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British Delegation to the
5th WORLD ISLAMIC ECONOMIC FORUM
Republic of Indonesia
1 - 4 March 2009

organised by the
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The views expressed in this publication do not necessarily represent the views of the Muslim Council of Britain.
I am pleased to introduce you to the British delegation to the 5th World Islamic Economic Forum.

The continuing delegations from Britain to the World Islamic Economic Forum are illustrative of the affinity and commitment of Western Muslims to the economic development of the Ummah.

This publication illustrates some of the lessons learnt and financial technologies developed by Western Muslims that may be of benefit to countries represented at the World Islamic Economic Forum.

Some of the articles in this publication also explore the opportunity to revisit conventional economic principles in prevailing global economic crisis.

The delegates profiled in this publication and who will be attending the 5th World Islamic Economic Forum look forward to the many opportunities to be discovered and relationships to be developed at the 5th World Islamic Economic Forum.

Best wishes and salaams,

Tariq Hameed
Editor
I am pleased to welcome the United Kingdom delegation to our 5th World Islamic Economic Forum in Jakarta, Indonesia on 1-4 March 2009.

As in previous years, the delegation from the United Kingdom has never failed to impress with their organization, their enthusiasm and most important of all, their continued support for the cause of the World Islamic Economic Forum.

I am also pleased to note that the UK delegation consists mainly of exuberant young professionals and entrepreneurs who are eager to contribute in all sorts of ways to the ensuing discussions at the Forum and participate in the various projects that we have in the pipeline.

I really hope that we will enjoy the support of these bright young talents, not to mention the established members of the British Muslim community in decades to come. Thank you and welcome to Jakarta.

Tun Musa Hitam
Chairman
WIEF foundation
The Muslim Council of Britain (the MCB) is pleased to be supporting the fifth WIEF. The MCB has been supporting the WIEF since its inception and pleased to lead - once again - a strong delegation from Britain.

Britain, with its vibrant Muslim community, is a natural partner in the continuing development of Muslim countries. Historically, there was always trade between Britain and Muslim countries. But more important, as witnessed by the staggering growth in the Islamic finance industry, is the exchange of ideas and philosophies between Muslim countries and the West – with Britain a major gateway for such exchange.

The British delegation led by the MCB hopes to share some of the technologies devised in the UK with developing Muslim countries as well as introduce some of the people and institutions that are keen to assist in removing trade barriers, recognising new opportunities and developing new technologies.

The MCB organised the seminal Islamic finance and Trade Conference in London in June 2006, where the current Prime Minister, the Rt. Hon Gordon Brown MP, announced his intention to make the UK “the Gateway for Islamic finance and trade.” The WIEF will be an opportunity for Britain to further this ambition.

We are pleased to accept the invitation of the Republic of Indonesia to attend this year’s Forum and look forward to furthering the many opportunities that will be on offer.

With warm regards and salaams,

Sir Iqbal Sacranie
Former Secretary General 2002 – 2006,
The Muslim Council of Britain
UK Trade & Investment is pleased to contribute to this brochure for the World Islamic Economic Forum.

The UK is a world-class location for international business. Its vibrant and diversified economy and its unique combination of expertise, skills and financial infrastructure make it a global economic powerhouse.

In a globalised economy, the UK is experiencing both challenges and opportunities in an era of economic change. With an international outlook and ambition to develop business in this emerging and exciting area of financial services, the UK has been prominently engaged in the tremendous opportunities presented by the Islamic finance industry. It is our goal to position the UK as the global partner of choice for the provision of Islamic financial services which includes the development of strong partnerships with other centres of Islamic finance.

The UK provides an extensive financial infrastructure to support the global Islamic finance industry. Its strong track record in developing shariah compliant financing, world-class expertise, skills and education, contribute to its reputation as a leading international centre for Islamic finance. This includes a full range of shariah-compliant services from the banking, insurance, legal, accountancy, education, skills and consultancy sectors.

Islamic finance will continue to grow globally as it reaches beyond its traditional Muslim customer-base and becomes more familiar to conventional investors. The UK will continue to engage in the Islamic finance market, and UK Trade & Investment, working with industry leaders will ensure that the UK continues to provide a favourable environment for trade and investment opportunities in Shariah compliant products.

UK Trade & Investment is the government organisation that helps UK-based companies succeed in the global economy and assists overseas companies to bring their high quality investment to the UK.

For more information on UK strengths and capability in this sector visit: www.TheCityUK.com
United Kingdom
The Gateway to
Islamic Finance and Trade

...this important and ground breaking conference, a conference that not only brings together so many distinguished leaders in commerce, business and community life, but sets the important long term ambition - and an ambition that I share with you - to make Britain the gateway to Islamic finance and trade.

