

THE IFSB BULLETIN

22nd Edition, April 2022

2021 IN RETROSPECTIVE AND FUTURE READY 2022

Message by the Secretary-General

Albeit another challenging year against pandemic, we remained resilient and rose to embrace the challenges. These are pivotal moments that nudged us an extra edge to benefit from the change, adapting to the new norms of staying connected.

Peeking into 2021 in retrospective, the 15th IFSB Summit shines under a spotlight - where the IFSB organised its global bi-annual summit, alongside host Saudi Central Bank in Jeddah November last year. The inaugural hybrid summit was for the first time ever organised to combine both physical and virtual delegates.

The summit and many other fitting platforms organised in 2021 to gather our members bore testimony to the relentless commitment that IFSB pledges to bring value to its members. With the year 2022 underway, plenty of challenges opportunities lie ahead. Seize them we must!

Dr. Bello Lawal Danbatta

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2021 THE IFSB ACHIEVEMENTS

Despite Entering Into Its Second Year Against Covid-19 Challenges, The IFSB Continues to Mark Vital Achievements to Benefit Its Members and The Islamic Financial Services Industry

01 New Leadership Spearheads IFSB Council

The Council of the Islamic Financial Services Board (IFSB) resolved to appoint H.E. Dr. Reza Baqir, Governor of State Bank of Pakistan as the Chairman of the Council of the IFSB and H.E. Godwin Emefiele, Governor of the Central Bank of Nigeria as the Deputy Chairman for 2022. H.E. Dr. Reza Baqir took over the Chairmanship of the IFSB from H.E. Khaled Mohamed Balama, Governor of the Central Bank of the United Arab Emirates.



Chairman of the Council of The IFSB

H.E. Dr. Reza Baqir
Governor of State Bank of Pakistan



Deputy Chairman of the Council of the IFSB

H.E. Godwin Emefiele
Governor of the Central Bank of Nigeria

02 Commencement of New Technical Committee Term with New Members

The Council of the Islamic Financial Services Board (IFSB) commence new Technical Committee terms with new members for 2021 - 2024.



Chairman of the Technical Committee of the IFSB (2021-2024)

H.E. Dr. Fahad Ibrahim AlShathri
Deputy Governor for Supervision, Saudi Central Bank



Deputy Chairperson, Technical Committee of the IFSB (2021-2024)

Mr. Saud Al Busaidi
Manager, Islamic Banking Department, Central Bank of Oman

Technical Committee Members:

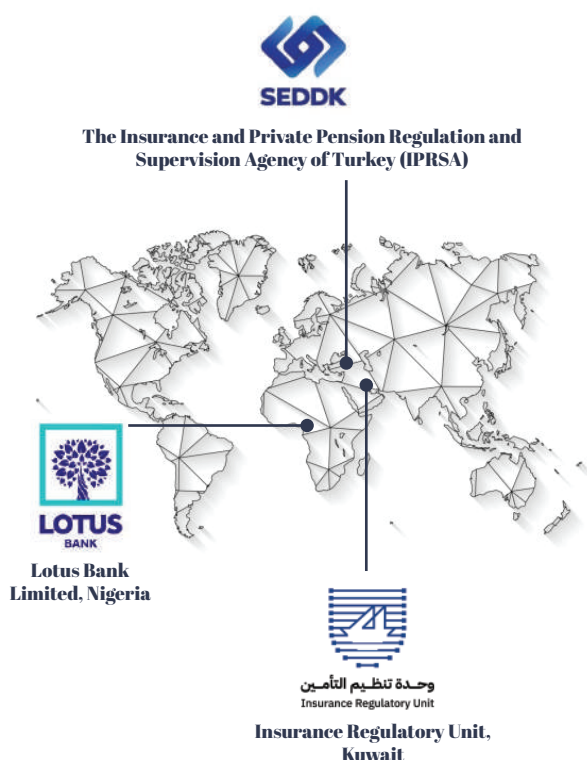
Mr. Syed Faiq Najeeb Islamic Development Bank	Mrs. Sharifatul Hanizah Said Ali Securities Commission Malaysia
Mrs. Shireen Al Sayed Central Bank of Bahrain	Mr. Muhammad Hamisu Musa Central Bank of Nigeria
Ms. Maksuda Begum Bangladesh Bank	Dr. Waziri Mohammed Galadima Nigeria Deposit Insurance Corporation (NDIC)
Mr. Muhammad Shukri bin Haji Ahmad Brunei Darussalam Central Bank	Mr. Ghulam Muhammad Abbasi State Bank of Pakistan
Dr. Jardine Husman Bank Indonesia	Mr. Hisham Al-Mannai Qatar Central Bank
Mrs. Nyimas Rohmah Otoritas Jasa Keuangan, Indonesia	Mr. Bader Alissa Capital Market Authority, Saudi Arabia
Mr. Ahmed Yousif Kadhim Central Bank of Iraq	Ms. Sumaia Amer Osman Ibrahim Central Bank of Sudan
Mr. Adnan Y. Naji Central Bank of Jordan	Mr. Ömer Çekin Banking Regulation and Supervision Agency of Turkey
Mr. Anuar Kaliyev Astana Financial Services Authority (AFSA) Kazakhstan	Mr. Mehmet Zahid Samancıoğlu Central Bank of the Republic of Turkey
Dr. Mohammad Bader Alkhamis Central Bank of Kuwait	Mr. Hüseyin Ünal Private Pension Regulation and Supervision Authority (IPRSA) Republic of Turkey
Dr. Ali Abusalah Elmabrok Central Bank of Libya	Mr. Abdulaziz Saoud Al-Mualla Central Bank of the United Arab Emirates
Mr. Nik Faris Nik Sallahuddin Bank Negara Malaysia	

*In the order of the country which the member's organisation represents, visit www.ifsb.org for details.

03 Admitted 3 New Member Organisations Into Its Membership

The new members are The Insurance and Private Pension Regulation and Supervision Agency of Turkey (IPRSA), Turkey, Insurance Regulatory Unit, Kuwait and Lotus Bank Limited, Nigeria

Bringing the total number of members to 187 comprising of; 81 regulatory and supervisory authorities, 10 international inter-governmental organisations, and 96 market players (financial institutions, professional firms, industry associations and stock exchanges) operating across 57 jurisdictions, as of 31 December 2021.



05 The IFSB and International Association of Deposit Insurers (IADI) Jointly Issued New Guidance In The Form of Core Principles for Effective Islamic Deposit Insurance Systems (CPIDIS)

The CPIDIS aims to provide guidance in the form of a set of core principles for the development and implementation of effective Islamic deposit insurance systems (IDIS), taking into consideration the characteristics of Shari'ah compliant contracts and specificities of Islamic banks, while complementing the existing international standards, mainly the IADI Core Principles for Effective Deposit Insurance Systems.

