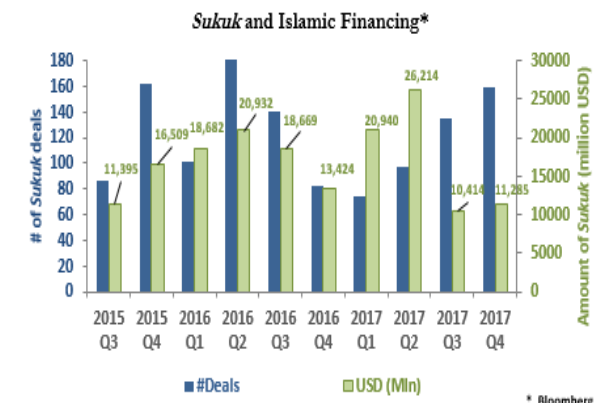
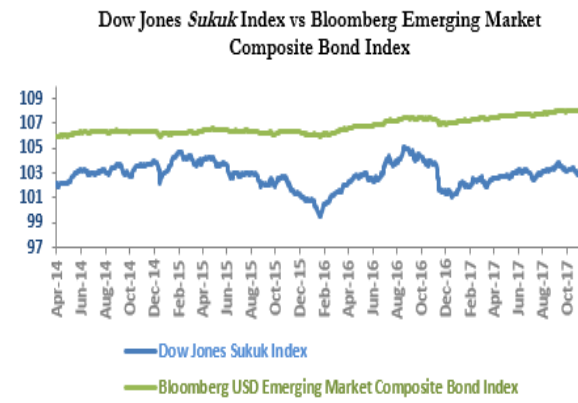
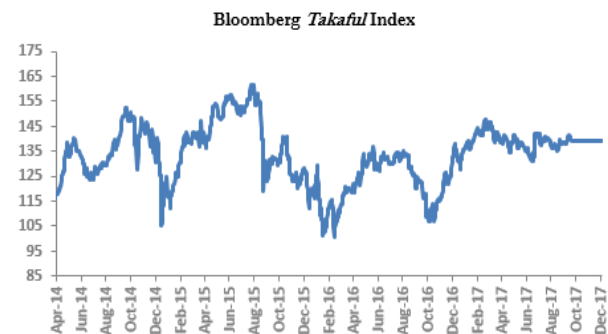
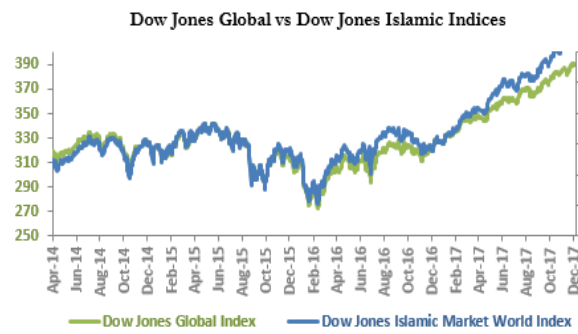
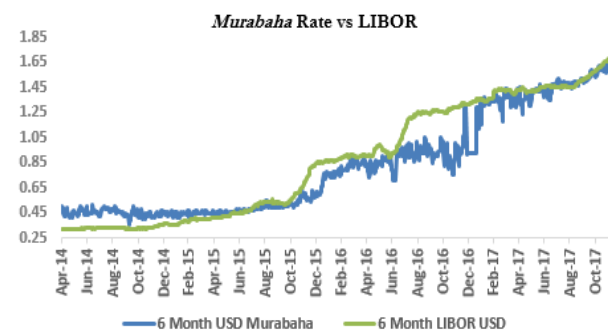
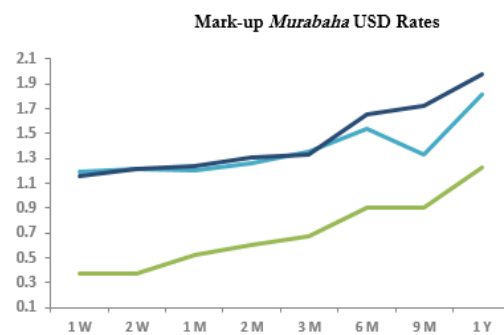


