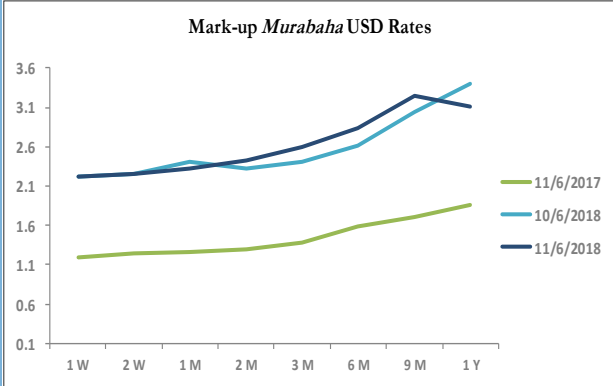
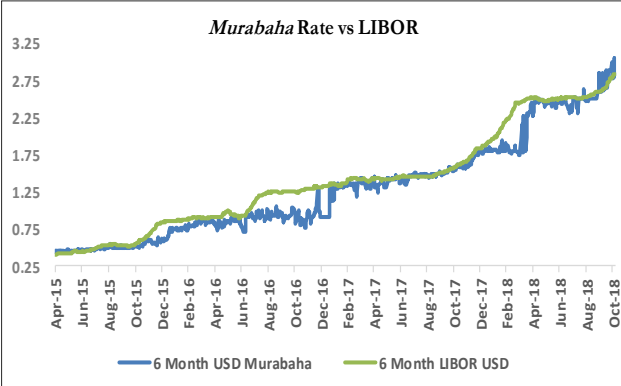
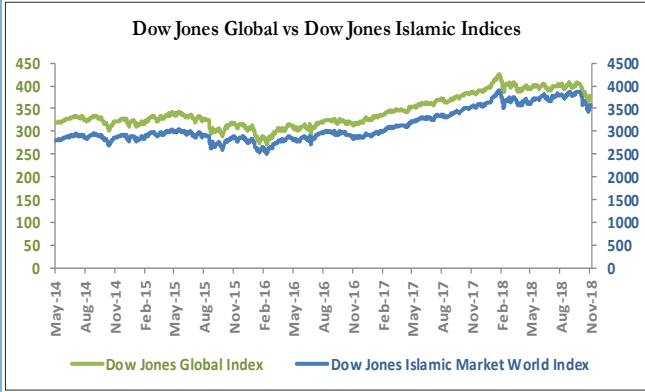
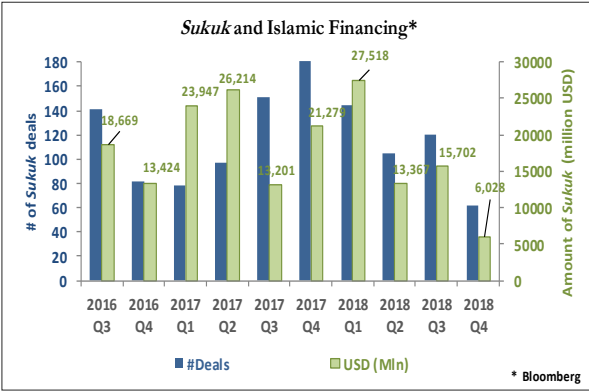


