Themed, “Realising the Value Proposition of the *Takāful* Industry for a Stable and Inclusive Financial System”, this Conference aimed to provide a platform for global practitioners and stakeholders in *Takāful* industry to discuss selected emerging issues. It covered issues relating to the recent outlook of the *Takāful* industry and its potential in enhancing risk coverage of households and corporates as a tool for financial inclusion, as well as its role in supporting the growth of Islamic finance industry globally.

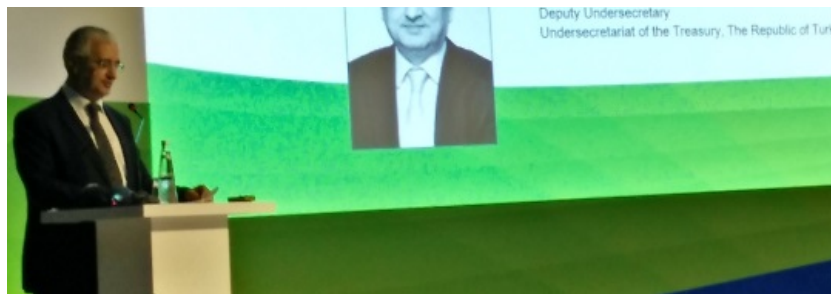
The Conference included discussions on the developments made in the legal, regulatory, and supervisory framework for the *Takāful* and *Retakāful* sectors, focusing on the pre-requisites and governance of these sectors at national and international levels.

The Keynote Addresses were delivered by Mr. Ramazan Ülger, President, Insurance Association of Turkey and Mr. Ozgur Koc, President, Association of Participation Insurance, Turkey, followed by remarks from Dr. Zamir Iqbal, Head of the World Bank Global Islamic Finance Development Center, Istanbul, Dr. Ahmet Genc, Deputy Undersecretary, Undersecretariat of Treasury of the Republic of Turkey and Mr. Jaseem Ahmed, Secretary-General, IFSB.

18 chairpersons and discussants who were senior financial sector supervisors and experts from international financial institutions participated as speakers who panelled the following sessions: Global Overview of the *Takāful* Sector: Trends and Policy Developments, Regulatory Developments and Implications for the Industry - Contrasting the Various Approaches to Regulating *Takāful*, The Role of *Micotakāful* in Financial Inclusion, Risk Management and Governance in *Takāful*, Challenges in Developing the *Retakāful* Sector and Panel Discussion - Taking *Takāful* to the Next Level.

The Conference saw the attendance of more than 100 participants from the government and regulatory and supervisory bodies, legal sector and higher learning institutions. The Papers of this Conference are planned to be published in a joint IFSB-WB publication.

The Conference presentations are available for download in the IFSB Member's Zone



Dr. Ahmet Genc delivering the Welcoming Remarks



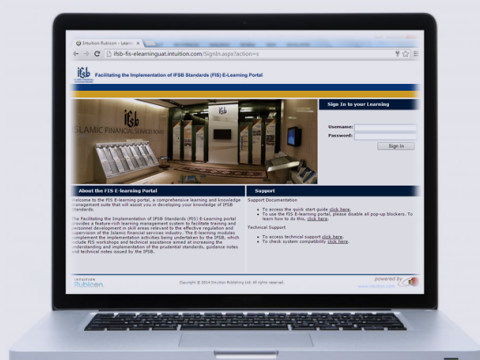
Among the speakers and delegates attending the Forum



The Global Overview of the *Takāful* Sector: Trends and Policy Developments speaker and discussants: Mohd. Zabidi Md. Nor, Serap Gonulal, Sohail Jaffer and Dr. Hatim El Tahir

## FIS E-LEARNING

### Grab Your Free Subscription Today



The IFSB has introduced the FIS E-Learning Portal, in line with its efforts to facilitate the implementation, and assist in the understanding of the IFSB Standards by member countries. This FIS E-learning Portal will increase the reach of the IFSB's “Facilitating the Implementation of Standards (FIS)” initiatives.

The portal is available to both IFSB member and non-member organisations by subscription on a per user basis. Members of the IFSB are entitled to a number of complimentary 12-month subscriptions. (Subscription rate is USD100/user for IFSB members, and USD200/user for non-members).