06 Issued 4 Research Papers in the Working Paper Series:

- WP-20 Focuses on the role of social-impact sukuk in the recovery phase of the COVID-19 pandemic
- WP-21 Assesses the effectiveness of COVID-19 policy responses in the Islamic capital markets industry
- WP-22 Focuses on developments in the *takāful* segment of the Islamic financial services industry during the COVID-19 pandemic
- WP-23 Based on data from the IFSB's Prudential and Structural Islamic Financial Indicators (PSIFIs) database empirically assesses the effectiveness of the various COVID-19 policy measures adopted in the Islamic banking industry across jurisdictions

The findings from the working papers indicate the Islamic financial services industry have demonstrated resilience and the capacity to complement various COVID-19 induced policy support measures across jurisdictions, thus supporting economic activity rather than aggravating the economic crisis.

04 Adopted 3 New Standards For The Islamic Financial Services Industry:

- **IADI-IFSB (July 2021)**
Core Principles For Effective Islamic Deposit Insurance Systems
- **IFSB-23 (December 2021)**
Revised Capital Adequacy Standard For Institutions Offering Islamic Financial Services [Banking Segment]
- **IFSB-26 (December 2021)**
Core Principles for Islamic Finance Regulation (Financial Market Infrastructures)

07 Published The Russian Version Of 3 IFSB Standards On The Core Principles For Islamic Finance Regulation:

- IFSB-12 Guiding Principles on Liquidity Risk IFSB Management for Institutions offering Islamic Financial Services
- IFSB-16 Revised Guidance on Key Elements In The Supervisory Review Process of Institutions Offering Islamic Financial Services (Excluding Islamic Insurance (*takāful*) Institution)
- IFSB-17 Core Principles for Islamic Finance Regulation (Banking Segment)

08 Published the French Version of 5 IFSB Standards:

- IFSB-3: Guiding Principles on Corporate Governance for Institutions offering only Islamic Financial Services (Excluding Islamic Insurance (*takāful*) Institutions and Islamic Mutual Funds)
- IFSB-13: Guiding Principles on Stress Testing for Institutions offering Islamic Financial Services
- IFSB-14: Standard on Risk Management for *Takāful* (Islamic Insurance) Undertakings
- IFSB-15: Revised Capital Adequacy Standard for Institutions Offering Islamic Financial Services Excluding Islamic Insurance (*takāful*) Institutions and Islamic Collective Investment Schemes

09 Disseminated PSIFIs Data For 2021 Q1-Q4 For Islamic Banking Systems, *Takāful* Sector And First Dissemination Of Data on the Islamic Capital Markets.

The sectoral country-level data PSIFI now includes the Islamic Capital Markets (ICM) segment, providing a number of prudential indicators covering three main areas of ICM that include *Sūruk*, Sharīah-compliant equity and Islamic funds. For each area, specific sub-schedules are provided that break down the information in various ways needed to analyse the markets. The dissemination of ICM data comprehends the existing Islamic banking and *takāful* data to fully capture these three essential sectors in Islamic finance.

In order to increase its engagement and commitment with the PSIFIs contributors, the IFSB Secretariat has been regularly conducting capacity building workshops/meetings with the country representatives of the Task Force, focusing on enhancing clarity and consistency of compilation and reporting of indicators across jurisdictions. As such, it intends to enhance the quality, quantity and reliability of the data and information available through the PSIFIs database. It also attempts to increase the number of PSIFIs contributors by inviting new and potential contributors including those for the ICM sector.

10 Published its 4th Set of Frequently Asked Questions (FAQs):

- IFSB-12: Liquidity risk management
- IFSB-13: Stress testing
- IFSB-24: Investor protection in Islamic Capital Market
- IFSB-25: Promoting transparency and market discipline for *takāful/retakāful* undertakings

The new set of FAQs is a continuation of 3 previous sets aims at enhancing the implementation of IFSB standards among the member jurisdictions through presenting clarifications and explanative directions on the issued standards for a better understanding, and thus, more effective implementation.

11 Launched the 9th Edition of its Annual Flagship Publication: The Islamic Financial Services Industry (IFSI) Stability Report 2021

Based on various analyses contained in the IFSI Stability Report 2021, the performance of the global IFSI projected a sense of optimism in the short term. This will depend on, among other things, timely access to, and the efficient roll-out of, COVID-19 vaccines; jurisdictions' capital flows, fiscal and monetary policy spaces and capacity to recover from recession; digital transformation process; and the extent of contact-intensiveness of key economic sectors.

12 Issued the 1st Edition of the Implementation Guidelines Report for 2020

This Implementation Guidelines report is designed to support RSAs' standards implementation activities through addressing Implementation challenges and highlighting useful Implementation tools available with IFSB and sharing initial recommendations to move some barriers. Along with the countries analysis, the report incorporates information on the most implemented IFSB standards and data on Implementation status developments for the past three years from 2018 till 2020 considering all three sectors: Islamic banking, Islamic Capital Markets and Islamic insurance (*takāful*).

13 Organised the 15th IFSB Summit 2021 'Balancing Innovation and Resilience' in Jeddah, Kingdom of Saudi Arabia

The Summit gathered 9 Central Bank Governors and 26 other distinguished high-level speakers representing key stakeholders in the Islamic financial services industry, who participated in 7 panel discussions spanning across 2 days. The speakers exchanged views, expertise and experiences on a wide range of issues related to developments in digitalisation and innovation in the Islamic financial services industry.

14 The IFSB and Bank Nizwa signed Memorandum of Understanding

The Memorandum of Understanding (MoU) aims to facilitate cooperation between the two organisations to undertake relevant activities relating to technical training and awareness promotion in the Islamic financial services industry.

15 Organised Members' Sharing Session, 3rd Innovation Forum, and a Series of Joint Seminars on Islamic Capital Market with Member Organisations

The one-day pre-Summit events provided a platform for IFSB members and non-members to come together and exchange ideas and share their Islamic finance initiatives and experiences in supporting the growth of a sound and stable Islamic financial services industry, in line with the IFSB's mandate to create a platform for cooperation among its members that will promote the development of Islamic finance and strengthen the global resilience of the Islamic finance industry. The events were hosted by the Saudi Central Bank.

16 The IFSB And Bank Indonesia Jointly Organised The IFSB Conference 2021: Financial Stability In The Digital Era And Its Implications For Islamic Economics And Finance, Alongside Indonesia Shari'ah Economic Festival (ISEF) 2021

IFSB and Bank Indonesia jointly organised ISEF the largest annual event in Indonesia as a forum to integrate various activities in the sharia economic and financial sector. ISEF has grown from a national initiative to become one of the most prestigious programs in the world since being recognized as part of the global Sharia Economic Forum.

17 Central Bank of UAE hosted the 39th IFSB Council Meeting and Capacity Building for Market Players in Abu Dhabi, and Co-organised the 13th IFSB Public Lecture

The 39th meeting of the IFSB Council, hosted by Central Bank of the United Arab Emirates was held on hybrid mode on 9 December 2021 in Abu Dhabi, United Arab Emirates and digitally. The Council Meeting was chaired by H.E. Khaled Mohamed Balama, Governor of Central Bank of the United Arab Emirates and Chairman of the IFSB for 2021, attended by the Central Bank Governors, Deputy Governors, Heads of regulatory and supervisory authorities, senior representatives from among the Council and Full members of the IFSB, representing 22 countries.