New Report: Mobilizing Islamic Finance for Infrastructure Public-Private Partnerships	2
Islamic Finance Assets to Surge to \$3.8trn by 2022	2
Public Awareness Key to Boost Islamic Finance in Turkey	3
Malta Positions Itself as New Centre for Islamic Finance in EU	3
Islamic Banks in Oman Post 32% Growth in Financing	4
Strong Operating Environment to Support UAE Banking Sector	4
Turkey and Islamic Development Bank Sign Deals Worth \$567 Million	4
In Expanding Role, IILM Plans Longer Tenor Islamic Bonds Programme	5
Pakistan Raises \$2.5 billion through <i>Sukuk</i> , Eurobond	5
New Publications & Upcoming Events	6
Glossary	7

	Value	MoM	QoQ	YoY
	12/5/17	11/5/17	9/5/17	12/5/16
Equity				
Dow Jones Islamic Index	3560.68	▲0.27%	▲5.58%	▲24.26%
Dow Jones Global Index	389.69	▲1.00%	▲5.62%	▲21.66%
MSCI Islamic Index	1314.17	▲0.61%	▲5.14%	▲17.28%
MSCI World Index	2069.99	▲1.20%	▲5.90%	▲20.48%
MSCI Emerging Market Index	1121.95	▼-0.38%	▲3.41%	▲31.38%
Fixed Income				
LIBOR 6 Month	1.6743	▲0.084	▲0.219	▲0.383
<i>Murabaha</i> USD 6 Month	1.6500	▲0.107	▲0.207	▲0.748
Dow Jones <i>Sukuk</i> Index	102.66	▼-0.42%	▼-1.05%	▲1.26%
Insurance				
Bloomberg <i>Takaful</i> Index	139.39	▲0.00%	▲0.81%	▲2.42%

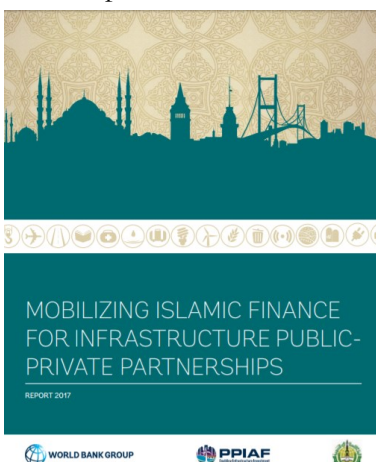


* Bloomberg

New Report: Mobilizing Islamic Finance for Infrastructure Public-Private Partnerships

The World Bank Group and Islamic Development Bank (IsDB) have jointly published 'Mobilizing Islamic Finance for Infrastructure Public-Private Partnerships' report, which is an important resource, especially for governments and practitioners, given that Islamic finance is still a relatively untapped market for public-private partnership (PPP) financing.

Estimates show Shariah compliant assets have grown exponentially in the past two decades, accumulating nearly \$1.9 trillion and spreading across 50 Muslim and non-Muslim countries. Given the growth of Islamic finance, and the fact that its underlying principles support socially inclusive and development-promoting activities, this new report, funded by the Public-Private Infrastructure Advisory Facility (PPIAF), illustrates how Islamic finance has been applied in PPP infrastructure projects already, what the structural, challenges and solutions are, and how we can maximize the use of Islamic finance to meet the huge infrastructure needs of developing countries.



This report represents the first systematic effort to capture and disseminate knowledge on deploying Islamic finance for infrastructure PPP projects. It fills a critical information gap on Islamic finance that exists among a vast majority of infrastructure development practitioners, and can help developing countries explore tapping into Islamic finance as an additional resource to meet the growing infrastructure needs.

With the publication of this report, the World Bank and the IsDB have reached an important milestone in developing a body of knowledge on this subject. Given the significant innovation occurring in project development, this body of knowledge can be widely disseminated to inform public- and private-sector decision makers with an interest in PPPs, project finance, and the potential of Islamic finance.