To activate your subscription, please contact Ahmed Barakat (email: [ahmed.barakat@ifsb.org](mailto:ahmed.barakat@ifsb.org)) or Ifran Tarmizi (email: [ifran@ifsb.org](mailto:ifran@ifsb.org)) before 30 November 2016.

## Technical Note on Stress Testing for Institutions offering Islamic Financial Services

In its 23<sup>rd</sup> meeting held in December 2013 in Doha, Qatar, the Council of the IFSB approved the preparation of the Technical Note on Stress Testing for Institutions Offering Islamic Financial Services (IIFS) and the setting up of a Task Force for this purpose to be part of the IFSB Strategic Work Plan 2014.

The IFSB Secretariat embarked upon this project accordingly and a Task Force comprising 21 members from 16 regulatory and supervisory authorities (RSAs) and 2 international organisations was established. The Task Force held its first meeting on 19 December 2014 in Kuala Lumpur.

The Task Force has, since then, completed its total allocated 6 meetings as part of the due process in the preparation of the Technical Note (TN). The Exposure Draft of this Technical Note (ED TN-2) has been reviewed by the Shari'ah Board of the Islamic Development Bank as well as undergone a Public Consultation process where a record 227 comments were received from 47 different IFSB member and non-member institutions. There was a noteworthy interest from the market players in ED TN-2.

The objective of this TN is to provide RSAs and market players of the Islamic banking industry with appropriate and adequate technical guidance to develop, conduct and assess stress tests. In particular, the objectives of the TN include:

- (a) To facilitate the design and simulation of solvency and liquidity stress tests for IIFS, including providing guidance on establishing macro-financial links, running scenarios of various assumptions and stress parameters;
- (b) To highlight the specificities of risk exposures in IIFS and how they need to be captured in stress testing exercise; and
- (c) To provide stylised numerical examples of IIFS stress tests under different shock scenarios

A key feature of this TN is that it is accompanied by five basic stress test templates: one each for conducting credit, market, liquidity and rate of return risk assessments as well as a scenario analysis template that combines credit and market risk stress tests.

The scope of this TN is limited to the Islamic banking sector, and being aimed at both institutional-level (i.e. used by banking institutions to assess institutions' risk tolerance and capital level) and system-wide stress tests (i.e. used by RSAs as a supervisory tool for financial stability analysis stress testing). RSAs may extend the application to Islamic "window" operations that are self-contained or modify it for application to other types of IIFS that fall within their jurisdictions.

The project team has already compiled all the feedback received during the public consultation and accordingly revised ED TN-2; the revised document was further reviewed by the Task Force in its 6<sup>th</sup> and final meeting while also undergoing a second round of review by the Shari'ah Board of the Islamic Development Bank. The document is now scheduled to be presented in the 40<sup>th</sup> Technical Committee Meeting that will take place on 25 October 2016 where approval will be sought to recommend the submission of TN-2 to the Council in December 2016 for potential adoption.

## The IFSB Completes the Dissemination of Two Years Quarterly Data on Islamic Banking Soundness and Growth from 17 Countries

On 1 July 2016, the IFSB has announced the release of the fourth dissemination of data on financial soundness and growth of the Islamic banking systems from 17 IFSB member jurisdictions, covering quarterly data from December 2013 to Q3 of 2015. The dissemination is part of the IFSB's Prudential and Structural Islamic Financial Indicators (PSIFIs) project, which currently compiles data from 17 member countries including Afghanistan, Bahrain, Bangladesh, Brunei, Egypt, Indonesia, Iran, Jordan, Kuwait, Malaysia, Nigeria, Oman, Pakistan, Saudi Arabia, Sudan, Turkey, and United Arab Emirates.

The IFSB Task Force on PSIFIs includes representatives from all 17 participating jurisdictions as well as three international organisations – the International Monetary Fund (IMF), Islamic Development Bank (IDB) and the Asian Development Bank (ADB). The international collaboration between the IFSB, multilateral institutions, and participating countries has greatly facilitated the collection of Islamic banks' data and enhanced the clarity and consistency of indicators across jurisdictions. Since the establishment of Task Force in Q3 of 2014, the IFSB has conducted five meetings in Kuala Lumpur (2), Denpasar, Dhaka, and Manama, which were held in September and November 2014, April and August 2015 as well as January 2016. A summary of key PSIFI indicators is given below.