18 Organised Online Executive Programme to Divulge on Managing Digital Transformation Risks for Islamic Financial Institutions

The Covid-19 pandemic has given important lessons to global financial services industry (FSI) which the Islamic finance industry shall face, after the pandemic ends. One of them is the necessity in accelerating digital business transformation which include among others, changes in business models and operations, technical mechanism, supervising and monitoring the digital transformation including comprehensively enlarging its risk assessment and mitigation. Thus, the executive programme focuses to enhance participants understanding regarding operational risks and regulatory concerns associated with accelerated digital transformation for the Islamic banking, Islamic capital market and takāful institutions.

HIGHLIGHTS

ISLAMIC FINANCE & DIGITAL TRANSFORMATION: BALANCING INNOVATION & RESILIENCE

قمة مجلس
الخدمات المالية
الإسلامية
الخامسة عشرة
15th IFSB SUMMIT



IFSB CONVENED ITS INTERNATIONAL BI-ANNUAL SUMMIT IN HYBRID MODE TO GATHER 9 CENTRAL BANK GOVERNORS AND 26 DISTINGUISHED SPEAKERS.



The 15th IFSB Summit under the theme of “Islamic Finance and Digital Transformation: Balancing Innovation and Resilience”, hosted by the Saudi Central Bank in Jeddah, Kingdom of Saudi Arabia came to a close on 11 November 2021.

The two-day Summit saw the participation of over 200 attendees physically and virtually, representing key Islamic financial services industry leaders, from among regulatory and supervisory authorities, international and regional multilateral organisations and financial institutions from around the world as well as the local Saudi financial community.

The Summit gathered nine Central Bank Governors and 24 other distinguished high-level speakers representing key stakeholders in the Islamic financial services industry, who participated in seven panel discussions spanning the two days. The speakers exchanged views, expertise and experiences on a wide range of issues related to developments in digitalisation and innovation in the Islamic financial services industry.

The sessions generated valuable dialogue on critical issues facing the industry and provided important and forward-looking takeaways on key areas of Islamic financial sector policy going forward.

PRE SUMMIT EVENT

IFSB MEMBERS' SHARING SESSION STRENGTHENING THE INSTITUTIONAL AND MARKET INFRASTRUCTURE OF ISLAMIC FINANCE — IMPLEMENTATION OF REGULATORY STANDARDS AND THE WORK AHEAD

The session was organised as part of the IFSB's initiatives to provide an interactive platform for IFSB member organisations and the IFSI stakeholders to engage with the IFSB on industry and regulatory issues, and to explore ways to address them. The session provided an opportunity for members to provide input 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.



DR. BELLO LAWAL DANBATT
SECRETARY-GENERAL
ISLAMIC FINANCIAL SERVICES BOARD

DR. RIFKI ISMAL
ASSISTANT SECRETARY-GENERAL
ISLAMIC FINANCIAL SERVICES BOARD

MR. SUHAIL ISSA AL ZADJALI
ASSISTANT SECRETARY-GENERAL
ISLAMIC FINANCIAL SERVICES BOARD

INNOVATION FORUM - DIGITAL TRANSFORMATION OF THE ISLAMIC FINANCE INDUSTRY: INDUSTRY CASE STUDIES

The forum aimed to cultivate innovative thinking and dialogue in the IFSI, to foster the development of a competitive, sound and innovative industry. The focus of the Forum was on technological innovations in the IFSI that create a competitive edge for the IFSI in the digital era and its contribution to furthering the growth of Islamic finance, while also identifying potential regulatory and supervisory considerations arising from such practices.



DR. RIFKI ISMAL
ASSISTANT SECRETARY-GENERAL
ISLAMIC FINANCIAL SERVICES BOARD

H.E. DR. ZAMIR IQBAL
VICE PRESIDENT, FINANCE (CHIEF
FINANCIAL OFFICER)
ISLAMIC DEVELOPMENT BANK

DR. YAHIA ABDUL RAHMAN
CHAIRMAN AND CEO
LARIBA BANK OF WHITTIER

DR. HILAL HUSSAIN
TEAM LEADER (KNOWLEDGE SOLUTIONS)
ISDB INSTITUTE

The theme for IFSB Summit 2021 “Islamic Finance and Digital Transformation: Balancing Innovation and Resilience” focused on ways to foster innovation, technological adoption, accessibility, and sustainability in the Islamic financial system to boost its growth and development, as well as the policy implications arising from rapid digital transformation. The topics of discussion were:

SESSION 01

DIGITAL TRANSFORMATION OF ISLAMIC FINANCIAL SERVICES: OPPORTUNITIES, CHALLENGES AND POLICY IMPLICATIONS

Digital transformation is likely to bring about changes in how and by whom Islamic financial services are provided and how payments are made. These transformations bring significant benefits and opportunities for Islamic finance in the form of greater accessibility and convenience of Islamic financial services, faster speed of payment transactions and greater operational efficiency. However, it also challenges traditional models and market structures, and may present potential new risks and implications related to systemic financial stability. The session aims to discuss the benefits and opportunities for digital transformation of Islamic



H.E. RASHEED M. AL-MARAJ
GOVERNOR
CENTRAL BANK OF BAHRAIN

H.E. DR. REZA BAQIR
GOVERNOR
STATE BANK OF PAKISTAN

H.E. DR. PERRY MARJIYO
GOVERNOR
BANK INDONESIA

H.E. SADDEK OMAR ELKABER
GOVERNOR
CENTRAL BANK OF LIBYA

H.E. TAHIR SALIM ABDULLAH AL AMRI
EXECUTIVE PRESIDENT
CENTRAL BANK OF OMAN

SESSION 02

CYBER RESILIENCE OF ISLAMIC FINANCIAL INSTITUTIONS: CYBERSECURITY REGULATION AND SUPERVISORY PRACTICES

Cyberattacks have the potential to disrupt Islamic financial services and to endanger financial stability. Regulators need to keep up with the changing nature of cyber risk to Islamic financial institutions, including the evolving technologies. The session aims to discuss emerging risks and the regulatory and supervisory steps taken by Authorities to facilitate both the mitigation of cyber risk, as well as their effective response to, and recovery from cyberattacks, and highlight areas where further work is needed.



MR. OMAR MUSTAFA ANSARI
SECRETARY-GENERAL
ACCOUNTING AND AUDITING ORGANIZATION FOR ISLAMIC
FINANCIAL INSTITUTIONS (AAOIFI)

H.E. DR. FERAS MILHEM
GOVERNOR
PALESTINE MONETARY

H.E. ABU FARAH MD NASSER
DEPUTY GOVERNOR
BANK BANGLADESH

H.E. AISHAH NDANUSA AHMAD
DEPUTY GOVERNOR
CENTRAL BANK OF NIGERIA

SESSION 03

CRYPTO-ASSETS AND THEIR IMPLICATIONS FOR ISLAMIC FINANCE: ONGOING WORK, REGULATORY APPROACHES AND POTENTIAL GAPS

Panel Session on Crypto-assets and their Implications for Islamic finance: Ongoing Work, Regulatory Approaches and Potential Gaps.