To download the report, please click on the link below:

[Mobilizing Islamic Finance for Infrastructure Public-Private Partnerships](#)

Source: [The World Bank](#)

Islamic Finance Assets to Surge to \$3.8trn by 2022

The assets of the Islamic finance sector, which were estimated at over \$2 trillion in 2016, are expected to surge to \$3.8 trillion by 2022, said the State of the Global Islamic Economy Report 2017-2018 issued by the Dubai Islamic Economy Development Centre (DIEDC).

Both Muslim-majority and Muslim-minority countries are recognizing the segment's potential, with banks becoming fully-fledged Islamic institutions, and governments encouraging Islamic Finance to improve financial inclusion.

According to the report, although Malaysia leads the Global Islamic Economy Indicator for this year, the UAE has been ranked first among 10 countries in three sector indicators – Modest Fashion, Halal Media and Recreation, and Halal Pharmaceuticals and Cosmetics.

Al Awar, CEO of DIEDC, said: “Over the past few years, the findings of the report have continually provided us with new insights and perspectives to better understand the dynamics of consumer behaviour among Muslims across key markets. Each year the re-

port offers fresh facts and statistics that project a promising future for the Islamic economy sector.”

“Year-on-year, we are witnessing a surge in demand for products that are manufactured in compliance with stringent environmental sustainability, safety and health standards. The meticulous adherence of Islamic economy products to such standards across the production, distribution and supply value chain explains their increased attractiveness and uptake among larger segments of the world population today.

“The decline in oil prices has led to a fundamental shift in the nature of the economies of the GCC region and led to a greater focus in developing non-oil productive sectors. This trend has positioned the halal industry and trade in a prime position as growth drivers of the economy for the coming years,” he added.

Source: [Trade Arabia](#)

To download the report, please click on the link below:

[State of the Global Islamic Economy Report](#)

Public Awareness Key to Boost Islamic Finance in Turkey

Turkey should raise public awareness of Islamic finance to boost the sector's market share, said a top official of the General Council for Islamic Banks and Financial Institutions (CIBAFI).

"There is now work on coming up with a full-fledged regulation for Islamic bank separately but I think really one of the key points that we need to address is public awareness at various levels," said Abdelilah Belatik, secretary general of the Bahrain-based CIBAFI.

Belatik called Turkey's target of raising Islamic banks' share to 20 percent by 2023 -- the nation's centennial -- ambitious but achievable.

The CIBAFI Global Forum, the council's annual gathering to discuss Islamic finance, will be held in Turkey next April, Belatik said.

The international organization, affiliated

to the Organization of Islamic Cooperation (OIC), has 120 members from 32 jurisdictions.

Belatik said that countries like Turkey and Indonesia and regions such as Central Asia and Africa are important as they have a great growth potential in the Islamic finance sector.

"The market size of Islamic finance reached a certain level in the Middle East, so for the last three to five years the growth coming more importantly from new frontiers and potential is also coming from there," he said. "Because in these markets Islamic banking still isn't very large."

Belatik said they work with countries which lack the infrastructure and regulation for Islamic finance to show them its role in the economy.

Source: [Daily Sabah](#)



Photo Credit: cibafi.org

Malta Positions Itself as New Centre for Islamic Finance in EU

The small European island of Malta in the recent past quietly opened its doors to Islamic banking and finance in an attempt to take on established hubs in Europe, namely London and Luxembourg. With the move, Malta aims to benefit from both its international reputation as a financial centre with not overly complex and suppressing regulations, as well as from its relative proximity to Muslim countries in North Africa.

In fact, Malta's ambitions to introduce Islamic finance go back to 2008, when the island's financial services authority became the first regulator within the European Union to issue guidelines on Islamic finance. A guidance for *sukuk* and Shariah-compliant funds followed in 2010, and an update of the regulations in 2015 preceded the launch of an Islamic equity index on the Malta Stock Exchange, aimed at attracting business and investments from Middle East firms and eventually prompt the issuance of sovereign and corporate *sukuk*, on which the exchange is still waiting.