**Capital Adequacy:** As of third quarter of 2015, the average capital adequacy ratio and average Tier 1 capital ratio from 16 jurisdictions were 18.9% and 17.1% respectively, significantly higher than the regulatory requirements, though lower than the same period of the previous year (2014:Q3) when these ratios were 21.5% and 19.9% respectively.

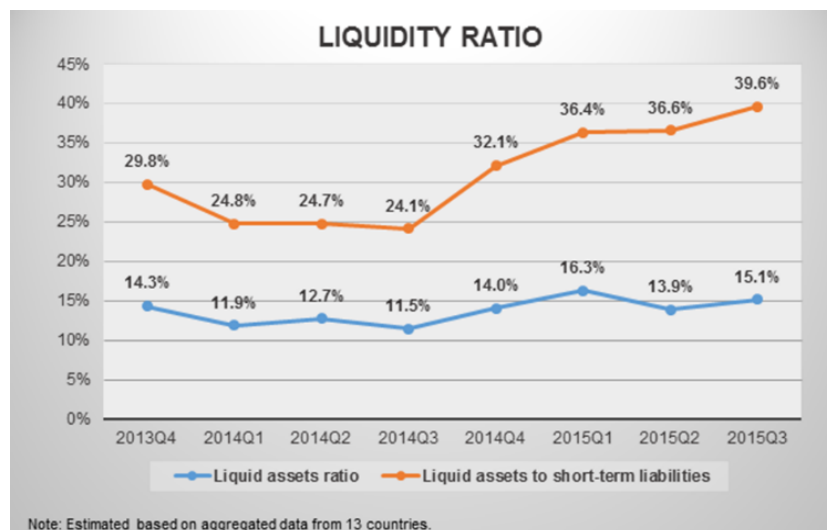
**Asset Quality:** On asset quality indicators, gross non-performing financing ratio (gross non-performing financing to total financing) showed a slight deterioration with an increase from 5.4% in 2014:Q3 to 5.6% in 2015:Q3 on an average.

**Earnings:** Overall, the ROA and ROE were 1.3% and 13.2% in 2015:Q3 as compared to 1.2% and 11.3% in 2014:Q3 respectively.

**Liquidity:** On the liquidity indicators, the liquid assets ratio (liquid assets to total assets) and liquid assets to short-term liabilities ratio improved over the period from 24.1% and 11.5% in 2014:Q3 to 39.6% and 15.1% in 2015:Q3 respectively.

**Size of Islamic Banking:** The number of full-fledged Islamic banks and Islamic windows of conventional banks in 17 countries stood at 169 and 86 in 2015:Q3 as compared to 165 and 85 in 2014:Q3 respectively. At the end of 2015:Q3, a total of 388,976 staff members were working in 29,490 branches of full-fledged Islamic banks, an increase of 1,090 branches and 22,357 staff over the year from 2014:Q3.

Currently, a new set of data for the fourth quarter of 2015 and the first quarter of 2016 is being collected and reviewed by the IFSB. In addition, the Secretariat has started drafting of revised compilation guide for the current PSIFIs indicators. The PSIFIs Database (full set of data with metadata) is available on the PSIFIs portal at the IFSB website <http://psifi.ifsib.org>.



## Facilitating the Implementation of the IFSB Standard: Technical Assistance for the Banking Regulation and Supervision Agency, Republic of Turkey

As part of the Facilitating the Implementation of the IFSB Standards (FIS) initiatives, alongside conducting FIS Workshops, developing e-learning modules and others, the IFSB Secretariat has facilitated a Technical Assistance (TA) for the Banking Regulation and Supervision Agency (BRSA) of Turkey on 30 May – 3 June 2016 at the Istanbul School of Central Banking, Turkey.

The TA focused on the areas of capital adequacy, determination of alpha in the Capital Adequacy Ratio, as well as detailed discussion on the

quantitative measures for the liquidity risk management.

As an outcome of the TA, the BRSA has established a committee to study the relevant IFSB standards and increase its technical capacity to develop and enhance their domestic regulations.

Besides the BRSA, TAs have also been conducted with the Central Bank of Nigeria in Abuja in February 2016.

## Supervisory Review Process of *Takāful* and *Retakāful* Undertakings

In its 27<sup>th</sup> meeting held on 8 December 2015 in Jeddah, Kingdom of Saudi Arabia, the Council of the IFSB has approved the IFSB Strategic Work Plan 2016 which includes, among others, the preparation of a new standard on Key Elements in the Supervisory Review Process of *Takāful* and *Retakāful* Undertakings.