Islamic Finance Organizations Team Up to Streamline Rule-Making	2		Value	MoM	QoQ	YoY
			11/6/18	10/6/18	8/6/18	11/6/17
Equity						
State Bank of Pakistan Plans Deposit Protection Body for Islamic Banks	2	Dow Jones Islamic Index	3583.50	▼-4.97%	▼-5.75%	▲0.71%
		Dow Jones Global Index	378.69	▼-4.50%	▼-5.72%	▼-1.96%
		MSCI Islamic Index	1288.93	▼-5.10%	▼-4.74%	▼-1.45%
Indonesia Begins to Focus on Developing <i>Sharia</i> Social Finance	3	MSCI World Index	2040.68	▼-5.15%	▼-5.41%	▼-0.30%
		MSCI Emerging Market Index	992.38	▼-0.84%	▼-7.34%	▼-12.26%
Fixed Income						
World's First <i>Sharia</i> -Compliant Robo-Advisor Valued At \$100 Million	3	LIBOR 6 Month	2.8358	▲0.213	▲0.314	▲1.242
		<i>Murabaha</i> USD 6 Month	2.8289	▲0.222	▲0.299	▲1.242
		Dow Jones <i>Sukuk</i> Index	98.27	▼-0.52%	▼-1.36%	▼-4.62%
AAOIFI, World Bank Held 13th Annual Conference	3	 				
Turkish Government Plans to Issue <i>Sukuk</i> , Bonds via Housing Stock Fund to Boost Real	4					
Turkey Allows Payment Agencies to Use <i>Sukuk</i> as Required Deposit at Central Bank	4					
Nasdaq Dubai Sees \$100bn in Islamic Finance Deals	4	 				
Indonesia Issues <i>Waqf</i> -linked <i>Sukuk</i> to Finance Home Construction for Earthquake Victims	5					
Islamic Development Bank to Sell \$567mln <i>Sukuk</i>	5					
Egypt Plans to Issue International Sovereign <i>Sukuk</i> in 2019-2020	5					
New Publication & Upcoming Events	6					
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Islamic Finance Organizations Team Up to Streamline Rule-Making

The top two organizations that set the rules for Islamic finance signed an agreement to work together to develop and revise some of their guidelines, aiming to hasten standardization in the \$2 trillion industry.



Photo Credit: ifikr.isra.my

Islamic finance is growing fast across markets in Africa, the Middle East and Southeast Asia, but it remains a fragmented industry with uneven implementation of its rules, which could stunt growth.

The agreement signed between the Bahrain-based Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the Malaysia-based Islamic Financial Services Board (IFSB) could help avoid that.

Investors want to reduce complexity in Islamic finance and simplify the process of creating an Islamic finance product and bringing it to market. Currently the fragmented nature of the industry means this can be a lengthy process.

Standardization is becoming more necessary because Islamic finance is now systemically important in over a dozen countries, including Malaysia and Qatar, while countries like Morocco and Kenya have opened up to the sector in recent years.

AAOIFI and IFSB have traditionally worked separately on their respective mandates. AAOIFI focuses on accounting and auditing standards, while IFSB develops prudential rules in areas including capital adequacy and disclosure requirements.

Source: [Reuters](#)

State Bank of Pakistan Plans Deposit Protection Body for Islamic Banks

The central bank of Pakistan unveiled a framework to protect depositors of Islamic banks in case of a financial institution's bankruptcy, promising a protection to shariah-compliant banking deposits that hold less than 15 percent market share.



Photo Credit: suchtv.pk

The State Bank of Pakistan (SBP) launched the framework for the protection of depositors of Islamic banks following its approval by the central bank's shariah advisory committee.

“A Deposit Protection Waqf (DP Waqf) shall be established under this mechanism for protection of depositors of Islamic banking institutions (IBIs),” the SBP said in a statement.

“The nature of DP Waqf shall be as an account established by the corporation to receive premium contributions from participatory member IBIs for the purpose of reimbursement of protected deposits of a failed participatory/member IBI.”

The SBP recorded market shares of Islamic banking assets and deposits in the overall banking industry at 12.9 percent and 14.8 per-

cent, respectively by June-end. Yet, Pakistan, Malaysia and Turkey have been dubbed as the thriving markets for Islamic finance sectors.

“Starting from a low base and boosted by strong political will, the industry has experienced swift growth in these countries,” the SBP said in its latest Islamic banking bulletin. There were five full-fledged Islamic banks and 16 conventional banks having standalone Islamic banking branches till the end of the current fiscal year.

The corporation would open and maintain separate shariah compliant account(s) for managing resources of the DP Waqf with the SBP, SBP Banking Services Corporation or any other Islamic banking/financial institution with prior approval of the board. The corporation may raise funds for the DP Waqf through Islamic financing modes, financial arrangements from the SBP and special allocation from the national budget.

Source: [The News](#)

Indonesia Begins to Focus on Developing *Sharia* Social Finance

Indonesia has begun to focus on developing not only *Sharia* commercial finance industry but also sharia social finance industry, Finance Minister Sri Mulyani said.