SESSION 04

FINTECH AND ISLAMIC FINANCIAL SERVICES: MARKET DEVELOPMENTS AND EFFECTIVE REGULATORY APPROACHES

Technological innovation presents great potential and opportunities for the provision of Islamic financial services. New entrants and innovations in Islamic financial technology (FinTech) along with the associated increase in competition and diversity, could also potentially create a more efficient and resilient Islamic financial system. At the same time, there could also be new implications and risks for financial stability and for regulatory oversight that need to be considered. The session aims to discuss significant market developments in FinTech in the Islamic financial services industry, and the different regulatory approaches and practices that have been applied by jurisdictions and their effectiveness, as well as the challenges and trade-offs in terms of balancing the need to encourage and promote innovation in financial technologies with the need to maintain resilience and financial stability.



SESSION 05

EFFECTIVE USE OF SUPERVISORY AND REGULATORY TECHNOLOGY BY AUTHORITIES AND REGULATED ISLAMIC FINANCIAL INSTITUTIONS

SupTech and RegTech have the potential to improve supervision, surveillance, and enforcement by regulatory and supervisory authorities, and reporting and compliance by regulated Islamic financial institutions, which can in turn strengthen the resilience of the Islamic financial system. However, the effective use of such tools requires consideration of a number of things, including the need for strong governance frameworks, skilled human oversight, as well as common data standards to improve data collection, among other things. The session aims to discuss current best practices and challenges and the factors that can improve the effective implementation and utilisation of SupTech and RegTech.



CHAIRMAN
H.E. DR. ZAMIR IQBAL
VICE PRESIDENT, FINANCE (CHIEF
FINANCIAL OFFICER)
ISLAMIC DEVELOPMENT BANK



DR. NOURAN YOUSSEF
SENIOR FINANCIAL SECTOR SPECIALIST
ARAB MONETARY FUND (AMF)

H.E. DR. ZAMIR IQBAL
VICE PRESIDENT FINANCE AND
CHIEF EXECUTIVE OFFICER
ISLAMIC DEVELOPMENT BANK

H.E. DR. YAKUP ASARKAYA
SECOND CHAIRMAN
BANKING REGULATION AND SUPERVISION
AGENCY, REPUBLIC OF TURKEY

DR. BASHIR ALIYU UMAR
DEPUTY CHAIR, FINANCIAL
REGULATION ADVISORY COUNCIL
OF EXPERTS
CENTRAL BANK NIGERIA



PROF. VOLKER NIENHAUS
CONSULTANT
IFSB

SESSION 06

EFFECTIVE USE OF SUPERVISORY AND REGULATORY TECHNOLOGY BY AUTHORITIES AND REGULATED ISLAMIC FINANCIAL INSTITUTIONS

Digital innovation and technological solutions have the potential to increase the reach of Islamic financial services to unbanked or underbanked populations, as well as SMEs. It can play a pivotal role in closing the gap in financial inclusion and improving access to Islamic financial services. Coordinated governmental and regulatory action can also help encourage and facilitate the adoption of technology to better mobilise Islamic social finance instruments. The session aims to discuss opportunities and potential strategies to facilitate innovation and adoption of digital finance and financial technologies by Islamic financial institutions to target underserved individuals and SMEs, for more inclusive growth of Islamic finance.



CHAIRMAN
DR. SAMI AL SUWEILAN
ACTING DIRECTOR-GENERAL
THE ISLAMIC DEVELOPMENT BANK
INSTITUTE



DR. AAMIR A. RAHMAN
SENIOR ADVISOR ON ISLAMIC FINANCE
UNITED NATIONS DEVELOPMENT
PROGRAMME (UNDP)



MR. FRANCESCO DI SALVO
SENIOR FINANCIAL SECTOR
SPECIALIST
THE WORLD BANK



DR. SAMI AL SUWEILAN
ACTING DIRECTOR-GENERAL
THE ISLAMIC DEVELOPMENT
BANK INSTITUTE



MR. SAUD AL BUSAIDI
DEPUTY CHAIRPERSON,
TECHNICAL COMMITTEE
IFSB



MR. NIK KAMARUN
SENIOR MANAGER, SME FINANCE
ALLIANCE FINANCIAL INCLUSION
(AFI)

SESSION 07

ACHIEVING SYNERGY BETWEEN DIGITAL ISLAMIC FINANCE AND SUSTAINABILITY

Environmental, social, and governance (ESG) factors, which have become an important part of investment decisions, share a common thread with the values and principles of Islamic finance and provide opportunities for Islamic finance to play a role in the transition to more sustainable economies. Technologies such as blockchain, artificial intelligence, mobile technology and other existing and emerging technologies can be structured to integrate sustainability into Islamic financial products and services. The session aims to discuss the opportunities and strategies for Islamic financial institutions as well as policy makers to achieve synergies between ESG objectives and digital finance



CHAIRMAN

DR. BELLO LAWAL DANBATT
SECRETARY-GENERAL
ISLAMIC FINANCIAL SERVICES BOARD
(IFSB)



DR. BELLO LAWAL DANBATT
SECRETARY-GENERAL
IFSB

MR. HENK HOOGENDOORN
MANAGING DIRECTOR
QATAR FINANCIAL CENTRE AUTHORITY

MR. SYED SAMAR HUSNAIN
EXECUTIVE DIRECTOR, DEVELOPMENT
FINANCE GROUP
STATE BANK OF PAKISTAN.

DR. YAHIA ABDUL-RAHMAN
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
LARIBA BANK OF WHITTIER.

THE IFSB
SECRETARIATS AT
THE SUMMIT
2021



قمة مجلس
الخدمات المالية
الإسلامية
الخامسة عشرة
15th IFSB SUMMIT



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2022-2024 STRATEGIC PERFORMANCE PLAN

The Council of the Islamic Financial Services Board (IFSB) approved the new Strategic Performance Plan (SPP) 2022 – 2024 that aims to expand and strengthen the IFSB's work plan in response to increasing aspirations and expectations of IFSB members, and to meet the demands in supporting the growth, resilience, and stability of the Islamic financial services industry (IFSI) amidst the evolving global financial industry challenges. The SPP 2022-2024 continue to focus on the following four Strategic Key Result Areas (SKRAs):

SKRA 01

FORMULATION AND ISSUANCE OF PRUDENTIAL STANDARDS, RESEARCH, AND STATISTICS

Maintains the focus of SKRA 1 on the IFSB's Standards, Research and Statistics Agenda and all the outputs under this SKRA are under the oversight of the Technical Committee.

KEY EXPECTATIONS FOR THE 2022-2024 PERIOD:

01

Issuance of 2 standards, technical notes or guidance notes annually

02

Publication of 3 research and 1 staff paper annually

03

Issuance of 3 standards translation for each language; Arabic, French and Russian

04

Maintain the annual publication of the IFSI Stability Report

05

Revamping of the PSIFIs data compilation guideline annually

GREATER FOCUS ON QUALITY — THE NEW SPP INCREASES THE EMPHASIS ON THE QUALITY OF STANDARDS DEVELOPMENT, DATA AND INFORMATION, RESEARCH AND IMPLEMENTATION ACTIVITIES, OVER THE QUANTITY OF OUTPUTS.

