



Islamic Corporation for the
Development of the Private Sector

ISLAMIC FINANCIAL INSTITUTIONS PROGRAM

Introduction

The Islamic finance industry has grown rapidly over the past decade and its systemic importance has increased globally, notably in ICD member countries. This trend is expected to continue, driven in particular by relatively unbanked market segments. The recent growth of Islamic finance has led to increased demand for the ICD to provide a wide range of Shariah-compliant financial solutions to meet the differentiated needs of consumers and businesses in the global economy.

In the light of the above, ICD has launched the Islamic Financial Institutions (IFIs) Program in 2012. Since its beginning in 2012, the IFIs program established mandates designed to pave the way to strengthen future partnership to improve financial inclusion and to add depth to the Islamic finance industry in tough markets and circumstances. The IFIs program offers a wide range of advisory services including: (i) converting conventional banks into Islamic banks or establishing Islamic banks; (ii) setting up Islamic windows or Islamic branches within conventional banks; (iii) assisting Islamic banks in raising funds; (v) assisting governments in establishing or enhancing existing Islamic financial systems, in addition to providing various capacity building advisory services and programs.

IFI Program Outline



Objective

The Islamic Financial Institutions (IFI) Program is designed to promote, develop and support Islamic Finance within ICD Member countries. The role of the IFI Program is to assist financial institutions during their integration process into Islamic Finance. Our interventions have promoted financial inclusion and Islamic finance across a wide geographic range and in areas of great need. The IFI team is composed of outstanding professionals that are keen to serve partner in areas such as conversion, financial advisory, regulatory support and capacity building.

**Establishment or Conversion of
Financial Institutions**

Islamic Financial Advisory

Capacity Building

Regulatory Support

01

02

03

04

ESTABLISHMENT & CONVERSION OF FINANCIAL INSTITUTIONS

The IFI team provides a turnkey solutions to assist the financial institution in the different stages towards the establishment of new subsidiaries, branches, windows or in the full conversion to Islamic Financial Institutions



Structuring of Sharia Compliant Financial Products



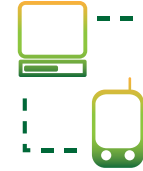
Analyzing the existing products and market demand for Islamic banking products.

Structing of islamic products in line with the strategy of the bank and the market demand.

Providing full documentation of the selected products (structure, procedures features, application, contracts, forms, Shariah guidelines, etc.)

Implementing relevant functions of Sharia Governance (Sharia Board, General Secretariat and Sharia Audit Unit).

IT Solutions Support



Assessing the IT infrastructure vs the requirement for the Islamic Bank's operations.

Assisting in drafting the Request For Proposal (RFP) for the Core Banking Solution selection.

Assisting in preparing Proof of Concept and evaluation Matrix Scenarios for assessing the Core Banking Solution during the selection phase.

Assisting in implementing the Core Banking Solution.

Human Resource Support



Guiding the acquisition of core Human Resource competences essential for the new business model.

Develop HR planning programs and design HR system components and policies, which are required for Islamic FI or Islamic window operations (ie. Development programs, Competency frameworks, Performance Management).

Providing training in Islamic Finance - Banking.

Accounting Support



Providing the accounting entries related to the selected Islamic banking products.

Assisting in the preparation of the accounting policies based on Islamic finance standards of the AAOIFI in line with the local banking law.

Assisting in designing the financial reporting infrastructure mapped with the core banking solution.

Risk Management Framework



Preparing a bespoke risk management framework based on international best practice (IFSB), Reserve Bank guidelines and the specific risks inherent to the business of Islamic Banking

Treasury Support



Assisting in preparing treasury policies pertaining to liquidity, ALM and Risk Management.

Guiding the adoption of Shariah compliant sourcing & application of funds and effective pool management.

Marketing and Communication



Developing a marketing and communication strategy for the new Islamic finance/banking operations.


Supporting the official launch of the new Islamic finance/banking operations.

Legal Support



Supporting the establishment and development of the Islamic Banks based on binding extant legal environment of operations

Providing overall guidance regarding the structuring, legal issues and challenges that may arise.



Islamic Financial Advisory

Within the Islamic Financial Advisory services, the IFI Team provides investment banking services to financial institutions and banking- related SMEs by:

- ◀ **FUND RAISING**
- ◀ **MERGER AND ACQUISITION (M&A)**
- ◀ **RESTRUCTURING**



FUND RAISING

- ◀ Value assessment, Deal Structuring and the Management of the transaction process:
Strategy and capital structure, Option Identification, Deal Execution, Financial closing and ongoing stakeholder management.
- ◀ Leverage on ICD network to identify pool of investors.