Rt Hon Prime Minister Gordon Brown
(Chancellor of the Exchequer 1997-2007)

Keynote speakers include representatives from the UK Government, Finance and Trade Ministers from Muslim countries, Islamic Scholars, international banks, professionals and business leaders.

For further information on the conference and sponsorship opportunities please visit www.iftc.uk.com or contact:

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The United Kingdom has made significant achievements in the growing field of Islamic finance. This has only been possible with the hard work of committed individuals and institutions.

The following articles describe what strategies have allowed such achievements and what technologies have been developed as a result. Other articles examine what lessons can be learnt in the context of the current economic climate.
Despite the hubris in the media about the growth of the Islamic finance industry, few have taken stock of the authenticity of products and the direction of the industry’s growth. Muslims understand that one of the *Maqasid al Shariah* (the objectives of Shariah) is the promotion of the wellbeing of all mankind – Muslims and non-Muslims.

For many in the industry however, Islamic finance is simply another means to accumulate wealth through the repackaging of conventional financial instruments. Many speak of the alternative that Islamic finance offers to the current financial system. However, for so long as Islamic finance is based on synthetic products and repackaging, it will never offer an alternative to conventional finance or achieve the objectives that it is meant to achieve.

### 1. A question of authenticity

Few experts would question the absolute prohibition of the payment and receipt of interest in Shariah. Many will, however, debate whether Islamic finance as currently practiced is more a matter of introducing interest through the back door. The most popular products applied in the Islamic finance industry are still Murabaha (cost-plus trading) and Tawarruq (monetisation).

Mufti Taqi Usmani has however stated that:

“Murabaha ... is not an ideal instrument for carrying out the real economic objectives of Islam ... its use should be restricted only to those cases where Mudaraba or Musharakah are not practicable.”

Furthermore, the AAOIFI Shariah Standards state that:

“[Tawarruq] is not a mode of investment or financing ... The institution should resort to [Tawarruq] only when it faces the danger of a liquidity shortage that could interrupt the flow of its operations and cause losses for its clients.”

Moreover, Ibn Taymiyyah (as reported by Ibn Qayyim Al-Jawziyya) has stated that:

“The precise economic substance for which Riba was forbidden is present in [Tawarruq], and transaction costs are increased through purchase and sale at a loss of some commodity. Shariah would not forbid a smaller harm and permit a greater one.”

The above quotes are a mere illustration of the dissatisfaction that scholars have with such instruments, despite their continuing popularity amongst Islamic bankers.

More work needs to be done to introduce Musharakah (joint venture), Mudaraba
(limited partnership) and Ijara (lease) based financing arrangements that are more aligned to the principles of Shariah-based finance, i.e. risk sharing. Indeed, according to a Hadith Qudsi (narrated by Abu Hurairah) Allah SWT stated that:

“I am the third of every two partners as long as neither one betrays the other. However, if one betrays the other, I leave their partnership.”

Murabaha and Tawarruq are the most utilised products for two main reasons: (a) they are the closest, in terms of economic and risk profile, to a conventional loan and therefore attractive to conventionally-trained bankers; and (b) the taxation and regulation of Musharakah, Mudaraba and Ijara structures make them difficult to offer in many jurisdictions – including many Muslim countries.

Many consumers, when presented with only the options of Murabaha and Tawarruq, will rightfully feel sceptical about the authenticity of the industry when such products so closely mirror conventional products. The only way to counter such scepticism is the introduction of more authentic products based in Musharakah, Mudaraba and Ijara structures. The remainder of this paper examines how.

2. Removing barriers to authentic development

Although Shariah scholars do from time to time decry the prevalence of Murabaha and Tawarruq structures, product providers quite rightly argue in their defence that they are constrained by the regulation and taxation of Islamic finance products.

Product providers frequently cannot provide more authentic Islamic finance products in a number of jurisdictions, particularly in Muslim countries, since no effort has been applied towards removing the regulatory and tax barriers to their offering.

Since 2003, the United Kingdom has become a leading example of how to successfully accommodate Islamic finance across a range of products. The UK government recognised early on that Islamic finance products are different to conventional finance products and, therefore, had to be treated differently. A number of working groups have been established and the UK government actively consults on its regulatory and tax proposals.

3. State strategy

The development of a genuine domestic Islamic finance industry is only possible with the commitment of the state, whose responsibility it would be to remove legal and fiscal barriers to its development. The UK has maintained a strong commitment to accommodating the Islamic finance industry. This commitment was most vividly stated by the Rt. Hon. Gordon Brown MP at the Islamic Finance and Trade Conference 2006, organised by the MCB Business & Economics Committee (the BEC), where he stated his ambition to “make Britain the gateway to Islamic finance and trade.”