The aim of this standard is to provide guidance and support standardisation and convergence of the regulation and supervision of the *takāful* and *retakāful* industries, while addressing the specificities of these institutions. The standard also seeks to enhance the transparency and efficiency of the *takāful* market to support sectoral and systemic stability. The standard is expected to cover a number of pertinent areas that require detailed guidance to *takāful* sector supervisors such as risk governance framework,

solvency requirements, risk management, Sharī'ah governance, audit and compliance as well as surveillance and remedial actions.

The 1<sup>st</sup> meeting of the Working Group (WG) was held on 18 July 2016 in Kuala Lumpur, Malaysia. The members deliberated and discussed on various supervisory review areas that diverse jurisdictions have implemented.

Mr. Mohd. Zabidi Mohd. Nor, Director, Bank Negara Malaysia was appointed as the Chairman of the WG.

This input have been drawn for consideration by the Secretariat in drafting the Initial Study Report and Survey Questionnaire for the 2<sup>nd</sup> WG meeting, on 26 September 2016 in Kuala Lumpur, Malaysia.

## Disclosure Requirements for Islamic Capital Market Products

In its 21<sup>st</sup> meeting on 12 December 2012 in Jeddah, Kingdom of Saudi Arabia, the Council approved the preparation of a standard for disclosure requirements for Islamic capital market products. The IFSB Council then approved the commencement of the project on disclosure requirements for Islamic capital market products in the IFSB Council meeting in December 2014.

Mr. Zainal Izlan, Executive Director, Securities Commission Malaysia and Mr. Eser Sagar, Expert, Capital Markets Board of Turkey, were appointed as the Chairman and Deputy Chairman of the Working Group (WG) by the TC.

The 1<sup>st</sup> meeting of the WG was held on 23 April 2015 in Oman where an Issues Paper was discussed. The 2<sup>nd</sup> meeting was held on 3 August 2015 in Istanbul, Turkey in which the WG discussed the Initial Study Report and the draft survey questionnaires.

A Survey had been conducted among capital market regulators, exchanges and capital market participants and the results were presented in the 3<sup>rd</sup>

meeting on 27 November 2015 in Kuala Lumpur. In the meeting, the WG Members shared their views on the survey findings as well as the scope of the Preliminary Exposure Draft (PED).

In its 4<sup>th</sup> meeting on 2 March 2016, the WG members discussed and deliberated on the PED. The Secretariat took note of the recommendations made by the WG members and incorporated them in the Revised PED (RPED) which was presented in the 5<sup>th</sup> WG meeting on 9 May 2016 in Kuala Lumpur.

The Secretariat amended the Revised PED further following the inputs received in the 5<sup>th</sup> WG Meeting and the revised document was presented to the Technical Committee (TC) in its 39<sup>th</sup> meeting on 1 June 2016. The TC approved the submission of the document for the review of the Sharī'ah Board of the IDB in August 2016. The Revised PED will be presented in the WG meeting in September and TC meeting in October for issuance as an ED for public consultation.

## Working Group Meetings in September 2016

The IFSB held four Working Group (WG) meetings in September 2016, in Kuala Lumpur. The meetings were as follow:

- 26 September 2016 - 2<sup>nd</sup> Meeting of the Supervisory Review Process of *Takāful* and *Retakāful* Undertakings Working Group
- 27 September 2016 - 1<sup>st</sup> Meeting of the Transparency and Market Discipline for Institutions Offering Islamic Finance Services Working Group
- 28 September 2016 - 6<sup>th</sup> Meeting on the Disclosure Requirements for Islamic Capital Market (ICM) Products Working Group\*
- 29 September 2016 - 1<sup>st</sup> Meeting on the Core Principle for Islamic Capital Market (ICM) Working Group\*

\*Securities Commission Malaysia will be hosted the meeting.

# MEMBERSHIP UPDATES

## The IFSB Membership Satisfaction Survey 2016

As part of the Membership Strategy to enhance relationship with existing members, the IFSB will be conducting its 2016 Membership Satisfaction Survey in September and October 2016. This is in line with the decision of the IFSB Council in its 27<sup>th</sup> meeting on 8 December 2015, in Jeddah, Saudi Arabia, which approved the IFSB's Strategic Performance Plan (SPP) 2016 – 2018, including the IFSB Membership Strategy and Satisfaction Survey. Previous surveys were conducted in 2011 and 2013 respectively.