The suite of investment vehicles offered by Malta as an international financial center also resonates well with Islamic investors, who may set up their funds as special purposes vehicles, collective investment schemes, trusts, alternative investment funds and other types of structures. Malta is also well placed to accommodate charitable collective funds and *takaful* solutions, as Malta is the only EU member country whose regulatory framework provides for protected and incorporated cell companies.

FinanceMalta, a public-private initiative set up to promote Malta as an international financial centre, in its 'Islamic Finance Sector Guide 2016' names a number of opportunities for the launch of Malta-based Islamic banking institutions and Shariah-compliant funds. Those are: Malta's efficient tax structures with a competitive corporate tax rate and a full imputation tax system creating a pro-business environment, the large network of double taxation agreements with neighbouring countries, as well as strong links with all EU member states and North African countries, and its membership to the eurozone.

Source: [MENAFN](#)



Photo Credit: menafn.com

Islamic Banks in Oman Post 32% Growth in Financing

Oman's Islamic banks and window operations have shown a robust year-on-year growth of 31.82 per cent (OMR700 million) in financing at OMR2.9 billion by the end of September 2017, as against OMR2.2 billion in the same period last year. Such robust growth in Islamic finance shows that Sharia-compliant banks have been able to establish themselves in the market and overcome their teething problems.

Islamic financial institutions have achieved remarkable progress on various fronts within a short span of four years, thanks to the efforts taken by these institutions to build a strong network of branches across the country and create awareness on Sharia-compliant products and services.

There have been considerable increases in the number of branches and assets held by these entities.

According to an earlier report, the banking penetration level in Oman is around 14-16 per cent, compared with an average penetration level of 20 per cent in the Gulf. This gives ample room for Omani institutions to grow, especially in the interior towns. In other words, there is still space for Islamic banks to grow further, although there are challenges ahead.

Sharia-compliant institutions will get clients from those who switch over from conventional banks and those who never use a bank. In Oman, two Islamic banks — Bank Nizwa and Alizz Islamic Bank — along with the window operations of six conventional banks, have scores of branches across the country. The total assets of Islamic banks and windows stood at OMR3.6 billion by the end of September 2017, constituting 11.6 per cent of the total banking assets.

Source: [Times of Oman](#)



Photo Credit: timesofoman.com

Strong Operating Environment to Support UAE Banking Sector

The UAE's banking sector outlook for 2018 remain solid in the context of stable operating environment in the country, according Fitch Ratings.

“The UAE operating environment remained solid in 2017, and this is expected to continue in 2018, due to its greater diversification [particularly Dubai] than GCC peers,” said Redmond Ramsdale, an analyst with Fitch Ratings.

The UAE's GDP growth continues to be led by the non-oil sectors. There have been some project delays or cancellations due to the lower oil prices, mainly putting pressure on Abu Dhabi banks, but Fitch believes this to be manageable. The UAE's real GDP growth is

likely to be 3.4 per cent in 2018, up from 1.3 per cent in 2017.

The economy's continued robustness has resulted in overall stable asset-quality metrics for banks in 2017. Deterioration in SME [small and medium enterprises] portfolios has been offset by some further recovery in historic corporate impaired loans.

Growth is still strong across the Islamic banks as there has been some migration to Sharia-compliant banking facilities now that products are broadly equivalent, and banks' ability to structure new Sharia compliant products has increased.

Source: [Gulf News](#)



Turkey and Islamic Development Bank Sign Deals Worth \$567 Million

Turkish Deputy Prime Minister Mehmet Simsek signed two 20-year financing agreements worth around a total \$567 million with the Islamic Development Bank (IDB) on Wednesday, the Turkish Treasury said in a statement. A 312 million euro deal (\$367 million) was for

the production of ten high-speed trains as part of a 106-train project conducted by the Turkish state railway company TCDD and a second \$200 million deal concerned energy projects, it said.

Source: [Reuters](#)



Photo Credit: au.fcm.travel

In Expanding Role, IILM Plans Longer Tenor Islamic Bonds Programme

The International Islamic Liquidity Management Corp (IILM) plans to expand issuance of *sukuk* beyond its current short-term programme aiming to address latent demand from Islamic banks.