Furthermore, the Financial Services Authority and HM Treasury have published papers on their approach to Islamic finance that have been read closely.
by the Islamic finance industry. In its strategic paper, HM Treasury restated the Government’s objectives for supporting the development of Islamic finance in the UK:

(a) to enhance the UK’s competitiveness in financial services by establishing the UK as a gateway for international Islamic finance; and

(b) to ensure that everybody, irrespective of their religious beliefs, has access to competitively priced financial products.

The UK Government has further stated that it is guided by the principles of fairness, collaboration and commitment in the pursuit of the above objectives.9

4. Regulatory treatment

It must be restated that Islamic finance is different to conventional finance. Islamic finance is not merely a means to repackage conventional financial technologies for the Muslim market. The issue of differences is clearly illustrated in the regulatory treatment in the UK of savings products. A savings product is described in regulatory terms as a deposit where the full amount is returned to the depositor. Islamic deposits are normally offered on a Mudaraba basis (i.e. limited partnership). However, it is an invariable principle of Mudaraba that the Mudarib (i.e. the investment manager) cannot guarantee the principal of investment.

The UK Financial Services Authority adopts a “one-size-fits-all” approach and institutions wishing to offer Islamic deposits based on Mudaraba principles in the UK, notwithstanding Shariah requirements, are forced to incorporate a guarantee of principal by the Mudarib. This continues to be a problem despite first arising in 2004. Nonetheless, the FSA is consulting on the regulatory treatment of Sukuk with the view to addressing similar regulatory issues.10

As the above experience has shown, an understanding of the principles of Islamic finance is important when introducing Islamic products in a regulated environment. In contrast to the UK, and in recognition of the inherent differences of Islamic finance products, the Central Bank of Bahrain, the Dubai Financial Services Authority, Bank Negara Malaysia and the Qatar Financial Services Authority are examples of regulatory authorities that have parallel regulatory rules for Islamic financial institutions.

5. Taxation

A major hurdle to the provision of Islamic finance products is their treatment from a tax perspective. Individuals and corporations are generally entitled to deduct payments of interest from their taxable income.
Although Islamic financings are generally structured as equity investments, they may have the economic characteristics of debt and the relevant profit/rental payments are the economic equivalent of a payment of interest. Where this is the case, and unless they have the same tax treatment as conventional financial instruments, an obligor under an Islamic financing is made worse off by the tax system than an obligor under a conventional financing. Furthermore, the transfer of property interests (such as real estate) under Ijara, Iistisna’a and Musharakah financings may attract an additional levy of stamp duty that would not otherwise be the case with a conventional loan.

Removing the additional tax burden on an Islamic debtor has been the objective of the “level playing-field” legislation introduced by HM Revenue & Customs. Care has however been taken to ensure that the relevant provisions are not used by conventional lenders to evade taxation. The key to the success of these initiatives has been an open and continuing dialogue between HM Revenue & Customs, professional service firms specialising in Islamic finance and the product providers themselves.

6. Education and training

There is a growing deluge of Islamic finance training courses and conferences. Whilst the range of subjects covered and geographic spread of such courses and conferences is welcome, the quality of some of these are quite questionable. Indeed, some conference organisers do more damage to the industry than they realise. The industry has witnessed awards of “Tawarruq deal of the year” and prevalent mention of “Islamic loans” (i.e. Tawarruq) which shows how little progress has been made by the industry. An “Islamic” loan is in Shariah technically a Qard, whereby money is lent without interest. The dilution of Islamic finance in such a manner is illustrative of the precarious development of the Islamic finance industry.

Although the education and training of professionals is essential to enable the industry to grow, greater attention should be paid to the principles that underlie Islamic finance and, more importantly, what it is exactly that makes Islamic finance “Islamic.” Greater emphasis should be placed on learning based on the AAOIFI Shariah Standards. The standards have been developed by the major contemporary Islamic finance Shariah scholars from a number of jurisdictions. Compliance with some of the provisions of these standards is also mandatory in a number of jurisdictions.

Adherence to the AAOIFI Shariah Standards by professional advisors and service providers would assist greatly in the development of the Islamic finance industry towards authentic products.

7. Consumer awareness

Improving consumer awareness of Islamic finance requires work in three main areas: (a) Shariah governance; (b) authenticity and (c) education.