The Survey aims to:

- ascertain the overall satisfaction level of the IFSB members with the services provided by the IFSB;
- obtain feedback on areas that have or have not met members' expectations; and
- welcome any suggestions from the members to further enhance the membership benefits.

The Secretariat has appointed GfK (Indonesia) as the consultant to conduct the Survey. The GfK team along with the IFSB Secretariat will be reaching out to all member organisations in September and October 2016.

For more information on the Survey or other IFSB membership matters, please contact Mr. Ifran Tarmizi (ifran@ifsb.org).

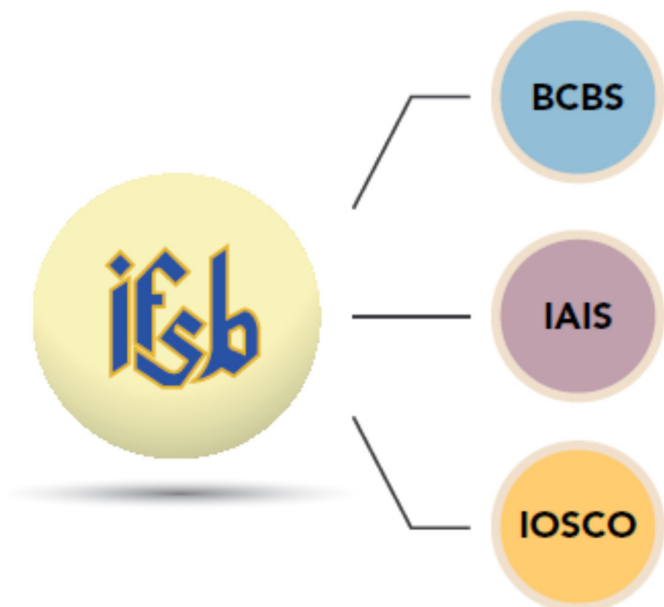


## Collaboration with International Standard-Setting Bodies and Multilateral Organisations

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 European Forum on The Real Economy and the Financial Sector (Madrid, Spain)



The IFSB organised a Seminar on Islamic Finance supported by Banco De España in collaboration with IE Business School, as part of the IFSB European Forum Series. The Seminar themed, "The Real Economy and the Financial Sector" was held on 24 May 2016, in Madrid, Spain.

The Opening Remarks were delivered by H.E. Luis M. Linde, Governor, Banco De España, Mr. Jaseem Ahmed, Secretary-General, IFSB and Mr. Guillermo de la Dehesa Romero, Chairman, IE Business School.



Among the speakers and delegates attending the Seminar

The Seminar discussed the following issues: Islamic Finance: Legal and Regulatory Considerations, *Sukūk* – A Growing Alternative Asset Class to Fund the Real Sector, Equity-based Financing and its Effects on Macroeconomic Resilience and Banking the Unbanked: Enhancing Financial Inclusion using Risk-Sharing Instruments.

The Seminar was attended by over 80 delegates, with a line-up of 15 chairpersons and speakers from among regulators, academics and Islamic financial sector experts and practitioners from among the European as well as global financial community. An Introductory Seminar on Islamic Finance was also held on 23 May 2016. This half-day event aimed to provide a better understanding, especially to the local delegates, on Islamic finance. Over 60 delegates attended the Introductory Seminar. Mr. Khaled Mohammed Al-Aboodi, Chief Executive Officer, Islamic Corporation for the Development of the Private Sector (ICD) and Professor Dr. Azmi Omar, Director General, IRTI, Islamic Development Bank Group were among speakers participated in the Seminar's sessions.

The Seminar presentations are available for download in the IFSB Member's Zone.



Session 4 panelists discussed topic on Banking the Unbanked: Enhancing Financial Inclusion using Risk-Sharing Instruments

## Arab Monetary Fund, International Monetary Fund and World Bank High-Level Forum on Strengthening Islamic Banking Regulation and Supervision in the Arab Region



Mr. Jaseem Ahmed, the Secretary-General of the IFSB participated in the Forum as a speaker in Session 1: Overview of Prudential Frameworks for Islamic Banking. This presentation was about progress in implementation of the IFSB standards in AMF members. He was also chair of Session 2: Strengthening Capital Adequacy of Islamic Banks. At the same Forum, Mr. Zahid Ur Rehman Khokher, the Assistant Secretary-General of the IFSB participated as a speaker in Session 4: Towards Effective Supervision of Islamic Banks. Mr. Zahid presented on the Islamic finance role of IFSB Core Principles for Islamic Finance Regulation to support the orderly development and integrated surveillance of the Islamic banking industry.