MERGERS & ACQUISITIONS

- ◀ Leverage on ICD network to identify pool of acquirers/ target.
- ◀ Evaluate potential targets or merger partners.
- ◀ Advise on strategy, structure, pricing, financing and assistance in negotiating and closing transactions.

RESTRUCTURING

- ◀ Assist existing Islamic Financial institutions to enhance their operational processes, boost the financial resources and diversify the products.
- ◀ Advise Islamic Financial institutions to strengthen their financial structure and develop efficient services delivery channels.
- ◀ Advise on management, operational, legal and financial reorganization for financial institutions on the path to convert partially or fully into an Islamic financial institution.



CAPACITY BUILDING

The expanding growth of Islamic finance has not been so far followed up by the adequate supply of human resources. To reduce the gap, The IFI team provides various comprehensive bespoke training programs such as:

- ◀ Theoretical and practical Training programs.
- ◀ On-the-job training and Global Experience Sharing.



Theoretical & Practical Training

- ◀ Bespoke training program in Islamic Finance and Banking.
- ◀ Use real business cases to apply Theoretical concept.
- ◀ Accounting and Financial analysis based on AAOIFI and Islamic Financial Services Board (IFSB) standards.

On The Job Training & Global Experience Sharing

- ◀ Experience sharing with existing performing Islamic Financial institutions.
- ◀ On-job training in ICD's investees and partners around the globe.
- ◀ Leverage on ICD Network.

Regulatory Support

The IFI team leverages on IDB Group pool of legal experts to:

- ◀ Advise governments on the development of policies, regulatory frameworks and guidelines for Islamic financial institutions.
- ◀ Assist governments in enhancing & developing their existing Islamic financial system.



Planning Stage



We collect relevant data and information on existing regulatory environment.



We understand, analyze and assess the mutual impact/relationships between existing country laws/regulations and proposed Islamic finance regulations.



We leverage on our networks across member countries to analyze relevant extant laws/regulations of different countries.



We liaise with domestic professionals to navigate country-specific legal requirements and then seek legal opinions of experts from different countries.

Development Stage



We develop the pilot exposure draft of legal recommendations & laws/regulations for industry comments to seek approval. We then seek approval from international bodies.



Final version of the Islamic financial policy, regulatory framework or guideline.

Based on
Shari'ah Principles



BUSINESS CASES

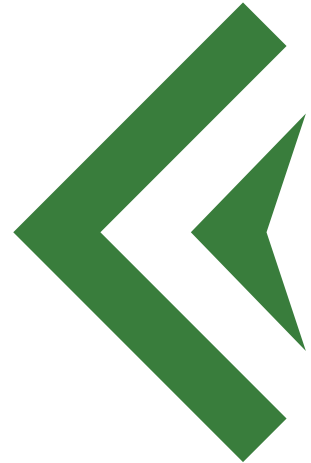
- ◀ Establishment of an Islamic Window Afriland First Bank.
- ◀ Wifak International Bank.
- ◀ Trust Bank.



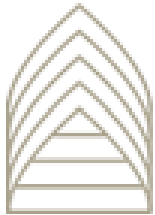


Afriland First Bank has opened an Islamic Window to cater the growing demand for banking services compliant to the Islamic Shari'ah. Afriland First Bank currently operates 23 branches and agencies in Cameroon. Through its strategic initiatives, ICD assisted Afriland First Bank in launching the first dedicated and truly separate Islamic window in Cameroon and in central Africa region by providing them with total solution covering Shari'ah. **The scope of work covered different areas such as:**

- ⚡ Analyzed of the banking industry and the potential demand for Islamic products.
- ⚡ Developed four products compliant to Islamic finance laws .
- ⚡ Prepared and provided comprehensive documentation for products (contracts, forms, Islamic finance guidelines).
- ⚡ Evaluated and helped in selecting the right software solution for the Islamic window.
- ⚡ Prepared a theoretical and on-job training program.
- ⚡ Provided solutions to questions related to legal issues.
- ⚡ Monitored the establishment and development of the Islamic Window.
- ⚡ Guided Afriland team on the treatment of accounting records and data under the Islamic window.