"For the Indonesian government, sharia products also serve as a means to add to the types of financing needed to achieve the goal of national development," she said on the sidelines of the IMF-World Bank Group Annual Meetings in Indonesia.

Sharia finance industry can be used to reduce poverty rate and overcome inequality by fulfilling the people's basic needs, empowering the low-income people, and opening access to the business world, she said.

Sharia social finance industry can also support the attainment of 17 indicators in the Sustainable Development Goals (SDGs), she said.

The minister said sharia finance industry offers additional option to achieve SDGs. *Sharia* bond (*sukuk*) is an instrument to finance the attainment of SDGs.

Today, *Sharia* retail bond (*sukuk*) is the government's most important instrument. As of July 12, 2018, the amount of sharia state bonds reached Rp906.1 trillion.

"Indonesia also uses retail *sukuk* not only to diversify its financing sources but also to promote financial inclusion," she said.

Source: [Antara News](#)



Photo Credit: cn.antaranews.com

World's First *Shariah*-Compliant Robo-Advisor Valued At \$100 Million

Wahed Invest, a New York-based investing platform known to be the first fintech startup dedicated to the Islamic economy, hit a valuation of \$100 million as it raised an additional \$8 million from investors looking to accelerate development of a global savings solution and international expansion.

The digital investment company received this funding from existing investors, Boston based Cue Ball Capital, and

BECO Capital, a Middle Eastern VC known for backing the GCC's leading startups. This brings its total funding to over \$15 million since inception.

Wahed Invest revolutionized the industry with the first-ever halal digital investment advisor, allowing savers from all income brackets to invest in a globally diversified portfolio of ethically responsible stocks, *sukuk* and gold with as little as \$100.

Source: [Forbes Middle East](#)



AAOIFI, World Bank Held 13th Annual Conference

Drawing high-profile attendance from across the globe, the AAOIFI-World Bank Annual Conference, 13th edition, under the title: "The Role of Standardization for the Future of Islamic Finance" was held on 23-24 October 2018 in the Kingdom of Bahrain, in partnership with the World Bank, and under the auspices of the Central Bank of Bahrain. The conference featured distinguished speakers including 28 experts from 10 countries.

The conference discussed a number of key topics that converge with its main theme through a number of panel discussions, presentations, and research papers

covering an array of focused topics including:

- "Learning from Wisdom"
- Collaboration between Islamic Finance Infrastructure Institutions: Current Status and the Way Forward"
- Islamic Finance Cryptocurrencies—Governing and Regulating Cryptocurrencies
- The Rise of Digital Banking—Opportunities and Challenges
- Islamic Finance Landscape in the Next 30 Years
- Impact of VAT on the Islamic Finance Industry

Source: [Salaam Gateway](#)



Turkish Government Plans to Issue *Sukuk*, Bonds via Housing Stock Fund to Boost Real Estate Sales



Photo Credit: istanbulroyalestate.com

The government is preparing a new package for the real estate sector. With its completion, which is expected by this month, the recent stock problem that has been straining the country should be resolved. Housing stock will be taken to a fund and then sold by issuing *Sharia*-compliant bonds or *sukuk* - the undivided shares in the ownership of tangible assets relating to particular projects or special investment activity. Accordingly, in the new package, an asset pool will be created for the housing stock in the sector. Stocks are planned to be securitized through a fund to be established in this scope. The housing stocks of the companies will be added to the fund which is planned to be established within Emlak Bank. Then they will be securitized through issuance of *sukuk* or bonds. It is stated that

the properties will be offered to consumers through various campaigns.

According to experts, the number of completed properties is 1 million, 20 percent of which are urban transformation projects, meaning that these properties have owners, and they are not to be sold. However, 800,000 housing units are open for sale. There are also 1 million dwellings that will be completed in one and a half years. The industry's firsthand sales are 650,000. There are approximately 187,000 completed properties waiting for sale in Istanbul. About 65,000 of these houses are incorporated by the companies that are members of associations and develop branded real estate. Some of these dwellings will also be included in the pool.

Source: [Daily Sabah](#)

Turkey Allows Payment Agencies to Use *Sukuk* as Required Deposit at Central Bank



Photo Credit: hurriyetdailynews.com

Turkey will allow payment agencies to hold the required deposit of 1 million lira (\$169,425) at the central bank in the form of a *sukuk* as well as in the form of cash or government debt securities, a statement in the Official Gazette said on Friday.