The Forum was held on 22 - 23 May 2016 in Dubai, United Arab Emirates.

## The IFSB-INCEIF Executive Forums in October and November 2016

The IFSB and the International Centre for Education in Islamic Finance (INCEIF) will be jointly organising two Executive Forums on the topics of “Promoting Sound and Effective Shari’ah Governance Practices” on 5 – 6 October 2016 and “Financial Inclusion and Islamic Finance - Aligning Objectives and Methodologies” on 16 – 17 November 2016 in Sasana Kijang, Kuala Lumpur, Malaysia.

For queries on registrations, please contact Mrs. Ida Shafinaz Ab. Malek (email: [ida.shafinaz@ifsb.org](mailto:ida.shafinaz@ifsb.org)).

## FIS Workshops on IFSB Standards for Regulatory and Supervisory Authorities October and November 2016

The IFSB is organising the following three separate Facilitating the Implementation of the IFSB Standards (FIS) Workshops for the Regulatory and Supervisory Authorities in Kuala Lumpur, Malaysia. These include:

### 1. FIS Workshop for the Banking Sector on 24 – 28 October 2016

Four IFSB Standards will be covered in this Workshop which are: Revised Capital Adequacy Standard for Institutions offering Islamic Financial Services (IIFS) Standard (IFSB-15), Core Principles for Islamic Finance Regulation (Banking Segment) (IFSB-17), Guidance Note on Quantitative Measures for Liquidity Risk Management (GN-6) and Exposure Draft (ED) of Technical Note 2 (TN-2) on Stress Testing for IIFS. There will be a Special Session on Experience Sharing on the IFSB Standards’ Implementation.

### 2. FIS Workshop for the *Takāful* Sector on 29 November – 1 December 2016

This Workshop will cover the sessions entitled, Introduction to *Takāful*, Models and Features as well as the Experience Sharing on Regulating

*Takāful* & *Retakāful* Sector in Various Jurisdictions. The IFSB Standards which will be covered are Guiding Principles for *Retakāful* (IFSB-18), Standard on Risk Management for *Takāful* Undertakings (IFSB-14), Standard on Solvency Requirements for *Takāful* Undertakings (IFSB-11) and Guiding Principles on Governance for *Takāful* Undertakings (IFSB-8).

### 3. FIS Workshop for the Islamic Capital Market Sector on 29 November – 1 December 2016

Among the topics and sessions which will be covered are Introduction to ICM and Roundtable on Disclosure Requirements for ICM Products. The Workshops will also focus on the Revised Capital Adequacy Standard for IIFS (IFSB-15), the session on *Sukūk* and Securitisation, Guiding Principles on Shari’ah Governance Systems for IIFS (IFSB-10) and Guiding Principles on Governance for Islamic Collective Investment Schemes (ICIS) (IFSB-6).

For more information on the FIS Workshops, please contact Mr. Hamizi Hamzah (tel: +603 9195 1420, email: [hamizi@ifsb.org](mailto:hamizi@ifsb.org)).

## Upcoming IFSB Workshops & Awareness Programmes (October- December 2016)

### 5 & 6 October 2016 | Malaysia

9<sup>th</sup> IFSB-INCEIF Executive Forum  
Promoting Sound and Effective Shari’ah Governance Practices

Jointly organised with  
  
THE GLOBAL UNIVERSITY OF ISLAMIC FINANCE

### 16 & 17 November 2016 | Malaysia

10<sup>th</sup> IFSB-INCEIF Executive Forum  
Financial Inclusion and Islamic Finance - Aligning Objectives and Methodologies

Jointly organised with  
  
THE GLOBAL UNIVERSITY OF ISLAMIC FINANCE

### 6 October 2016 | USA

IFSB-World Bank High-Level Seminar on Sustainable Development Goals and the Role of Islamic Finance

Jointly organised with  
 THE WORLD BANK  
Treasury  
 WORLD BANK GROUP  
Finance & Markets

### 29 November – 1 December | Malaysia

IFSB-FIS WORKSHOP  
• *Takāful* Sector (IFSB-8, IFSB-11, IFSB-14 and IFSB-18)

