

Exclusive Report

“4th International Conference and Exhibition on Islamic Banking and Takaful”



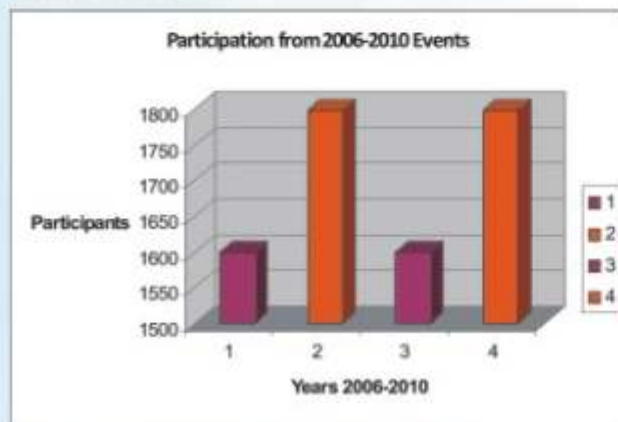
AlHuda Centre of Islamic Banking and Economics (AlHuda-CIBE) again showed their strength by organizing the “4th International Conference and Exhibition on Islamic Banking and Takaful” on November 02, 2010 at Expo Centre, Lahore, Pakistan. A long awaited event which brought together the scholars and practitioners from all over the globe on platform on one day was organized in the most difficult time of the current period of almost a decade or so which effectively told the world that Pakistan is safe enough for big events. The event happened to be the largest of its kind annexed with two days post event specialized training workshops on Islamic Microfinance and Shariah

Standards. More than 2,000 participants were part of this mega event keen to learn and understand the views from learned Sharia’ah Scholars and Islamic Finance Experts who spoke to this international conference sharing their knowledgeable vision, sound grasps and eagle eyed comprehensions in their respective area of Islamic banking and finance. The worthy speakers flew in from 24 countries including USA, Malaysia, Indonesia, Mauritius, South Africa, Kenya, UAE, UK, Australia, Kuwait and Pakistan. In order to fulfill their commitments and aim to make the Islamic Banking a household name, Management of AlHuda-CIBE is determined to extend all efforts providing knowledge and awareness in Islamic banking and finance all around the globe. Whether that is in Pakistan or any other part of the world, after having organized International conferences on Islamic Banking and Finance in countries like South Africa, Kazakhstan, Afghanistan and previously three (3) consecutive international conferences on Islamic Finance and its allied areas within Pakistan, AlHuda-CIBE has successfully arranged “The 4th International Conference and Exhibition on Islamic Banking and Takaful” on

November 02, 2010 at Expo Centre, Lahore Pakistan. Numerous delegates from Islamic banking, Takaful companies, Islamic funds, industrialists, businessmen Lawyers and Sharia'ah Advisors and regulatory government functionaries took active part in the Conference. Respected Deputy Governor Banking, State Bank of Pakistan (SBP) Mr. Yaseen Anwar graced at this occasion to inaugurate the conference.

This conference provided practical insights into:

- Recognizing the significant developments in Islamic financial infrastructure such as legal, regulatory and supervisory frameworks
 - Achievements and development in Islamic Banking and Takaful globally
 - Islamic Financial Services Industry latest developments & direction trends
 - Demonstrating the flexibility in Islamic financial markets during the global financial crisis utilizing this platform effectively
 - Optimizing performance & ensuring spirit for Islamic banks & financial institutions to block the current market crisis
 - Assessing innovations in Islamic financial markets through effective growth of new products, development & research
 - A platform to discover best international and local success practices
 - Enhanced understanding of the Products and complexities in Islamic financial structures and the way it can act as leverage to your portfolio
 - Enhance the confidence on how your organization is positioned to meet challenges to be faced and to capitalize on the opportunities
 - Analyzing for sustainable growth of your institution in future endeavors
- Transfer the winning strategies from the leaders in Islamic finance industry



This 4th International Conference and Exhibition on Islamic Banking and Takaful proved to be a genuinely

learning oriented conference addressing strategies on Islamic banking and finance, Takaful, Sukuks and Islamic Microfinance Industry. This mega event proved itself an exciting networking opportunity for the major players within these sectors for the healthy growth of the entire market bringing it closer to the overall objective of making Islamic finance a comfortably acceptable mode of financial behavior.