(a) Shariah governance

It is a requirement in several international standards and regulations that a service provider appoints an independent Shariah board/advisor to certify whether a product, its processes and documents are compliant with Shariah. Such certifications provide comfort to a consumer that the product offered to them has been independently reviewed in a Shariah context. Following recommendations made by the BEC, the FSA now requires providers of Islamic home purchase plans in the UK to specify the
composition of their Shariah board or the identity of their Shariah advisor. The FSA has further stated that it wishes “to see the basis on which an Islamic firm claims to be Shariah-compliant is communicated appropriately to the consumer.”

Unfortunately, such bases are not always communicated to the consumer. To address this shortcoming, the BEC, the Islamic Finance Council and the Utrujj Foundation have launched the Islamic Finance Transparency Standard (see page 54 of this publication).

(b) Authenticity

Experience and studies have demonstrated a fair degree of scepticism amongst British consumers with Islamic finance. As noted in section 1 above, this may be partly due to the authenticity of products offered. For so long as the products offered to consumers mirror conventional finance instruments, Muslim consumers would always be sceptical. The onus is therefore on product providers to offer products based on Musharakah, Mudaraba and Ijara structures that better reflect Shariah principles.

(c) Education

Islamic finance products are more structured than a simple loan and therefore not always easy to understand. This lack of understanding is not just applicable to professional service providers but also to consumers themselves. Many Muslim consumers discuss the products offered to them with their local Imam, but the syllabus taught at the religious seminaries where Imams are trained may not necessarily cover Fiqh Muamalat (i.e. the Islamic law of transactions).

Various initiatives are underway in the UK to educate Imams and consumers as to the nuances of Islamic finance products. Indeed, the Dutch central bank identified a heightened risk of miss-selling of Islamic financial products given the limited understanding of Islamic products by consumers and suppliers.

Also important in an educational drive is the reaffirmation of the prohibition of interest under Shariah. The use of conventional finance is still prevalent amongst Muslim minority communities in the West and in the Muslim world. Whilst Islamic finance cannot and should not be forced upon people, people should be apprised of the short-comings of conventional finance as well as the short-comings of only partially Shariah-compliant financial products.

But Islamic finance is not just for Muslims. Non-Muslim consumers have demonstrated a willingness to utilise Islamic finance on ethical grounds, and more should be done to promote this. The Western media generally still struggles with the concepts of Islamic finance (as illustrated by the prevalent use of the misnomer “Islamic loans”). Some Western politicians too still make the antagonistic and fictitious connection between Islamic finance and terrorism. Greater awareness of the principles and authentic instruments used in Islamic finance is therefore essential. One such attempt is the forthcoming Islamic Finance FAQ being prepared by the BEC and the Venerable Investment Gateway.

8. Conclusions

This article has examined some of the strategies of the UK in promoting the development of Islamic finance with a view to suggesting a framework for adoption by Muslim countries. Despite continued talk about the growth and stability of the Islamic finance industry in the context of a global credit crunch, greater attention
should be paid towards the authenticity of Islamic finance products and what makes “Islamic finance” products “Islamic.” To do otherwise may well lead us later to witness an unravelling of the Islamic finance industry to the detriment of the Ummah. 

10. Financial Services Authority, Consultation on the legislative framework for the regulation of alternative finance investment bonds (Sukuk)(2008).
11. Such as Bahrain, Iran, Kuwait, Malaysia, Pakistan, Qatar, Saudi Arabia, the United Arab Emirates and the United States of America.
12. Such as Bahrain, Pakistan, Qatar and the United Arab Emirates.
13. The AAOIFI Governance Standard and IFSB governance papers 3 and 5.
14. Mortgage Conduct of Business Rules, Section 4.4.1R.
Global financial markets are currently experiencing an unprecedented tightening of available credit originating from problems in the sub-prime segment of the mortgage market, known as the credit crunch. This drying up of lending and liquidity has spread like a contagion, affecting not just the sub-prime sector, but investments more generally, leading to increased risk in swathes of asset classes and a macroeconomic recessionary trend. How can the Islamic finance industry take advantage of this event?

**Treating the symptoms or curing the disease?**

In November 2008, George W Bush, speaking in New York, said that the answer to the credit crunch was “not to try to reinvent the system”. He went on to say that we need to “fix the problems we face, make the reforms we need, and move forward with the free market principles that have delivered prosperity and hope to people around the world”.

The clear intent behind this message was to preserve the status quo. Bush was here making a case for the maintenance of a system wreaking carnage across geographic and financial boundaries. But what is perhaps most interesting about the statement is the almost Freudian slip which it betrays. By rushing to defend the “system”, it automatically evokes the question, ‘is there an alternative?’ Could it be that ‘making the reforms we need’, whatever these unspecified reforms might be, will only treat the symptoms whilst the disease rages on?

“An opportunity has presented itself to the Ummah”

**Enter Shariah**

Clearly the answer is yes. The hallowed “system” is built upon a series of foundations which Shariah shows us are incompatible with the long term benefit of mankind – Riba, Gharar, Maisir etc.