### 10 - 12 October 2016 | Philippines

IFSB-FIS WORKSHOP  
• Banking Sector (IFSB-1, IFSB-10, IFSB-16)

### 29 November – 1 December 2016 | Malaysia

IFSB-FIS WORKSHOP  
• Islamic Capital Market Sector (IFSB-6, IFSB-10 and IFSB-15)

### 12 & 13 October 2016 | Malaysia

6<sup>th</sup> Meeting of the PSIFIs Task Force

### 24 – 28 October 2016 | Malaysia

IFSB-FIS WORKSHOP  
• Banking Sector (IFSB-15, IFSB-17, GN-6 and TN-2)

### 30 November 2016 | Malaysia

IFSB Roundtable on Disclosure Requirements for Islamic Capital Market Products (*Sukūk* and Islamic Collective Investment Schemes)

### 25 October 2016 | Malaysia

40<sup>th</sup> Technical Committee Meeting

### December 2016

• Public Hearing on Disclosure of Islamic Capital Market  
• 29<sup>th</sup> Meeting of the Council of the IFSB  
• 14<sup>th</sup> Islamic Financial Stability Forum  
Dates and Venues will be communicated to Members in due course.

## نبذة عن المجلس

يعتبر مجلس الخدمات المالية الإسلامية هيئة دولية واضحة للمعايير التي تهدف إلى تطوير وتعزيز متانة واستقرار صناعة الخدمات المالية الإسلامية، وذلك بإصدار معايير احترافية ومبادئ إرشادية لهذه الصناعة التي تضم بصفة عامة قطاعات الصيرفة، وأسواق المال، والتكافل (التأمين الإسلامي). كما يقوم مجلس الخدمات المالية الإسلامية بأنشطة بحثية، وتنسيق المبادرات المتعلقة، بهذه الصناعة، فضلاً عن تنظيم حلقات نقاشية، وندوات ومؤتمرات علمية، للسلطات الرقابية، والشركاء المهتمين بهذه الصناعة.

منذ إنشاء مجلس الخدمات المالية الإسلامية، تم إصدار خمسة وعشرون معياراً، ومبدأً إرشادياً، وملاحظة فنية، خاصة بصناعة الخدمات المالية الإسلامية. وقد غطت هذه الإصدارات المجالات التالية:

(المعيار رقم 1): المبادئ الإرشادية لإدارة المخاطر.

(المعيار رقم 2): معيار كفاية رأس المال.

(المعيار رقم 3): المبادئ الإرشادية لضوابط إدارة المؤسسات.

(المعيار رقم 4): معيار الإفصاحات لتعزيز الشفافية وانضباط السوق للمؤسسات.

(المعيار رقم 5): الإرشادات المتعلقة بالعناصر الرئيسة في إجراءات الرقابة الإشرافية للمؤسسات.

(المعيار رقم 6): المبادئ الإرشادية لضوابط برامج الاستثمار الجماعي.

(المعيار رقم 7): متطلبات كفاية رأس المال للصكوك، والتصكيك، والاستثمارات العقارية.

(المعيار رقم 8): المبادئ الإرشادية لضوابط التأمين التكافلي.

(المعيار رقم 9): المبادئ الإرشادية لسلوكيات العمل للمؤسسات التي تقدم خدمات مالية إسلامية.

(المعيار رقم 10): المبادئ الإرشادية لنظم الضوابط الشرعية للمؤسسات التي تقدم خدمات مالية إسلامية.

(المعيار رقم 11): معيار متطلبات الملاءة للتأمين التكافلي.

(المعيار رقم 12): المبادئ الإرشادية لإدارة مخاطر السيولة للمؤسسات.

(المعيار رقم 13): المبادئ الإرشادية لاختبارات الضغط للمؤسسات.

(المعيار رقم 14): معيار إدارة المخاطر لشركات التكافل (التأمين الإسلامي).

(المعيار رقم 15): المعيار المعدل لكفاية رأس المال للمؤسسات

(المعيار رقم 16): الإرشادات المعدلة للعناصر الأساسية لإجراءات الرقابة الإشرافية على المؤسسات

(المعيار رقم 17): المبادئ الأساسية للرقابة على التمويل الإسلامي.