Establishing a new medium-term programme would allow the IILM to offer a wider range of highly liquid, investment-grade financial instruments for use by Islamic banks.

The IILM is a consortium of central banks and monetary agencies from Indonesia, Kuwait, Luxembourg, Mauritius, Qatar, Malaysia, Nigeria, Turkey and the United Arab Emirates, as well as the private sector arm of the Islamic Development Bank.

It launched a short-term issuance programme in 2013 which has sold predominantly three-month *sukuk*, having also tested two, four and six month maturities.

The IILM is now considering issuance of two or three year maturities driven by strong demand from Islamic banks, acting chief executive officer Abdoul Aziz Ba said

in an interview.

“At the beginning we wanted to test the market with short term instruments, but this is not our only mission. There is a market gap in the supply of instruments with a maturity below five years.”

The IILM currently has around \$3 billion in outstanding *sukuk* and it could gradually increase this to between \$3.5 to \$4 billion, depending on consistency of demand.

IILM *sukuk* are distributed through a network of ten primary dealer banks, with around 30 percent traded onto the secondary markets.

Around 60 percent of demand for IILM *sukuk* comes from Islamic banks in Gulf countries with the rest split across Asia and international banks.

But there is also potential for IILM *sukuk* in non-member countries, such as Oman and Britain as well as jurisdictions such as Hong Kong and Singapore.

Source: [Reuters](#)



Photo Credit: islamicbanker.com

Pakistan Raises \$2.5 billion through *Sukuk*, Eurobond

Pakistan has raised \$1 billion in a five-year *Sukuk* and \$1.5 billion in ten-year Eurobond transactions.

According to a Finance Ministry handout, the profit rate for the *Sukuk* is 5.625 per cent and for the Eurobond is 6.875 per cent, respectively.

The order book for Pakistan's sovereign papers was over \$8 billion but Pakistan picked up only \$2.5 billion in order to ensure low final yields on the *Sukuk* and Eurobonds.

The 6.875 per cent rate for the 10-year Eurobond is the lowest ever rate, as no 10-year bond has ever been sold at a cheaper rate by Pakistan in the international capital markets.

Pakistan has never executed multiple

tranche transactions worth \$2.5 billion simultaneously, the ministry stated further.

About 44 per cent of the orders were placed by investors from Europe, 24 per cent from Asia, 20 per cent from North America, eight per cent from Middle East and 12 per cent from other regions.

The fund raising is critical for the country, which is battling to stave off the pressure of balance of payments due to the dwindling foreign currency reserves and a widening current account deficit in the \$300 billion economy.

The central bank said challenges of near-term balance of payments persist, but it was hoping the recent improvements in export numbers, hikes in foreign direct investment and other financial inflows would help contain the pressure.

Source: [Zawya](#)



Photo Credit: timeofpakistan.pk

New Publications

Free Zones Outlook Report 2017: Shaping the Growth of Islamic Economy	Download Publication
Mobilizing Islamic Finance for Infrastructure Public-Private Partnerships	Download Publication
State of the Global Islamic Economy 2017/18	Download Publication

Upcoming Events (Dec—January)

24th World Islamic Banking Conference	Amwaj Islands, Kingdom of Bahrain	4-6 Dec 2017	Event Details
1st International Forum On Islamic Commercial Arbitration	Sharjah, United Arab Emirates	7 Dec 2017	Event Details
16th Islamic Financial Stability Forum : The Evolving Fintech Landscape and Financial Stability Considerations in Islamic Finance	Kuala Lumpur, Malaysia	11 Dec 2017	Event Details
The World Bank, Islamic Research and Training Institute (IRTI) and Guidance Financial Group: 3rd Annual Symposium on Islamic	Kuala Lumpur, Malaysia	12-13 Dec 2017	Event Details
7th Islamic Economic System Conference (iECONS) 2017	Muscat, Oman	12-13 Dec 2017	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.

Contact Info:

Ayse Nur Aydin
+90 212-385-3445
aaydin@worldbank.org