- Conventional & Islamic Banks
- Takaful & Insurance Companies
- Islamic Mutual Funds
- Modarabas & Leasing Companies
- I.T System Providers
- Rating Agencies
- Consultants & Lawyers
- Investment Banks
- Asset Managers
- Local and Multinational Companies
- Real Estates & REITs.
- Financial Solution Providers

After the recitation from the Holy Quran, Mr. Hamad Rasool, Director Research AIHuda-CIBE delivered the Welcome Note. Mr. Hamad thanked the honorable chief guest learned speakers and the aspirant eager audience for coming to the venue. He highlighted the previous major events by AIHuda-CIBE and the milestones



Travelled which helped the organization flourish, and gain strong footings in the Islamic banking and finance industry not only in Pakistan but also all over the world. He also appreciated the organizing team and sponsors who enabled the event reach to the point of convention. The Chief Guest of the Conference Mr. Yaseen Anwar, Deputy Governor Banking, State Bank of Pakistan (SBP) delivering his Keynote speech congratulated Mr. Zubair Mughal, the CEO - AIHuda-CIBE for taking the initiative and bringing together the diverse group of speakers from around the world. He declared that AIHuda-CIBE is complementing the efforts of State Bank of Pakistan in

4th International Conference and Exhibition



creating awareness of Islamic banking and finance. He said that the Islamic banking is expected to reach an estimated USD 1,300 billion in the near future. At present more than 1,100 institutions are offering Islamic financial services across the globe which, coupled with the number of dedicated Islamic academics, legal, regulatory and supervisory institutions, providing a solid platform for the future growth and development of the Islamic finance industry. In Pakistan, the Islamic banking initiative was re-launched by SBP in



2001 as an alternate and parallel system to provide an option to the public to enable them choose the products to serve their needs. He said that year on year growth has been an impressive 39% and the share of assets and deposits of Islamic banking have increased to 667 branches and sub-branches now spread across Pakistan. He further added that one of the advantages available to Islamic banking is to offer financing on Musharakah and Modarabah basis in contrast to debt financing commonly undertaken by Conventional banking system. The use of Musharakah and Modarabah financing is expected to serve the underlying objectives of Islamic banking and finance on equitable and broad based distribution of profits and gains amongst the entrepreneurs, bankers and depositors.

Mr. Yaseen Anwar said that State bank of Pakistan fully recognize and appreciate the potential of Islamic banking to enhance the depth and breadth of banking system and to make it even more diverse and stable. The system carries the potential to compete with the conventional system and capitalizes on its own inherent strengths, avoiding replication of the conventional system. The development and promotion of the Islamic banking industry is an important component of our strategic goals and we are actively engaged with the industry as the regulator cum partner to catalyze and facilitate development of the industry on a sound footing. He announced that SBP intend to improve further the legal and regulatory



framework providing necessary support and flexibility to the industry and enhance its commercial viability.

Collaborative work with the local and international stakeholders is underway to solve the liquidity management problems faced by the Islamic banks as well as creating awareness by facilitating and arranging conferences with the stakeholders. Mr. Yaseen informed that they are working with the industry and academia to build HR capacity of the industry which presently is one of the key challenges faced by the industry. In the end, Mr. Yaseen Anwar paid tribute to AIHuda-CIBE and their management on organizing this international conference. He added that he is hopeful that the deliberations and discussions on the conference will help the industry in moving towards an inclusive growth and equitable distribution of gains to the entire economy.

Mr. Pervez Said, President and CEO, Dawood Islamic Bank Limited, Pakistan was the Guest of Honor on this conference. He appreciated AIHuda-CIBE and declared as matchless efforts to promote Islamic banking and finance around the world through different international conferences, training workshops, awareness seminars etc. He said that there is no other organization working for the development of the industry so far and the sole contribution of AIHuda-CIBE is visible. Mr. Pervez Said emphasized on recognition of AIHuda-CIBE by the government and Islamic Finance industry.