(المعيار رقم 18): المبادئ الإرشادية لإعادة التكافل (إعادة التأمين الإسلامي)

(المبادئ الإرشادية رقم 1): الإرشادات المتعلقة بمعيار كفاية رأس المال: الاعتراف بالتصنيفات للأدوات المالية المتفقة مع أحكام الشريعة الإسلامية الصادرة من مؤسسات تصنيف ائتماني خارجية.

(المبادئ الإرشادية رقم 2): الإرشادات المتعلقة بإدارة المخاطر ومعيار كفاية رأس المال: معاملات المربحة في السلع.

(المبادئ الإرشادية رقم 3): الإرشادات المتعلقة بممارسات دعم دفع الأرباح لأصحاب حسابات الاستثمار.

(المبادئ الإرشادية رقم 4): الإرشادات المتعلقة بمعيار كفاية رأس المال: تحديد عامل "ألفا" في نسبة كفاية رأس المال.

(المبادئ الإرشادية رقم 5): الإرشادات المتعلقة بالاعتراف بالتصنيفات الصادرة عن مؤسسات تصنيف ائتماني خارجية للتأمين التكافلي وإعادة التكافل.

(المبادئ الإرشادية رقم 6): الإرشادات المتعلقة بالمعايير الكمية لإدارة مخاطر السيولة.

(ملاحظة فنية رقم 1): قضايا تعزيز إدارة السيولة للمؤسسات التي تقدم خدمات مالية إسلامية: تطوير أسواق المال الإسلامية.

الجدير بالذكر أن المجلس يضم في عضويته منظمات دولية، وإقليمية، ووطنية، والشركاء الذين تجمعهم به أهداف مشتركة.

للمزيد من المعلومات حول مجلس الخدمات المالية الإسلامية وللحصول على المعايير والتقارير والأوراق البحثية أو أي إصدارات أخرى الرجاء زيارة الموقع الإلكتروني <http://arabic.ifsb.org>

## About the IFSB

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.

As of April 2016, the IFSB has published twenty-five Standards, Guiding Principles, Guidance and Technical Notes as follows:

IFSB-1 Guiding Principles of Risk Management for Institutions (other than Insurance Institutions) Offering Only Islamic Financial Services (IIFS)

IFSB-2 Capital Adequacy Standard for IIFS

IFSB-3 Guiding Principles on Corporate Governance for IIFS

IFSB-4 Disclosures to Promote Transparency and Market Discipline for IIFS

IFSB-5 Guidance on Key Elements in the Supervisory Review Process of IIFS

IFSB-6 Guiding Principles on Governance for Islamic Collective Investment Scheme

IFSB-7 Capital Adequacy Requirements: *Sukūk* Securitisations and Real Estate Investment

IFSB-8 Guiding Principles on Governance of Islamic Insurance (*Takāful*) Operations

IFSB-9 Guiding Principles on Conduct of Business for IIFS

IFSB-10 Guiding Principles on Sharī'ah Governance System

IFSB-11 Standard on Solvency Requirements for *Takāful* (Islamic Insurance) Undertakings

IFSB-12 Guiding Principles on Liquidity Risk Management for IIFS

IFSB-13 Guiding Principles on Stress Testing for IIFS

IFSB-14 Standard on Risk Management for *Takāful* (Islamic Insurance) Undertakings

IFSB-15 Revised Capital Adequacy Standard for IIFS

IFSB-16 Revised Guidance on Key Elements in the Supervisory Review Process of IIFS

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

IFSB-18 Guiding Principles for *Retakāful* (Islamic Reinsurance)

GN-1 Guidance Note in Connection with the Capital Adequacy Standard: Recognition of Ratings by External Credit Assessment Institutions (ECAIs) 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 in Connection with the IFSB Capital Adequacy Standard: The Determination of the Alpha in the Capital Adequacy Ratio

GN-5 Guidance Note on the Recognition of Ratings by ECAIs on *Takāful* and *Retakāful* Undertakings

GN-6 Guidance Note on Quantitative Measures for Liquidity Risk Management in IIFS

TN-1 Technical Note on Issues in Strengthening Liquidity Management of Institutions Offering Islamic Financial Services: The Development of Islamic Money Market

The members of the IFSB comprise regulatory and supervisory authorities, international inter-governmental organisations and market players, professional firms and industry associations.

For more information about the IFSB and to download the Standards, Guiding Principles, Guidance and Technical Notes, please visit [www.ifsb.org](http://www.ifsb.org).