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**FOR IMMEDIATE RELEASE: X December 2023**

**The IFSB Publishes Four New Frequently Asked Questions (FAQs) on Key Standards**

**Kuala Lumpur, X December 2023** - The IFSB today published answers to selected frequently asked questions (FAQs) on four IFSB standards and guidelines, relating to Risk Management for Institutions, Conduct of Business and Supervisory Review Process for Institutions Offering Islamic Financial Services and Retakāful.

The new set of FAQs is a continuation of previous sets aimed 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.

The latest FAQs cover the following standards:

* **IFSB-1 Guiding Principles of Risk Management for Institutions (other than Insurance Institutions) Offering Only Islamic Financial Services**
* **IFSB-9 Guiding Principles on Conduct of Business 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] Institutions and Islamic Collective Investment Schemes)**
* **IFSB-18 Guiding Principles for Retakāful (Islamic Reinsurance).**

Dr. Bello Lawal Danbatta, the Secretary-General of the IFSB, underscores the pivotal role of ongoing technical support, “The newest set of FAQs represents our continuous commitment to fortifying the implementation of IFSB standards across member jurisdictions. We are optimistic that our unwavering dedication to this endeavour will foster a nuanced understanding of IFSB Standards while further empowering member jurisdictions, enabling them to adeptly integrate these guidelines in alignment with the principles of Islamic finance.”

Highlights of FAQs:

* IFSB-1 provides a brief explanation of how Institutions offering Islamic Financial Services (IIFS) manage various risks, including those arising from the economic and political environment, Shari’ah compliance across jurisdictions, risk transformation, trade finance, equity instruments, Shariah-compliant hedging, syndicated financing, operational deficiencies, and reputational risk. The FAQ also outlines the areas requiring heightened attention.
* IFSB-9 summarises rationales, pro-cons, critical areas, and operating mechanisms, as well as detection and assessment, which are useful for reaching the expected business conduct of IIFS. It further reinforces the standard applicability to all sectors (banking, capital market, takaful, including ‘windows’) and organisational layers (from top management to staff including outsourced functions, irrespective of background).
* IFSB-16 provides condensed key elements of the supervisory review process standard, which include capital adequacy and other prudential measures, governance (including Shari’ah governance), risk management, and internal controls, with special reference to the Islamic specifics. It also provides brief answers to implementing the standard in various levels of industry development and across jurisdictions.
* IFSB-18 spotlights questions and answers prominent in implementing the standard, among others: governance, risk management, surplus treatment, transparency, and supervision. Notably, it underscores the principle-based approach of IFSB standards, offering flexibility aligned with unique regulatory considerations while upholding Islamic financial principles.

The above FAQs also highlight the integrative approach to implementing IFSB standards, emphasising the need to read each standard in conjunction with others. This includes reference to the newest standards (e.g. IFSB-23 and IFSB-28 for revised capital adequacy or solvency), guiding the readers in referring to the latest, and more prudent, standards.

The IFSB welcomes enquiries, suggestions, and comments for improvement of the FAQs toward providing more clarity on the standards. Comments and suggestions may be sent to implementation@ifsb.org. These FAQs are available for free download on the IFSB website, under the ‘Standards Development’ section at [www.ifsb.org](http://www.ifsb.org).

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***About the Islamic Financial Services Board (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.*

*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, please visit* [***www.ifsb.org***](http://www.ifsb.org)