At the end of Inaugural session, Mr. Muhammad Zubair Mughal, CEO, AIHuda-CIBE, Pakistan, in his vote of thanks, showed his gratitude to the honorable chief guest, guest of honor, national and international speakers and the aspirant participants on joining the international conference. Mr. Zubair declared it as an



honor for AIHuda-CIBE to receive eminent appreciation from the noteworthy guests. He confirmed that AIHuda-CIBE has been organizing international conferences since 2006 without the support of government/NGOs or



any other distinguished funds/companies with the aim to disseminate knowledge in Islamic



banking and finance so that the audience could easily penetrate the benefits of this industry. He further admitted that we want to cater the needs

of the people being the resource organization to deliver the right and handful knowledge of the industry.

He said that apart from a series of international conferences organized in Pakistan from 2006 to 2010, AlHuda-CIBE have organized international conferences on Islamic banking and finance in Kazakhstan, South Africa and Afghanistan. Mr Zubair Mughal disclosed the upcoming agenda of conferences for 2011 in Mauritius, Bangladesh, Kenya, Sri Lanka and Pakistan.

Session I

Introduction to Islamic Finance: The first presentation was delivered by Prof. Dr. Khawaja Amjad Soeed, Principle, Hailey Collage of Banking and Finance, Punjab



transparency. Motivated by the enlightened guidance from State Bank of Pakistan, all Islamic Banks must follow that vision and mission. These aspects need to be indoctrinated in the minds of all stakeholders so that their efforts are

reflected in real life situation.

He said that there is three pronged Strategy for Islamic Banking in Pakistan:

- 1- Full fledged banks can be established in Pakistan.
- 2- Islamic Banks can set up their subsidiaries.
- 3- Stand-alone Islamic Banking branches opened by conventional banks in Pakistan.

Dr. Khwaja gave the following targets from SBP for 2012, as total of Islamic Banking industry is forecasted as Rs. 1 trillion, 12% share in the total banking industry and 1200 branches of Islamic Banks in next five years.

Dr. Nadeem M. Firoz, Professor, Montclair State University, USA gave his presentation on "Islamic Banking Satisfying their Customers".

Wrapping up the introductory session Mr. Pervez Said emphasized the need for learning's on basics by every businessman and the desk staff at all Islamic Banks. He undertook that development and promotion of the



University, Lahore. He gave his presentation on "Islamic Banking in Pakistan - Review and Progress". He said that the mission of Islamic banking in Pakistan is to promote and develop Islamic Banking industry in line with the best intersectional practices, ensuring Shariah compliance and

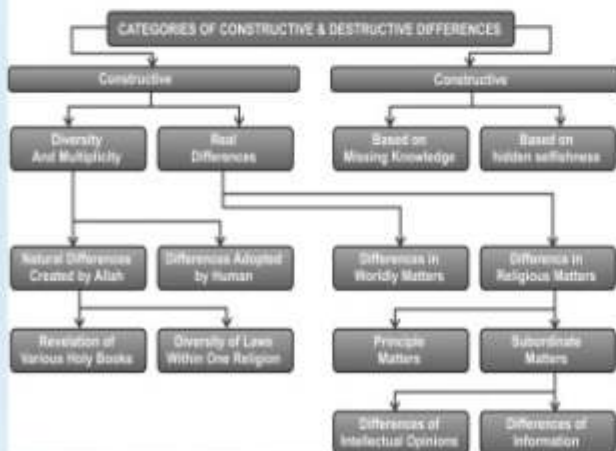
Islamic banking industry is an important component of our strategic goals again appreciated the efforts by AlHuda-CIBE in this regard and we are working on it. Mr. Zubair Mughal, CEO, AlHuda Centre of Islamic Banking and Economics Pakistan distributed souvenirs to the respected

chief guest and guest of honor.

