

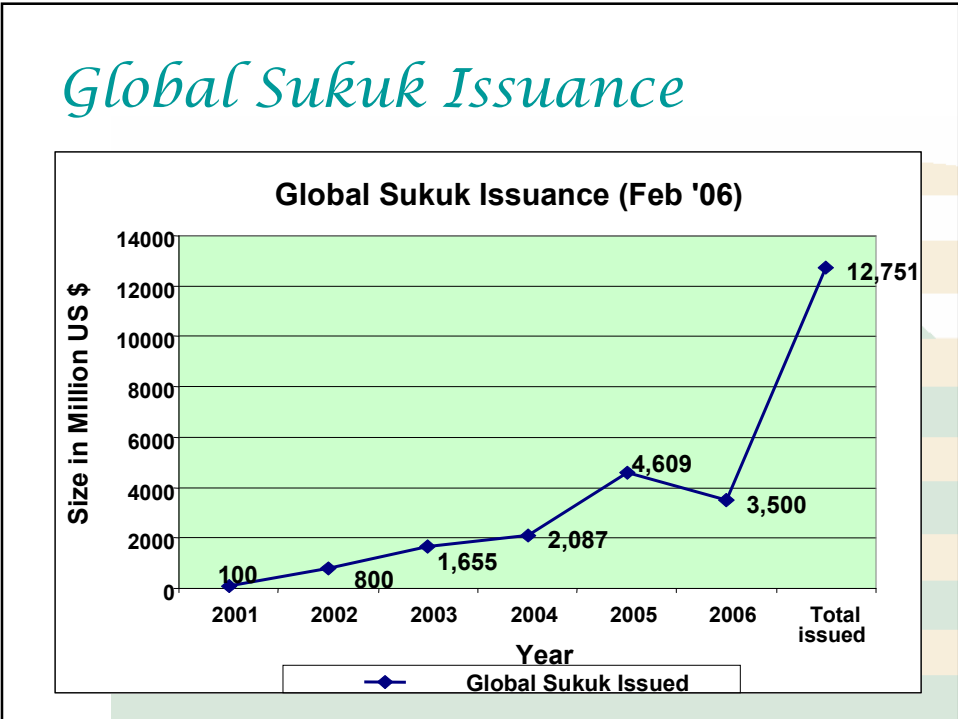
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Sukuks: Development And Challenges

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السوق المالية الإسلامية الدولية
International Islamic Financial Market
IIFM



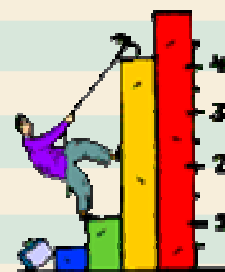
Sukuk Development

- ❖ Growth rate of Islamic Capital Market is estimated to be 20%+ is expected to maintain the rate in a foreseeable future
- ❖ Sukuk primary issuance are to conventional issuance e.g. Malaysia
- ❖ Sukuks are now issued by many other by Government as a source of financing
- ❖ Infrastructure projects
- ❖ Growing number of new Sukuk structures and acceptability of new ideas by Shariah scholars
- ❖ Sukuk has a potential to play a major role in the development of Takaful segment of the industry



Sukuk Challenges

- ❖ Non existence secondary market mainly due to the lack of critical mass. What is the critical Mass required to stimulate trading?
- ❖ Few or no market makers
- ❖ Pricing the secondary market issues - area of inefficiency and requires more transparency
- ❖ Benchmarking marking and absence of Islamic Yield Curve which should have no relations to LIBOR
- ❖ Limited awareness and flow of information
- ❖ Standardization of Contracts & market practices but keeping innovation alive
- ❖ Usage of Sukuk as a monetary management tool by regulatory bodies
- ❖ Lack of Shari'ah harmonization
- ❖ Lender of last resort



Recommendations For Way Forward



of widely acceptable and
accounting and reporting

innovating structures such as convertible feature

ent of regulatory framework

t of infrastructure required for secondary market

including refining payment and settlement procedures

- ❖ Allocation of funds and resources by the industry and multilateral institutions for Research and Development
- ❖ Awareness and understanding drive and widely available information
- ❖ Role of rating

Thank You

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