SKRA
02**FACILITATING THE IMPLEMENTATION OF PRUDENTIAL STANDARDS AND CAPACITY DEVELOPMENT**

Maintains the focus of SKRA 2 on facilitating the Implementation of the IFSB's Standards and Guidelines in member jurisdictions.

- Enhances the focus on the monitoring and assessment of implementation in member jurisdictions.
- Increases and expands cooperation with member RSAs, predominantly Council members, on implementation efforts and initiatives.
- Promotes the implementation agenda to be on the work agenda of member international organisations with common mandates.
- All the outputs under this SKRA are under the oversight of the Technical Committee.

KEY EXPECTATIONS FOR THE 2022-2024 PERIOD:**01**

Increase the number of country/regional workshops for member RSAs

02

Improve the IFSB E-learning portal by enhancing content and increasing promotion

03

Introducing experience-sharing sessions

04

Development of a template for new IFSB standard

05

Supporting international cooperation and coordination on emerging issues, e.g. climate change related financial risks etc.

GREATER INDUSTRY IMPACT — THE NEED FOR ENHANCEMENTS TO THE IFSB'S IMPACT IN THE INDUSTRY BASED ON ITS OUTPUTS, ACTIVITIES, ENGAGEMENTS WITH ALL STAKEHOLDERS IS THE SECOND MOST IMPORTANT FOCUS OF THE NEW SPP.

SKRA
03**INCREASING VALUE IN THE IFSB MEMBERSHIP, GLOBAL VISIBILITY, AND ATTRACTIVENESS**

SKRA 3 highlights the participation and engagement by member countries while ensuring continuous engagement and timely communication with members. It also aims to increase the visibility of the IFSB, thus bringing forth the value of the IFSB membership.

A key impact of this SKRA will be seen in the intangible and long-term benefits to the IFSB, in terms of increased credibility in the international arena.

The focus of international collaboration in this SPP is to further strengthen the collaboration with member countries and strategic partners, because greater engagement will certainly influence the sustainability of the IFSB.

KEY EXPECTATIONS FOR THE 2022-2024 PERIOD:**01**

Enhancements in membership engagement is aimed at providing more value to the members and increasing their satisfaction with interaction with the IFSB.

02

Platform for cooperation on digitalisation of the global IFSI.

03

Members and potential member's outreach through more emphasis on high-level meetings.

04

Enhancing communication channels by increased presence in social media, such as LinkedIn, Twitter and Facebook.

05

To produce a 'Stakeholder Engagement Plan' as an outcome from the Benchmarking Analysis Exercise.

06

Introduction of new output to further strengthen the members' engagement and post-cooperation survey with host countries

GREATER ENGAGEMENT WITH MEMBERS AND INDUSTRY — TO PROVIDE VALUE-FOR-MONEY FOR IFSB MEMBERSHIP, AND TO ENHANCE COLLABORATION WITH THE INDUSTRY IN ACHIEVING THE IFSB'S MANDATE, IS ONE OF THE KEY FOCUS AREAS OF THIS SPP.

SKRA
04

EFFICIENT MANAGEMENT OF RESOURCES WITH GOOD CORPORATE GOVERNANCE PRACTISES

SKRA 4 retains the Finance and Administrative, Human Resource and Strategic Planning, with the support of a Transformation Officer in transforming the IFSB to be at par with other international organisations.

It retains the monitoring and reporting on the overall strategic, financial, human and administrative resource matters to the management and stakeholders.

SKRA 4 aims to strengthen the IFSB's going concern, internal governance, operational procedures and internal controls, which will in turn result in increased efficiency, effectiveness and productivity.

KEY EXPECTATIONS FOR THE 2022-2024 PERIOD:

01 &
02

- Focus on strengthening and streamlining internal procedures and work processes over the SPP period for increased efficiency
- Efficient management of financial and human resources

§ 03
04

- Enhancements in the organisational performance monitoring and reporting
- Exercise to realign staff job descriptions and roles is planned to facilitate the delivery of the SPP targets

05 &
06

- Cascading key performance indicators (KPIs') into Individual Performance Indicators (IPI)
- Cost-effectiveness is expected to increase over the SPP period

§ 07
08

- E-Quarterly report to the Executive Committee
- Introduction of the Annual Report in line with the recommendations of the benchmarking exercise

09 &
10

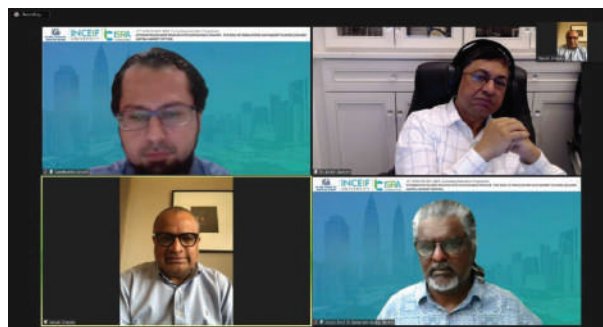
- Enhancing the corporate culture of inclusiveness and transparency for a better work environment in line with principal accountabilities
- Increase the issuance of PSIFIs data from 3 to 4 disseminations annually

GREATER SUSTAINABILITY IN FINANCIAL AND HUMAN RESOURCES — IT ASSESSES THE FINANCIAL RESOURCES AND QUALITY OF HUMAN CAPITAL NEEDED TO EXECUTE THE 3-YEAR SPP, WHICH INCLUDES A STUDY OF THE IFSB'S FUNDING STRATEGIES, 3-YEAR BUDGET FORECAST AND MANPOWER REQUIREMENTS FOR GREATER PRODUCTIVITY AND EFFICIENCY

JANUARY - MARCH 2022 EVENT HIGHLIGHTS AND WORKSHOPS

The 15th IFSB - INCEIF/ISRA Consulting Executive Programme: Integrating Islamic Finance into Sustainable Finance: The Role of Regulators and Market Players (Islamic Capital Market Sector)

The programme brought forth substantial insights shared by prominent speakers, Vasuki Shastry on The Roles of Islamic Capital Market In Accelerating the Sustainable Finance, Baharom Abdul Hamid on Integrating Islamic Social Finance Instrument for Sustainability Agenda, and M. Kabir Hassan discussed on Social Sukuk & its Roles in The Sustainable Finance.



Panellists Prof. Dr. Kabir Hassan, Mr. Vasuki Shastry, and Assoc. Prof. Dr. Baharom Abdul Hamid delivered their topics with Sarafuddin Abd Sayid Sowell as the moderator for The 15th IFSB - INCEIF/ISRA Consulting Executive Programme: Integrating Islamic Finance into Sustainable Finance: The Role of Regulators and Market Players (Islamic Capital Market Sector).

FIS Workshop on the "Core Principles for Effective Islamic Deposit Insurance Systems" (CPIDIS).