Session II

Shariah Standards and Compliance: Dr. Muhammad Qaseem, Shariah Advisor, Dubai Islamic Bank Limited presented his paper on Ensuring Shariah Compliance in Islamic Banks. He focussed on Shariah Compliance, meaning & importance, the challenges faced in developing Shariah compliant products, role of the main stakeholders in ensuring Shariah compliance and issues of Shariah compliance in various products. Justice(R) Khalil ur Rehman, Chairman Shariah Board Munich Re ReTakaful Malaysia, referred to the statement of Scholar Elawleed made in 2007 wherein he said that “the absence of a universally acceptable central religious authority is largely due to the lack of uniformity in religious principles applied in different Islamic countries across the world. Shariah Boards at individual banks have their own way of defining what is right and what is not in Islamic banking. This results in different transactions being interpreted differently and causes uncertainty about what is the acceptable way to operate Islamic banking and financial system. Furthermore, because of this lack of consistency, an accurate assessment of risk for both the financial institution and the customer can be difficult to make.” He proposed to examine the statement critically. The lack of uniformity in religious principles applied in different Islamic countries across the world needs to be understood in the light of Quran and Sunnah with a focus on diversity and multiplicity. The jurisprudential differences underlie the wisdom behind differences in Islamic law and how it brings about mercy and flexibility to Muslims. The differences give rise to competition among people to contribute to the development of world for betterment of humanity across ages.

DIFFERENCES IN THE LIGHT OF QURAN & SUNNAH
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Mr. Abdul Samad Kazi, Shariah Advisor, Bank of Khyber

Pakistan talking on Shariah Audit, Shariah Certification and Shariah Review said that the main attraction for the establishment of Islamic banks is to safeguard the



Muslims from entering into non-compliance transaction especially in financial affairs. The absent of Shariah compliance would render an Islamic bank no difference from other financial institutions. He purposed certain remedies for Islamic banking and finance:

- Try to understand Quran and Sunnah through reading Books on Islamic Finance
- Implement the basic principles in your own Life
- Work out solutions to problems in the light of Quran and Sunnah
- Be ready to sacrifice Time, Money, Status, etc for the cause of Islamization

Mr. Saleem Ullah, Director, Islamic Banking Department, SBP Pakistan, chaired this session, he highlighted the important areas and emphasized them to be future role in Islamic Finance and appreciated the issues raised by the learned Shariah Scholars.

Session III

Takaful and its role in Islamic Finance: Capt. Jamil Akhtar Khan, Managing Director Universal Insurance Pakistan having pioneering role in Takaful in Pakistan talked on objective and historical perspective of Takaful worldwide and in Pakistanits comparison with Conventional Insurance, exposures in Islamic finance, BancaTakaful and its cutting edge. Mr. Tariq Saeed Chaudhry, Group Manager Corp Sales, Pak-Qatar Family Takaful Limited talked on Takaful concept and its practical aspects, Mr. Tariq gave the following area of Issues as well:

Benefits offered under Share 'n Care Plan





Mr. Azeem Iqbal Pirani, Regional Manager, FWU AG, gave the presentation on the subject of BancaTakaful in Pakistan. His presentation covered introduction to Banca Takaful, its history, benefits, how and why Banca Takaful came to Pakistan, Benefits for promoting Banca Takaful in Pakistan.

Then came the prayer and lunch break, one of the highlights of this Conference was the Urdu Translation of the Globally renowned Book by Mr. Muhammad Ayub, Director Research & Training, Riphah Center of Islamic Business (RCIB), Riphah Int'l University and Ex-Director Islamic Banking, NIBAF, State Bank of Pakistan which was available at a special concession at the Conference exhibition area (This book can now be purchased from AlHuda-CIBE). After the break Conference restarted with a panel discussion on Islamic microfinance covering the following areas:

- Islamic Microfinance Shariah compliant way of poverty

alleviation

- Challenges and Opportunities for Islamic Microfinance Institutions
- Sources of Funds for Islamic Microfinance Institutions
- Potential of Islamic Microfinance for social Development
- Need of Islamic Microfinance Network

Panelists had a detailed interactive discussion on the subject supervised by Mr. Asim Khan, ED, Dar AlIstithmar, UK. The session was chaired by Mufti Ehsan Waqar from UBL Ameen. The panelists included Mr. Abdool Rajak Jugoo, Chairman, Al Barakah Multi-purpose Co-operative Society Limited, Mauritius, Dr. Shabbir Hussain, MD, Microfinance & Economic Empowerment, Helping Hand for Relief & Development, Pakistan, Mr. Shahid I. Mohammad, President, Naymet Islamic Microfinance, Pakistan, Dr. Muhammad Amjad Saqib, Executive Director, Akhuwat-Pakistan, Mr. Farhat Abbas Shah,





CEO, Farz Foundation, Ms. Shazia Hassan, Senior Programme Officer, Islamic Relief, Mr. Yasir Tariq, General Manager, CWCD, Pakistan and Mr. Imran Jafary, from ASSASA, Pakistan. At the end of this session souvenirs were presented to the panellists by Mr. Hamad Rasool, Director, AlHuda-CIBE to the distinguished speakers and sponsors.