An opportunity has presented itself to the Ummah: an opportunity to teach and share the concepts of a system which can bring benefit to mankind if implemented correctly and sincerely. Islamic finance has the potential to change the face of transactional interaction between individuals and communities at both the micro and macroeconomic level. It represents a viable alternative, free from the economic volcanoes of rampant interest, uncertain assets and speculative trading strategies.

It is interesting to note that the trigger for the financial crisis was the sub-prime mortgage...
market in the U.S. Essentially, this involved the exploitation of individuals (who were invariably the poorer members of society) with extremely poor credit ratings who could not otherwise obtain home finance. These individuals were offered loans at extortionate interest rates and, having no other option available, were willing to agree to the terms. When they began defaulting in their droves, those institutions which traded the re-packaged debt obligations began to feel the pain. This is interesting because the underlying transactions involving exploitation and Riba - would not be permissible under Shariah in the first place.

Immediately, we are able to demonstrate a benefit derived from operating a Shariah-compliant organisation – a natural insulation from the turmoil. Moreover, one could argue that the peaks and troughs of the economic cycle (of which we are now experiencing the most violent one since 1929) can be seen as the market actually rejecting these forms of business – much like a man who has had too much to drink being violently sick after a period of enjoyment.

“Products truly de-linked from interest would be something to shout about”

The process of purification

We should not get carried away just yet however. Despite all the hype about the speed of growth with which Islamic finance has expanded, in truth it remains only a small part of the world financial system. Moreover, as the adage goes, quality not quantity is what is important. More needs to be done to cultivate products which are more in keeping with the spirit as well as the letter of the law.

As other articles within this publication have already elucidated, there is a dearth of products structured around Musharakah and Mudaraba principles in particular. This is unfortunate. The tendency thus far within the sector has been to focus upon products which replicate conventional financing techniques linked to inter bank borrowing rates. As a result, there is little in reality to differentiate these products from conventional ones impacted by ongoing market turbulence. Products truly de-linked from interest would be something to shout about.

The current crisis presents a window of opportunity. If we look at the asset management space, the last decade has been marked by rising asset prices fuelled by large amounts of debt. As a result, one of the surest ways to make money was to borrow funds, purchase an asset, ensure the cost of finance was lower than the rate of asset appreciation and then sell once the desired amount of profit had been made. There was very little skill involved in this process. The financial crisis means that those who embarked on this financial engineering exercise without adding value to the relevant business or asset through active management strategies will now be paying a heavy price. In the UK, we are seeing businesses of all sizes which are highly leveraged go under every day at the moment for exactly this reason.

The true Islamic model directs us towards adding value. The Musharakah and Mudaraba models call for risk and profit sharing. If adopted in accordance with the spirit of Shariah as well as the letter of the law, they will incentivise investors to undertake due diligence on the strategies of their partners and investment managers in order to make sure they really can add value.

The biggest problem with pure debt
finance (whether it is so called Islamic debt or conventional) is that the lender has comparatively less concern for the efficacy of the business or investment model. This is because their repayment profile can be divorced from the asset risk provided there is enough equity in the asset over and above the debt such that when the asset is sold the loan is repaid along with the price of the funds. We need to move away from this way of thinking. Sharing of risk is so important because it encourages allocation of investment (whether the investor is participating actively or not) based on positive outcomes, rather than simply the likelihood of being able to enforce security.

“Sharing of risk encourages allocation of investment based on positive outcomes”

Time to tie our camels?

Many jurisdictions already provide the tools needed to undertake this type of investment enterprise – for example, partnerships and investment funds are used all over the world to share risks and profits in every type of asset class, from commodities to property. We just need to utilise these tools in a way that is compliant with the principles of Islam. If we focus on talent amongst managers, sharing of risks between investors/financiers and those running the enterprise and due diligence, we will, insh’Allah, find ourselves with an industry which is both profitable and contributing positively to the world. It will attract investors regardless of faith and provide a genuine viable alternative to the conventional market system.

Islam is special because it advocates certain principles which do not fit into a conventional box and we should not try to make them do so. Now is the time to show the conventional market that we know why they are experiencing so many problems with the economic principles underpinning their products, but more importantly, now is the time to show them a better way – to lead by example:

Thus, have We made of you an Ummah justly balanced, that ye might be witnesses over the nations, and the Messenger a witness over yourselves (Quran 2:143)

SUMMARY OF ISLAMIC FINANCE DEVELOPMENTS IN THE UK

Legal System

Governing Law

The English Court of Appeal in *Shamil Bank v Beximco* (2004) ruled that where a religious authority has opined on compliance with a religious law, the courts will enforce the contract as drafted. This provided certainty to the enforceability of Shariah-compliant contracts governed by English law.