CPIDIS is a mutual standard between IFSB & IADI - International Association of Deposit Insurers issued in 2021. The standard covered topic related to Islamic deposit insurance such as public policy objectives, governance, relations with other safety net participants, cross-border issues, coverage, public awareness among other topics. It also addressed specificities of Islamic deposit insurance & key considerations for Investment Accounts.



The IFSB Secretariats Dr. Mhd Osama Alchaar, Mr. Suhail Issa Al Zadjali, and Ms. Ainaiz Faizrahman facilitating the implementation of the IFSB Workshop on Core Principles for Effective Islamic Deposit Insurance Systems" (CPIDIS).

FIS Workshop with National Insurance Commission Nigeria (NIACOM) and in collaboration with Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

The 3-days hybrid workshop that was held from 29 to 31 March 2022, focused on reporting requirements for *takaful* insurance operators that covers an in-depth discussion on the Segmentation in Accounts Presentation & Reporting, Disclosure of Accounting Policies, Shariah Compliant Investment & the Reporting of Expenses/Income, Illustrative Financial Statements & Regulatory Requirements.



The participants for FIS Workshop with National Insurance Commission Nigeria (NIACOM) in collaboration with Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

FIS Workshop Virtually with Securities Exchange Commission of Pakistan (SECP) on 16 to 17 March 2022.

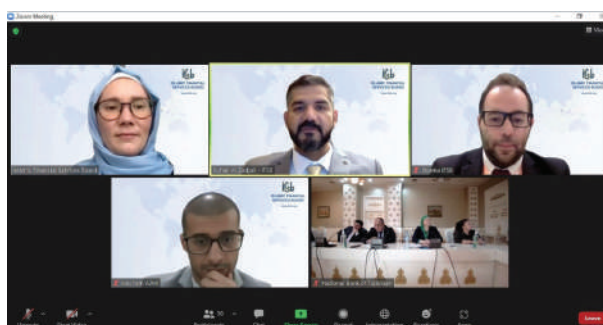
The 2-day workshop focused on 2 IFSB Standards on Investors Protection & Disclosure Requirements for Islamic Capital Market; Standards IFSB-24 & IFSB-19 respectively. Mr. Bilal Rasul on behalf of SECP, in his opening remarks was honored to benefit from this exclusive workshop & reaffirms IFSB's role as the binding force of all Islamic Finance around the world - which fortifies SECP Islamic Finance Department's passion, aggressiveness & progressiveness about furthering the Islamic Finance in Pakistan.



Mr. Bilal Rasul delivered his opening remarks on behalf of the Securities Exchange Commission of Pakistan (SECP).

FIS Workshop for National Bank of Tajikistan : Effective Capital Adequacy Regulatory Framework Supervisory and Regulatory Jurisdiction

The 3-day virtual workshop focused on IFSB-15 Standard – 'Revised Capital Adequacy Standard for Institutions Offering Islamic Financial Services (IIFS)'. The IFSB-15 Standard is a comprehensive enhancement of the originally published IFSB-2 standard in 2005, in line with contemporary global CA standards as introduced by Basel III documents. IFSB-15 sets out the minimum CA requirements for both credit & market risks for each of the Shari' ah-compliant financing & investment instruments.



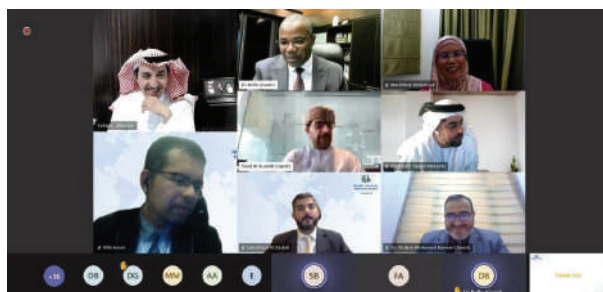
The IFSB Secretariats Ms. Ainaz Faizrahman, Mr. Suhail Issa Al Zadjali, Dr. Mhd Osama Alchaar, Dr. Hechem Ajmi, and the representatives from National Bank of Tajikistan during the FIS Workshop on Effective Capital Adequacy Regulatory Framework Supervisory and Regulatory Jurisdiction.

JANUARY - MARCH 2022 : MEETINGS UPDATE

56th Meeting of the Technical Committee

56th Technical Committee meeting on 24 March 2022, chaired by H.E. Dr. Fahad Ibrahim Al Shathri – Deputy Governor for Supervision, of Saudi Central Bank (SAMA) and assisted by Saud Al Busaidi of Central Bank of Oman.

The Technical Committee is responsible for advising the IFSB Council on technical issues and provides guidance to the IFSB Secretariat, to steer the direction of the IFSB's technical work agenda in line with IFSB's mandate to ensure the soundness and stability of the Islamic financial services industry.



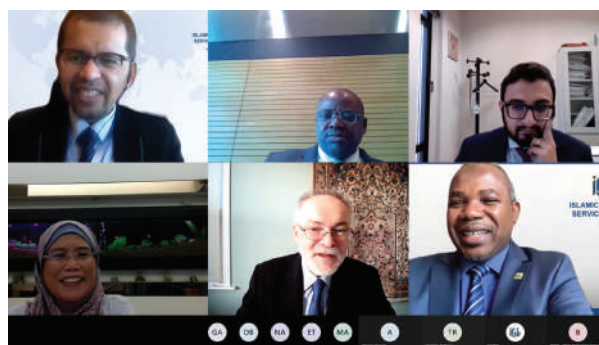
The IFSB Technical Committee Chairman H.E. Dr. Fahad Ibrahim Al Shathri (Saudi Central Bank), Dr. Bello Lawal Danbatta (IFSB), Mrs Madelena Mohamad (Bank Negara Malaysia), Mr. Saud Al Busaidi (Central Bank of Oman), Mr. Abdulaziz Saud Al-Mualla (Central Bank of the United Arab Emirates), Dr. Rifki Ismail (IFSB), Mr. Suhail Issa Al Zadjali (IFSB), and Dr. Shaban Mohamed Islam (IFSB) and others during the 56th Meeting of the Technical Committee.

JANUARY - MARCH 2022 : TECHNICAL UPDATES

7th Working Group Meeting on Revised Solvency Requirements for Takāful/Retakāful Undertakings

The 7th Working Group (WG) meeting of the Revised Standard on Solvency Requirements for *takāful* (RSSRT) was held on 9 March 2022. The purpose of the 7th Working Group meeting was for members to deliberate on the outcomes of the public consultation that took place between 20 December 2021 and 10 February 2022. During the period, the Secretariat received a total of 98 comments from 12 institutions and individuals.

The Secretariat reviewed all the comments, feedback and suggestions, and took actions to amend the Exposure Draft (ED-28) based on 57 comments. At the WG meeting, members and Consultation discuss exhaustively on paragraphs and texts where actions were taken to revise the ED-28 in response to public comments that required actions. Resolutions and recommendations were made on each paragraph of the draft. In line with the due process, the revised ED-28 draft from 7th WG meeting are presently being translated to Arabic text in preparation for Arabic Editing Committee. The Arabic text will be reviewed before the draft is submitted for 2nd Shariah Board review, subsequently, to the IFSB Technical Committee for approval to submit to the Council for final adoption.