Turkey's BDDK banking watchdog will be able to impose a requirement of additional eq-

uity on payment agencies to allow them to operate, the statement also said, adding that such institutions will not be allowed to work in areas other than operating payment systems.

Source: [Reuters](#)

Nasdaq Dubai Sees \$100bn in Islamic Finance Deals

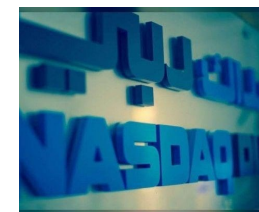


Photo Credit: arabianbusiness.com

Transactions on the Nasdaq Dubai Murabaha Platform for Islamic financing have exceeded a total of \$100 billion, reflecting its popularity with corporate and individual users.

Established jointly by Nasdaq Dubai and Emirates Islamic, the platform meets needs ranging from funding for corporate growth and expansion to personal finance for retail customers. Transactions so far in 2018 have reached \$28.8 billion, up 23 per cent from the same period in 2017.

Hamed Ali, chief executive of Nasdaq Dubai, said: "Customers of *Sharia*'a-compliant and conventional financial institutions benefit from

the Nasdaq Dubai Murabaha Platform's speed and efficiency, as well as its transparency and the fixed cost of transactions. We will further expand the user base of banks to support the development of Dubai as the capital of the Islamic Economy."

The versatility of the platform was demonstrated in February 2017 when the multilateral Africa Finance Corporation (AFC) made use of it to carry out a \$150 million transaction that facilitated the issuance of a *sukuk*. This was the first use of the platform by an African entity.

Source: [Zawya](#)

Indonesia Issues *Waqf*-linked *Sukuk* to Finance Home Construction for Earthquake Victims

The Indonesian government launched a *sukuk* linked to endowments, aiming to tap into a pool of assets for its fiscal needs.

The *Waqf* Core Principles, a joint work of the Indonesian government with the research arm of the Islamic Development Bank, comprise ways to ensure endowments, or *waqf*, are used appropriately for public needs and encourage a modern management of assets, such as the cash *waqf*-linked *sukuk*, according to a central banker.

Mobilising funds from *waqf* is important because they are believed to hold large amounts of idle or low yielding assets across the Muslim world.

Dody Budi Waluyo, a Bank Indonesia (BI) deputy governor, said up to 25 billion rupiah (\$1.64 million) cash *waqf* has been collected by several *waqf* managers for the new *sukuk*.

The proceeds from the *sukuk* will be used

for social assistance, such as disaster relief efforts in areas hit by earthquakes this year, or public infrastructure projects, Waluyo said.

Under the new scheme, when the *sukuk* matures, the funds will be returned to the donors in full, but not including the yield. The yield will be reinvested to manage *waqf* assets.

Even though the figure that has been collected is still small, Waluyo thinks early signs showed the Indonesian Muslim population, the biggest in the world, has had “huge interest” in this scheme.

There has been a number of efforts around the world to modernise *waqf*, which according to a Dubai government estimate, hold around \$1 trillion in assets globally, some in the form of real estate and commercial businesses.

The assets in many *waqf* are underutilised and earn low returns, with some *waqf* requiring further donations to keep running.

Source: [Reuters](#)



Photo Credit: id.undp.org

Islamic Development Bank to Sell \$567mln *Sukuk*

The Jeddah-based Islamic Development Bank (IsDB) is selling euro-denominated *sukuk* expected to be 500 million euro (\$567 million) in size, a document by one of the banks leading the deal showed on October 31, 2018.

IsDB, a triple-A rated institution, is a regular issuer of international *sukuk*, or Islamic

bonds, which it raises to fund its business activities and to promote the international *sukuk* market by building a liquid yield curve.

The *sukuk*, or Islamic bonds, are marketed with a price guidance of around 22 basis points over mid-swaps.

Source: [Zawya](#)



Photo Credit: zawya.com

Egypt Plans to Issue International Sovereign *Sukuk* in 2019-2020

Egypt plans to issue its first international sovereign *sukuk*, or Islamic bonds, in the 2019-2020 financial year, Finance Minister Mohamed Maait told Reuters on Wednesday.