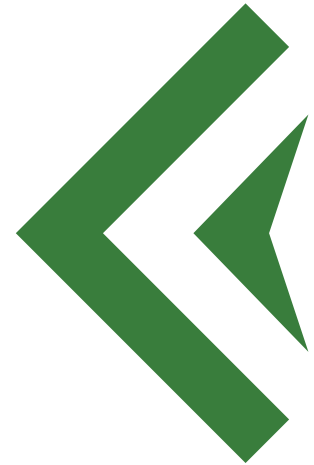
company into a fully-fledged Islamic Bank



TRUSTBANK
AMANAH

Trustbank is a commercial bank in Suriname with special focus on SMEs. Through its strategic initiatives, ICD assisted Trust bank in fully transform into into a full-fledged Islamic bank. ICD dedicated nine key teams across the full conversion process including the areas of project management, Shari'ah compliance, treasury, accounting, human resources, information technology, risk management, marketing and legal framework. **The scope of work covered areas such:**

- Supervised and monitored the conversion process (Project Management Office)
Provided recommendations on the process of converting the existing conventional contracts as well as the different existing functions.
- Provided recommendation on balance sheet (BS) transformation and assisted Trustbank Accounting Team to convert assets and liabilities to Shari'ah compliant Setup of the Shari'ah committee.
- Developed new banking products compliant with the Islamic finance law
- Prepared and provided comprehensive documentation for products (contracts, forms, Islamic finance guidelines).
- Launched Treasury Money Market and FX products to enable the bank deal in treasury money market, forex market, and treasury corporate sales market.
- Provided a theoretical and practical training on Islamic finance.
- Prepared the RFP for the IT solution
- Evaluated and supported in selecting the best software for the new Islamic bank
- Overseen the quality of the IT solution implementation and ensured the compliance with RFP requirements.



Bank into fully-fledged islamic bank

RECENT PROJECTS



Conversion of El-Wifack
Leasing into the biggest
Islamic Bank in
Tunisia



Set up of the first Digital
Islamic windows for
SunTrust Bank
Nigeria



Conversion of the first Islamic
Bank in the Caribbean
Suriname



Conversion of TAIB holding
into a fully fledged Islamic
Bank
Brunei Darussalam



Implementation of new
Islamic bank in
Morocco



Set up of an Islamic
Window in **Senegal**



Conversion of NTB into
fully fledged Islamic Bank
Indonesia



Launch of first Islamic window
to Bank of Financing SMEs
Tunisia



Set up of the first dedicated
and truly separate Islamic
windows for a bank in
Chad



Restructuring, Fund raising
and identification of a
technical partner for
Kazakhstan



Set up of the first dedicated
and truly separate Islamic
windows for a bank in
Burkina Faso



Launch of an Islamic
subsidiary of Ahli Yemen
Bank **Yemen**



Launch of 5 Islamic banks
dedicated to SMEs Libyan
Government
Libya



Provide technical assistance
and capacity building in
Islamic finance and SMEs
Tunisia



Set up of the first dedicated and
truly separate Islamic windows
for a bank in Cameroon and
central Africa region
Cameroon



Set up of the first dedicated and truly separate Islamic windows
Senegal



Set up of the first dedicated and truly separate Islamic windows
Ivory Coast



Conversion of Bonki Rushdi Tajikistan into the first Islamic Bank in
Tajikistan



Set up of the first dedicated and truly separate Islamic windows
Benin



Set up of the first dedicated and truly separate Islamic windows
Mali



Islamic finance Gap analysis and products development
Senegal



Set up of the first dedicated and truly separate Islamic windows
Guinea



Set up of the first dedicated and truly separate Islamic windows
Ivory Coast



Set up of the first dedicated and truly separate Islamic windows
Djibouti



Set up of the first
dedicated and truly
separate Islamic windows
Senegal



Set up of the first
dedicated and truly
separate Islamic windows
Senegal



Conversion of
SohibkorBank into fully
fledge Islamic Bank
Tajikistan



Set up of the first
dedicated and truly
separate Islamic windows
Uzbekistan



Set up of the first
dedicated and truly
separate Islamic windows
Uzbekistan



Set up of the first
dedicated and truly
separate Islamic windows
Libya



Set up of the first
dedicated and truly
separate Islamic windows
Uzbekistan



Set up of the first
dedicated and truly
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Uzbekistan



Set up of the first
dedicated and truly
separate Islamic windows
Uzbekistan



“Coming together is a beginning, staying together is progress and working together is **SUCCESS.**”

– Henry Ford



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