One of the Sessions on this 4th International Conference

and Exhibition on Islamic Banking and Takaful was allocated an innovation of Halal Foods Industry covering and additional area in this Conference for the first time. The panel discussion on Halal Industry had the renowned panelists of the industry including Engr. Shaukat Hussain, Director General, Pakistan National Accreditation Council (PNAC), Islamabad Pakistan, Mr. Hamid Ahmad, Ex-Principal Scientific Officer, Biotech and Food Research Centre, Pakistan Council of Scientific & Industrial Research (PCSIR) Lahore, Prof. Dr. Javaid Awan, Country Director, Islamic Food & Nutrition Council of America, Prof. Dr. Faqir Muhammad. Anjum, Director General, National Institute of Food Science and Technology, University of Agriculture, Faisalabad-Pakistan, Mr. Abdul Basit, Chairman, Big Bird Group-Pakistan. The moderator of the panel was Dr. Shahzad Afzal, Director, Pakistan Standards and Quality Control Authority, - Pakistan.

Final Session

Developments in Islamic Finance, its cutting edge & role



of IT. The speakers of the session were Mr. Mamode Raffick Nabee Mohamed, Founder/ Secretary, Al Barakah Multi-purpose Co-operative Society Limited, Mauritius, Mr. Abdul Jabbar Karimi, Head of Product Development, Habib Metropolitan Bank Ltd, Karachi, Muhammad Aslam, Head of Islamic Banking, Habib Bank Limited, Karachi, Mr. Nasre Nasser Eddien, Business Development Manager, PATH Solutions from Kuwait, Mr. Muhammad Ayub, Director Research & Training, Riphah Center of Islamic Business (RCIB), Riphah Intl University and Ex-Director Islamic Banking, NIBAF, State Bank of Pakistan and Mr. Khalid Waheed, CEO, HUM Securities Limited. The session was closed with the concluding remarks from Mr. Asim Khan, Executive Director, Dar Al-Istithmar, UK and Amjad Ali, Regional Manager, AlBaraka Islamic Bank (Pakistan) Ltd. Mr. Hamad Rasool Director, AlHuda-CIBE thanked the sponsors, organisers, participants, learned Panellists and Scholars for making this conference a roaring success.

4th International Conference and Exhibition on Islamic Banking and Takaful was annexed with two post-event Specialized Training Workshops on Islamic Microfinance and Shariah standards held at Royal Palm Country Club, Lahore on November 03 and 04, 2010. The success of Islamic banking, financial institutions and businesses is directly related to the highly-qualified business and

finance experts with full grasp over the related industry, knowledge of Shariah compliant banking can be gained from such international conferences. The organizers AlHuda-CIBE paid special tribute to all speakers, moderators and panelists who come all their way to render their services for the cause of Islamic banking and finance. Mr. Zubair Mughal, CEO - AlHuda-CIBE thanked the valued contributions from Dubai Islamic Bank, PATH Solutions, Auto Soft Dynamics, Pak Qatar Family and General Takaful, Atlas asset Management, Habib Metropolitan Bank, FWU-AG, First Habib Mudarabah, UBL Ameen, AlBarakah Islamic bank, Power Full, CWCD, ASASAH, Riphah International University, UBL Fund Managers, NAYMET Microfinance, Hum Securities, Shafi Reso Chem, Akhuwat and Dollar East Exchange Co. for sponsoring this event. He also thanked different local Universities and Business Schools other organizations which helped in different areas in managing in this conference for this big accomplishment. Mr. Zubair Mughal further announced that AlHuda-CIBE will continue its efforts for the promotion of Islamic Banking and Finance globally and in Pakistan with the patronage from State Bank of Pakistan. Conference proved a real success in promoting the complexities and concepts of Islamic banking and finance and its allied industries in its true spirit.