Maait did not give the size of the planned offering. Egypt is aiming to issue about \$20 billion in foreign currency-denominated bonds by 2022.

Issuing *sukuk* could allow Egypt to attract a new class of investor as it implements a three-year IMF-backed economic reform

programme agreed in late 2016.

The country has borrowed heavily from abroad since then and faces a tough repayment schedule and a rising bill for oil imports.

Egypt's foreign debt stood at \$92.64 billion at the end of June, an increase of 17.2 percent from the previous year.

Egyptian officials have previously announced their intention to issue Islamic bonds, but the plans did not materialize.

Source: [Reuters](#)



Photo Credit: dailynewsegypt.com

New Publications

State of the Global Islamic Economy 2018/19 - Thomson Reuters	Download Publication
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Upcoming Events (Nov—Jan 2019)

6th ASEAN Universities International Conference on Islamic Finance (AICIF 2018)	Manila, Philippines	14-15 Nov 2018	Event Details
World Islamic Banking Conference (WIBC) 2018	Amwaj Islands, Bahrain	26-28 Nov 2018	Event Details
IFSB Executive Forum - Effective Risk Management Oversight and Governance of Islamic Banks	Kuala Lumpur, Malaysia	29-30 Nov 2018	Event Details
4th Islamic Finance Conference (IFC 2018): Blockchain, Smart Contract and Islamic Financing	Jeddah, Saudi Arabia	5 Dec 2018	Event Details
6th International Conference on Islamic Banking and Finance	Rawalpindi - Punjab, Pakistan	5-7 Dec 2018	Event Details
International Islamic Entrepreneurship and Business Conference 2018 (IIEBC 2018)	Malacca, Malaysia	22 Dec 2018	Event Details
2nd World Islamic Economics and Finance Conference (WIEFC 2019)	Lahore, Pakistan	5-6 Jan 2019	Event Details

Description of Data:

Dow Jones Sukuk Index: The Dow Jones Sukuk Index is designed to measure the performance of global Islamic fixed-income securities—also known as sukuk. The index includes U.S. dollar-denominated investment-grade sukuk issued in the global market that have been screened for Shari'ah compliance according to the index methodology. The index was created as a benchmark for investors seeking exposure to Shari'ah-compliant fixed-income investments. The Dow Jones Sukuk Index follows the same consistent, quantitative methodology as the Dow Jones Islamic Market™ (DJIM) Indices, which are monitored to ensure their continued adherence to Shari'ah principles.

Bloomberg USD Emerging Market Composite Bond Index: The Bloomberg USD Emerging Market Composite Bond Index is a rules-based, market-value weighted index engineered to measure USD fixed-rate securities issued in emerging markets as identified by Bloomberg. Emerging market issuers can be found at function EMWH. The major components of the index are the Bloomberg USD Emerging Sovereign Bond Index, Bloomberg USD Emerging Market Corporate Bond Index, Bloomberg USD Investment Grade Emerging Market Bond Index and Bloomberg USD High Yield Emerging Market Bond Index. To be included in the index a security must have a minimum par amount of 100MM.

LIBOR USD 6 Month: London - Interbank Offered Rate - ICE Benchmark Administration Fixing for US Dollar. The fixing is conducted each day at 11am & released at 11.45am (London time). The rate is an average derived from the quotations provided by the banks determined by the ICE Benchmark Administration. The top and bottom quartile is eliminated and an average of the remaining quotations calculated to arrive at fixing. The fixing is rounded up to 5 decimal places where the sixth digit is five or more.

Dow Jones Islamic Market World Index: The Dow Jones Islamic Market World Index is a global index of companies that meet Islamic investment guidelines. The index is quoted in USD.

Dow Jones Global Index: The index measures the performance of stocks that trade globally, targeting 95% coverage of markets open to foreign investment. It is float market cap weighted. It is quoted in USD.

MSCI World Islamic Index: The MSCI World Islamic Index is a free-float weighted equity index. It was developed with a base value of 1000 as of May 31 2007.