Dr. Rifki Ismail (IFSB), Dr. Dauda Adeyinka Asafa (IFSB), Mr. Muhammad Umair Husain (Islamic Development Bank), Ms. Madelena Mohamad (Bank Negara Malaysia), Mr. James Smith (Consultant), Dr. Bello Lawal Danbatta (IFSB), and others deliberating the outcomes of the public consultation.

Working Group 7: Revised Solvency Requirements for Takāful/Retakāful Undertakings (August 2020 - Current)

Chairperson:

Mrs. Madelena Mohamed – Bank Negara Malaysia

Deputy Chairperson:

Hjh. Rafezah binti Hj. Abd Rahman – Brunei Darussalam Central Bank (until 28 July 2021)

Mr. Muhammad Shukri bin Haji Ahmad – Brunei Darussalam Central Bank (from 29 July 2021)

Members:

Mr. Muhammad Umair Husain - Islamic Development Bank

Ms. Elham Ebrahim Ali Taleb - Central Bank of Bahrain

Ms. Mona Haliza Haji Zakariah - Brunei Darussalam Central Bank

Ms. Doaa Shaker Mahmood (from 3 December 2020) - Central Bank of Iraq

Ms. Nurul Iman Azwan - Bank Negara Malaysia

Mr. Amadi Cyprian - National Insurance Commission, Nigeria

Ms. Fatima Abdulrahim - National Insurance Commission, Nigeria

Ms. Ghadeer Almotairy - Saudi Central Bank

Mr. Abdulrahman N. Alohal - Saudi Central Bank

Mr. Tauhidur Rahman - Islamic Corporation for the Insurance of Investment and Export Credit

* Names in alphabetical order of the country the member's organisation represents, except international organisations, which are listed first.

Consultant:

Mr. James Smith, United Kingdom

Project Managers:

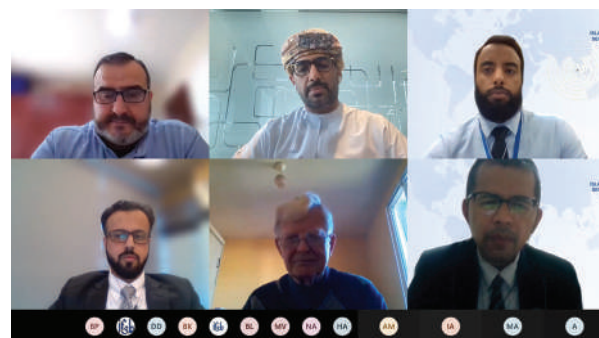
Dr. Ahmad AlRazni AlShammari (until 21 Jan 2021)

Dr. Dauda Adeyinka Asafa

5th Task Force Meeting of Technical Note on Shariah-Compliant Liquidity Management Tools

The IFSB held the 5th Task Force Meeting of Technical Note on Shariah-Compliant Liquidity Management Tools on 28 February 2022. The purpose of the TN is to enumerate and describe the various Shari'ah Liquidity Management Tools available or potentially available to Institutions offering Islamic financial services, and to evaluate them in order to provide guidance on their use.

The main objectives of the 5th meeting are to discuss the revised preliminary exposure draft (RPED) and get Task force members approval to recommend the draft for IFSB's Technical Committee's approval to present the draft for the first Shari'ah review by the IFSB's Shari'ah Board. During the meeting the members had provided their inputs and comments on the RPED and approved the submission of the draft for the Technical Committee's approval to proceed for the first Shari'ah board review.



Dr. Shaban Mohamed Islam (IFSB), Mr. Saud Al Busaidi (Central Bank of Oman), Dr. Ahmed Mohamed Mokhtar (IFSB), Mr. Ahmed Nasser Al Aamri (IFSB), Professor Simon Archer (Consultant), and Dr. Rifki Ismail (IFSB) and others on the 5th Task Force Meeting revising the preliminary exposure draft.

Technical Note On Shari'ah-compliant Liquidity Management Tools (August 2020 - Current)

Chairperson: Dr. Jardine Husman – Bank Indonesia

Deputy Chairperson: Mr. Saud Al Busaidi – Central Bank of Oman

Members

Mr. Abozer Mohamed - Islamic Development Bank

Mr. Md Rabiul Karim - Bangladesh Bank

Ms. Siti Arina binti Hj. Mohd. Amin Liew - Brunei Darussalam Central Bank

Ms. Yuri Fathia Zumara (until 11 May 2021) - Bank Indonesia

Ms. Dahmila Dahlan (from 12 May 2021) - Bank Indonesia

Mr. Hussein Ridha Mahdi Al-Anssari - Central Bank of Iraq

Mr. Islam Khalil Mohammad Al-Qassas - Central Bank of Jordan

Mr. Bilal Mohd Parid - Bank Negara Malaysia

Mr. Mohammed Hamisu Musa - Central Bank of Nigeria

Ms. Maryam Abdullah Mohammed Al Shidi - Central Bank of Oman

Mr. Rayan Alkheraigi (until 23 August 2021) - Saudi Central Bank

Mr. Hamad Abdulaziz Al Jaad (from 24 August 2021) - Saudi Central Bank

Mr. Nasser Alzallal - Saudi Central Bank

** non IFSB-Members

* Names in alphabetical order of the country the member's organisation represents, except international organisations, which are listed first.

Consultant: Professor Simon Archer

Project Managers: Mr. Sani Tazara Muhammad (until 2 Jan 2021), Mr. Mohamed Omer Elamin Abbasher (until 31 August 2021), Mr. Ahmed Nasser Al Aamri (current).

2nd Working Group Meeting of the Revised Guiding Principles on Corporate Governance for Institutions offering Islamic Financial Services [Banking Segment]

RCG Standard aims to revise IFSB-3 on Guiding Principles on Corporate Governance for Institutions offering only Islamic Financial Services [excluding Islamic Insurance (*takāful*) Institutions and Islamic Mutual Funds].

The main agenda of the 2nd WG was discussing the Initial Study Report (ISR) and draft survey before its circulation to the relevant respondents. There are 16 issues in the ISR which are adopted from BCBS Principles on Corporate Governance (2015), IFSB-3 (2006) and the remaining two issues are concluded during the 1st WG meetings to include sustainability issues and cyber resilience.



Dr. Salisu Baligo Garba (Nigeria Deposit Insurance Corporation), Mr. Faisal Al Raisi (Central Bank of Oman), Mr. Ömer Çekin (Banking Regulation and Supervision Agency of Turkey), Dr. Bello Lawal Danbatta (IFSB), Ms. Cindhi Cintokawati (IFSB), Dr. Rifki Ismail (IFSB), Ms. Atty Normina M. Datudacula (Bangko Central ng Philipines), Dr. Shaban Mohamed Islam (IFSB), Professor Dato' Dr. Mohd Azmi Omar (Consultant) discussed the Initial Study Report (ISR) and draft survey before its circulation to the relevant respondents.