Government policies

HM Treasury’s objectives:

(a) to enhance the UK’s competitiveness in financial services by establishing the UK as a gateway for international Islamic finance; and

(b) to ensure that everybody, irrespective of their religious beliefs, has access to competitively priced financial products.

Financial Services Authority’s policy: “No obstacles, but no special favours”.

Taxation

Objective of HM Revenue & Customs: to create a level-playing field for Islamic finance products.

Summary of legislation:

Finance Act 2003 – removal of additional levy of stamp duty land tax (SDLT) for Murabaha and Ijara-based home financings.

Finance Act 2005 – returns and income payments treated as if it were payments of interest for tax deduction purposes under Murabaha and Mudaraba contracts; removal of additional levy of SDLT for Diminishing Musharakah-based home financings.

Finance Act 2006 – tax treatment of Musharakah and Wakala Contracts also clarified. Benefit of relief from additional levy of SDLT in Murabaha, Ijara and Diminishing Musharakah-based property financings extended to all entities including companies.


Finance Act 2008 – Sukuk securities deemed to be loan capital for stamp duty purposes in order to allow them to benefit from the loan capital exemption from stamp duty and SDLT.

Islamic financial institutions (in order of authorisation)

- Islamic Bank of Britain Plc
- European Islamic Investment Bank Plc
- Bank of London and The Middle East plc
- European Finance House Plc
- Gatehouse Bank Plc
- Principle Insurance Company
LIQUIDITY IN THE ISLAMIC FINANCE MARKET

Atia Riaz, Islamic Liquidity Solutions Product Manager at J.P. Morgan

The Islamic Finance market has charted impressive growth over the last few years, and although it has been affected by the global crisis, it is emerging with a strong backbone. According to S&P the market for Sukuk has more than doubled to USD60bn in 2007. Although volumes were tempered in 2008 - Sukuk issuances fell by over 50% - the market attracted the same number of issuers as before.

In 2008, industry experts reported a valuation of between $500m -- $750m benefiting from 15-20% p.a. growth over the last few years. The prospects for 2009 also appear to be relatively favourable. Moody’s Investor Services reported that although the aggregate asset growth of global Islamic banking is expected to slow from 15% to 10% p.a., the combined assets of Islamic financial institutions are expected to post growth of 20-30% in 2009.

The report issued by S&P points out that the decline in market growth is related to various factors including the global market turmoil and the liquidity squeeze as well as investors’ ‘wait and see’ attitude. A separate report titled “UAE Liquidity Squeeze Raises Questions Over Future Growth, But Credit Fundamentals Remain Sound” also underlines that the liquidity squeeze has other major contributing factors, including country-specific conditions such as fears over the real-estate market and the speculative investor activity related to the (de)pegging of the UAE Dirham from the US Dollar.

The prospects for sustainable growth in 2009 look favourable with several factors contributing to a positive outlook, such as the increasing popularity of Islamic products and strong retail platforms as well as rising investment and financing needs.

“liquidity management has an important role to play in the financial markets”

Liquidity managers in this field use a variety of tools and instruments in order to support and manage the projected growth in this challenging environment. Recent events have demonstrated that liquidity management has an important role to play in the financial markets against the backdrop of the current financial situation. This article will look at some of the tools available in the market and their characteristics.

Commodity Murabaha

The most common Islamic liquidity tool is the Commodity Murabaha. With this product the deposit-taking bank purchases commodities from the deposit-placing
institution at a fixed mark-up value with deferred payment terms. In essence, the product provides a fixed return of capital plus a known margin, for a range of maturities.

The Commodity Murabaha is based upon a deferred payment, which is viewed as a debt obligation from a Shariah perspective, so secondary trading is permitted at par-value only. Questions are asked by some industry participants over whether there is sufficient volume of precious metals available to match the volumes of Commodity Murabaha being traded. To address this potential disparity, there is a need to diversify the underlying assets to include additional commodity-based groups and other assets that can be used to fulfil a strict interpretation of Shariah.

"practitioners and Islamic finance scholars agree that Commodity Murabaha is far from perfect"

The Commodity Murabaha is one of the most widely used liquidity management instruments in this diverse market that spans several continents, yet it has little conformity or consistency, especially regarding legal documentation. This shortcoming has been widely recognised in the market for a number of years and efforts are being made to address the issue, including the recent publication by the International Islamic Financial Market (IIFM) Institute of a standardised Commodity Murabaha legal document. The Commodity Murabaha is generally offered by non-Islamic financial institutions who often view it as an economically equivalent solution to conventional cash management products. While practitioners and Islamic finance scholars agree that this product is far from perfect, there is no viable alternative currently available.