MSCI World Index: The MSCI World Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1969. MXWO includes developed world markets, and does not include emerging markets.

MSCI Emerging Markets Index: The MSCI Em (Emerging Markets) Index is a free-float weighted equity index.

Bloomberg Takaful Index: Bloomberg Takaful Index is a capitalization-weighted index of all globally listed Takaful-recognised companies. Takaful is an Islamic term meaning mutual support, which is the basis of the concept of insurance or solidarity among Muslims. This is a form of insurance based on mutual assistance. The index was developed with a base level of 100 as of April 15, 2009

Murabaha Deposit Rates: Murabaha Deposit An agreement that refers to the sale and purchase transaction for the financing of an asset or project whereby the costs and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase, which can be done in cash or in installments, will be specified in the agreement. Use all prices available in the terminal and updated within the last three working days. Banks that do not price for more than 3 days are excluded from the daily calculation. Islamic Market Reference Rate is calculated by Bloomberg using contributed rates from several local and international banks. Reference rates are calculated by taking the average bid & ask of the contributing banks, after eliminating the 4 highest and 4 lowest values.

Glossary Of Key Terms

<i>Ijara</i>	This is a lease contract wherein the Bank (lessor) leases the property to the customer (lessee) in return for a rental payment for a specified financing period. The Bank promises to transfer the title of the property to the customer at the end of the
<i>Mudaraba</i>	Trustee finance contract: One party contributes capital while the other contributes effort or expertise; profits shared according to a predetermined ratio; investor not guaranteed a return and bears any financial loss; no fixed annual payment; financier has no control on how venture is managed.
<i>Murabaha</i>	Sale with agreed mark-up: Financing purchase of assets for a profit margin; asset purchased on behalf of client and resold at a pre-determined price; payment could be lump sum or in installments; ownership of asset remains with bank till full payments made
<i>Musharaka</i>	Partnership; equity participation contract: Both parties contribute capital; profits shared by a pre-determined ratio, not necessarily in relation to contributions; losses shared in proportion to capital contributions; both parties share and control how investment is managed; each partner liable for the actions of the other
<i>Shari'ah Board</i>	An independent body set up by an Islamic bank with the mandate of ensuring that the Islamic bank achieves and maintains the mandate of <i>Shari'ah</i> compliance.
<i>Sukuk</i>	An Islamic financial certificate, similar to a bond in Western finance, that complies with <i>Shari'ah</i> , Islamic religious law. Because the traditional Western interest paying bond structure is not permissible, the issuer of a <i>sukuk</i> sells an investor group the certificate, who then rents it back to the issuer for a predetermined rental fee. The issuer also makes a contractual promise to buy back the bonds at a future date at par value.
<i>Salam</i>	<i>Salam</i> is a sale whereby the seller undertakes to supply some specific goods to the buyer at a future date in exchange of an advanced price fully paid at spot. The contract of <i>Salam</i> creates a moral obligation on the <i>Salam</i> seller to deliver the goods. The <i>Salam</i> contract cannot be cancelled once signed.
<i>Takaful</i>	The term ' <i>takaful</i> ' is derived from an Arabic word which means solidarity, whereby a group of participants agree among themselves to support one another jointly against a defined loss. In a <i>takaful</i> arrangement, the participants contribute a sum of money as wholly or partially <i>tabarru'</i> (donation) into a common fund, which will be used for mutual assistance for the members against a defined loss or damage, according to the terms and conditions of the <i>takaful</i> .
<i>Istisna'</i>	<i>Istisna'</i> is the kind of sale where a commodity is transacted before it comes into existence. It means to order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer undertakes to manufacture the goods for him with material from the manufacturer, the transaction of <i>istisna'</i> comes into existence. But it is necessary for the validity of <i>istisna'</i> that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.
<i>Wakala</i>	<i>Wakala</i> is the agency contract which is used widely in Islamic Finance. The applications ranging from brokerages services in permissible activities, like certain stocks, as well as to be the agent in a <i>Murabaha</i> transaction. The client, who wants to be financed, acts as agent of the bank to acquire the asset, then sold to him on credit installments. Agents can be compensated for their assignment with a fixed, variable or performance model, which is frequently used to influence pay outs and cash flows in financial engineering.

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