7th Meeting of the Technical Note on Recovery and Resolution Plan for Institutions offering Islamic Financial Services (IIFS)

The 7th meeting of the TF of TNRR was held on 7 February 2022 via online which discussed primarily the comments from the public consultation and to finalise the Revised Exposure Draft (RED) of the standard. The Secretariat received about (100) comments which were mainly editorial. Many definitions and explanations for some terms were added. Other types of comments are the generalisation of some paragraphs and incorporation of different Islamic finance practices across jurisdictions. Comments were reviewed and discussed by TF, then the TF provided a number of suggestions for revising the text. Accordingly, the text has been revised and amended. The TF members resolved that the Secretariat can proceed to produce the revised ED be referred to the Shari'ah Board to vet the compliance of the document with Shari'ah rules and principles (second Shari'ah review).



Mr. Mohamed Omer Elamin Abbasher (IFSB), Dr. Bello Lawal Danbatta (IFSB), Dr. Rifki Ismail (IFSB), Dr. Ali Abusalah Elmabrok (Central Bank of Libya), Dr. Ali Chreif (Banque du Liban) and others addressing the comments from the public consultation and to finalise the Revised Exposure Draft (RED) of the standard.

2nd Working Group Meeting on Conduct of Business and its Prudential Supervision in Takāful Standard

The Project, Conduct of Business Supervision in *Takāful* Undertakings (CBST), aims to provide a comprehensive supervisory guidance related to the supervision of conduct of business as well as related conduct risks in *Takāful* Undertakings in order to strengthen the supervisory framework and practices. On 27 January 2022, the working group has attended the 2nd working group where they discussed the documents (Initial Study Report and Survey Questionnaires) and presentation prepared by the Project Manager and provided their feedback on key areas of the standard as well as agreed on conducting a survey to understand the practice of supervisors and market players from different jurisdictions.



Public Hearing on the ED-28 : Revised Standard on Solvency Requirements for *Takāful*/Retakāful Undertakings

ED-28 is closely aligned to the text of the Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors' (IAIS) Insurance Core Principles (ICPs) and follows a structure similar to that of the relevant ICPs. However, it is expressed in terms of a typical *takāful* (Islamic Insurance) Undertakings' (TUs) hybrid corporate model to address the specificities of a TU. This approach is intended to ensure consistency in the outcome of solvency framework for TUs with those established for conventional insurance, in line with the following objectives:

- to protect the interests of *takāful* participants by setting a high probability that a TU would be able to meet all its contractual obligations and commitments;
- to encourage early warning systems permitting proportionate supervisory intervention and corrective action, and avoiding procyclical effects; and
- to foster confidence among the general public – in particular, *takāful* participants – in the financial stability of the *takāful* sector.



6th Joint Working Group Meeting IFSB-AAOIFI Revised Guiding Principles on Shari'ah Governance Framework for Institution Offering Islamic Financial Services

The aim of this joint IFSB-AAOIFI standard is to provide a revised set of Guiding Principles on the key components of a sound and effective Shari'ah governance framework for Institutions offering Islamic Financial Services (IIFS).

This standard applies to IIFS (including Islamic windows) in the Islamic banking, *takāful* (Islamic insurance) and Islamic capital market sectors. RSAs may choose to apply this standard to other IIFS in their jurisdictions. The standard adopts a principle-plus-rule approach that provides a comprehensive set of Shari'ah governance practices for implementing each principle.



Mr. Sohaib Umar (Central Bank of Bahrain), Mr. Omar Mustafa Ansari (AAOIFI), Dr. Abdulbari Meshal (Raqaba), Mr. Abdulaziz Al Mualla (Central Bank of the United Arab Emirates), Dr. Rifki Ismail (IFSB), Dr. Saad Bakkali (Central Bank of the United Arab Emirates) and others refining the IFSB-AAOIFI Revised Guiding Principles on Shari'ah Governance Framework for Institution Offering Islamic Financial Services.

THE IFSB FAMILY

MONTHLY STAFF GENERAL MEETING

Members of the IFSB Secretariat convenes virtually together once a month to discuss and address any internal contemporary issues, while staying connected with each other.



IFSB ANNUAL DINNER, GROUP TRAINING AND TEAM BUILDING 2021

In line with the SKRA 4, Enhanced Productivity and Effectiveness in Operations and Staff Engagement Activities, IFSB pledge to be at par with other international organisations. SKRA 4 aims to strengthen the IFSB's going concern, internal governance, operational procedures and internal controls, which will, in turn, result in increased efficiency, effectiveness and

CYBERVIEW RESORT & SPA
28 NOVEMBER 2021 TO
1 DECEMBER 2021



PUBLICATIONS AND RESEARCH PAPERS



WORKING PAPER SERIES

WP-23 : Assessing The Effectiveness of Covid-19 Policy Responses in the Islamic Banking Industry

WP-22 : Assessing The Effectiveness of the Covid-19 Policy Responses in the Takaful Industry

WP-21 : Assessing The Effectiveness of the Covid-19 Policy Responses in the Islamic Capital Market

WP-17 : The Role of Social Impact Sukuk in the Recovery Phase of the Covid-19 Pandemic Effectiveness of Macprudential Tools for Islamic Banking



REPORT

ISLAMIC FINANCIAL SERVICES INDUSTRY STABILITY REPORT 2021

Key highlights of the IFSI Report 2021 include:

- The Islamic banking segment retained its dominance in the global IFSI. The domestic market share for Islamic banking in relation to the total banking segment continued to increase in at least 23 countries, among the 36 jurisdictions covered in the IFSI Stability Report 2021.
- The Islamic banking segment's performance grew by 4.3% in 2020, compared to 12.4% in 2019. As at 3Q20, the Islamic banking segment accounts for 68.2% (72.4% in 2019) of the total value of IFSI assets, the declining share being mainly due to increased prominence of the ICM segment.
- The ICM sector as at end of 2020 accounts for 30.9% of the global IFSI assets on the back of a positive performance due to the sovereign and multilateral Sukūk issuances in key Islamic finance markets.
- Islamic funds also recorded a noteworthy growth of 31.9% in terms of the total value of assets under management, while the Islamic equity markets also rebounded in the later part of 2020 after the initial shock and volatility in 1Q20 due to the outbreak of COVID-19 pandemic.
- The share of global *takaful* industry in the global IFSI declined marginally to 0.9% with a -14.8% growth y-o-y mainly due to the exchanged rate used for some member jurisdictions.



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AND RESEARCH PAPERS**

2022 IFSB MEETINGS AND UPCOMING EVENTS

MEETING

13 APRIL 2022

7th Meeting of the Executive Committee

09 JUNE 2022

40th Meeting of the Council

20th General Assembly

EVENT

26 MAY 2022

**IFSB Roundtable on Exposure Draft GN-8: Guidance
Note on Deepening the Islamic Capital Markets**

WORKSHOP

14 APRIL 2022

**FIS workshop - IFSB-26: Core Principles for Islamic
Finance Regulation (Financial Market
Infrastructures)**

23 MAY 2022

**FIS workshop - IFSB-23 (Revised Capital Adequacy
Standard for IIFS)**

27 JUNE 2022

FIS Workshop for The Bangko Sentral Ng Pilipinas



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