Wakala/Mudaraba Placement Facility

A liquidity product increasingly offered by Islamic financial institutions is the Wakala/Mudaraba placement facility. When using this product the deposit-placing institution places funds with the deposit-taker in order to invest the cash into its treasury operations and/or an investment within agreed guidelines. This product does not provide any certainty of return on capital or profit. However, it does provide equity-based returns and also allows for early termination, unlike other products. Unlike the Commodity Murabaha, the Wakala/Mudaraba facility may be a tradable instrument.

Sukuk

Issuances of Sukuk – Shariah-compliant certificates that economically equate to conventional equity or bond instruments – have raised the interest of a number of liquidity managers. Although the general factor behind launching Sukuk is to raise capital from various sources, the certificate that is issued can generally be traded and usually offers above-par returns, which can be coupled with or without capital certainty. In recent years, issuances of international Sukuk have been heavily oversubscribed. For example, the monthly issuance of the short-term leasing Sukuk by the Central Bank of Bahrain in January 2009 is reported to have been over-subscribed more than five-fold.

Sukuk are considered to be suitable liquidity management tools. However, the lack of a deep secondary market has reduced its applicability for liquidity management. Nevertheless, in recent
months, there have been reports of funds being launched to acquire Sukuk, which suggests a secondary market is developing.

**FX Liability Management**

FX liability management tools - such as dual currency products, Islamic FX options and products including the J.P. Morgan Profit Rate Swap (PRS) - are also fundamental to any liquidity manager. The products can be used as a Shariah compliant liability management tool to manage exposure to market interest rates. Products such as the PRS can be structured to hedge specific exposures, such as a Sukuk issuer’s liability, or as a portfolio management tool.

Invariably, these products are offered by conventional institutions that have the infrastructure to manage their risk in the conventional market without affecting the client-side Shariah compliant transaction.

“Islamic liquidity managers have increasing requirements for access to substantial and useful money market instruments”

** Tradable Certificate Issuance Platforms**

Further advances are being made by banks in the issuance of Shariah compliant tradable certificates that produce returns linked to a wide universe of underlying assets, for instance equities, commodities or indices. The certificates can be provided with partial or full capital certainty, are backed by underlying Shariah-compliant assets and are tradable.

Cutting-edge products like the structured certificate issuance vehicles as well as cash management funds continue to drive liquidity management in the Islamic finance market. Yet in an environment where managing liquidity is being recognized as becoming key – indeed in some cases it is seen as the difference between continuance of an institution or its demise - Islamic liquidity managers have increasing requirements for access to substantial and useful money market instruments.

Innovation is crucial in this niche field for the future development of the Islamic finance market. Technologies are becoming more widely accepted and utilized; and more recognition is given to standardization and building of infrastructure. Shariah-compliant money market instruments are vital to developing enough liquidity management tools within the Islamic finance market, although there is a long way to go before there is sufficient depth to satisfy this requirement.
THE WAY AHEAD IN ISLAMIC INVESTMENT BANKING
MITIGATING RISKS DURING A FINANCIAL CRISIS

Badrul Hasan, a Legal Assistant at Simmons & Simmons with the Islamic finance team, looks at some of the key legal measures Shariah compliant business institutions can take to mitigate some of the risks arising from the deepening of the world financial crisis.

Shariah and Risk

Shariah divides risks into two types: pure risks (mukhatara) and speculative risks (maysir). Pure risks are those that are incidental to productive activities, such as accidents and poor market conditions. Speculative risks are artificial risks assumed in a nonproductive activity involving a pure wealth transfer as opposed to wealth creation. An example of a speculative risk is the risk of losing a wager on the wrong horse. Shariah prohibits taking on the second type of risk and recommends mitigating and sharing the first type of risk.

“Shariah prohibits taking on speculative risk”

While Shariah places great importance on Tawakkul (trusting in God), it also emphasises the taking of precaution. For example, the Prophet Muhammad instructed a bedouin Arab who, having placed his trust in God to look after his camel, left it untied. The Prophet instructed him to first tie the camel and then leave it in the hands of God. Below we discuss a number of measures Islamic corporations and governments can take, especially in the stormy waters of the present world economic climate, to reduce and spread their risk exposures both in the short and long term.

Corporations

Documentation

As lawyers, we are closely involved in the documentation that sets out the commercial arrangements of our clients. The quality of such documentation varies from very good to abysmally bad. During good times, things may go smoothly on the basis of commercial understanding and good will. However, it is during difficult times, like these, that parties start to reconsider their rights and obligations carefully and revert to reading through their written agreements (which they may not necessarily have read through carefully previously). Well drafted documentation can help to avoid or minimise the breakdown of relationships and disputes. An Islamic business should manage its counterparty risk by ensuring that its agreements are clearly documented in writing. The Quran establishes an imperative in this regard:

“O you who believe! When you deal with each other in transactions involving future obligations, reduce them to writing. And let a scribe draft your mutual obligations faithfully... And do not fail to reduce to writing your contract ... Writing it is more just in the sight of Allah, more suitable as evidence, and more exact in preventing doubts among you.”

(Quran 2:282)
Certain institutions, whilst facing periods of down time are now taking the opportunity to mitigate the risks of future disputes, by having their legal documentation reviewed by legal advisers with the relevant expertise.

“Well drafted documentation can help to avoid or minimise the breakdown of relationships and disputes”

Market Disruption

Market disruption provisions in agreements have come to the forefront recently in relation to the activities of financial institutions. Incorporating such provisions allows parties to renegotiate arrangements that are rendered unviable in difficult conditions. It is important for both Islamic financial institutions and corporations to look carefully at all their agreements and ensure that there are provisions that allow them to renegotiate their commercial relationships in such unforeseen situations of market disruption.

For Islamic financial institutions, it is also important to consider what sorts of Shariah compliant products are amenable to renegotiation owing to market disruption. For example, it is understood that Mudaraba and Wakala arrangements are more flexible in this regard than Murabaha.

Debt v Equity

In times of economic downturn, the poor performance and technical insolvency of highly indebted firms is the consequence of having adopted a strategy of leverage during times of heightened economic activity, whether through conventional or Islamic finance. It is important for corporations, as part of their risk management, to match asset-related cash-flows with liability-related cash-flows. For example, cash-flows due under financing contracts should be determined by cash-flows arising from the trade or assets financed by such financing. However, it is important to remember that this can be achieved on an equity financing basis without incurring the risks associated with leverage, especially during times of crisis. Moreover, from the point of view of Islamic financial institutions, equity arrangements such as Mudaraba and Musharakah provide greater flexibility than debt based Murabaha which cannot be accelerated and is not tradable.

Governing Law and Arbitration

It is common in times of financial crisis for there to be an increased risk of disputes. In such situations, the law that parties have opted for in their governing law clauses becomes particularly important. It is common for Islamic financial agreements to contain hybrid governing law clauses such as “this agreement is governed by the laws of England in as much as they do not conflict with Islamic Shariah”. While the intention behind such clauses is commendable, in practice the absence of a jurisdiction that fully applies Shariah means that they do not achieve what is intended by them. This is because judges in non-Islamic jurisdictions are not required to and do not have the prerequisite knowledge to apply Shariah. In addition to this, making Shariah the governing law could introduce additional uncertainty as Shariah can be interpreted widely. The better way to approach the question of managing potential disputes, if the intention
is for the parties to resolve any dispute arising under the agreement in accordance with Shariah, is to take the following steps:

(a) the parties acknowledge and represent within the agreement, after taking professional advice and advice from a qualified Shariah scholar or Shariah board, that it is Shariah compliant. This prevents a party at a later stage from reneging on their obligations arguing that the arrangement violates Shariah;

(b) the parties agree that any dispute arising out of or in connection with the agreement is resolved in accordance with Shariah principles through arbitration;

(c) the appointed arbitrators are Shariah scholars knowledgeable and experienced in matters of finance and Shariah;

(d) the arbitrators shall interpret and apply Shariah principles with reference to a particular authoritative Shariah text; and

(e) if the parties fail to resolve a dispute through arbitration, after attempting to do so for a certain period of time, the dispute shall be referred to a regular court, but there is no guarantee that such court will apply Shariah principles in their judgment.

Reform in such an industry would be:

• Monetary reform - implementing a commodity-based currency system;

• Fiscal reform - such as implementing zakat and the provision of basic welfare;

• Financial market reform – for example, prohibiting destabilising practices such as short selling; and

• Education – providing Shariah training on the substance and application of Shariah principles in the economy.

Governments

Regulatory framework

One of the best ways to mitigate the risks of financial crises is for governments to develop financial systems that are not prone to them by nature. A Shariah based Islamic banking and finance industry would be strengthened by providing an underlying regulatory framework that is sensitive and supportive. Some key components of

Protection

Governments that seek to promote Islamic methods of financing in their economies can reduce their exposure to the volatility of interest-based markets by introducing regulatory measures that promote trade with other countries with similar objectives. The common ground for greater Shariah application and integration is provided in Shariah being one of the sources of law for most Muslim countries. Effective and robust legal and regulatory regimes can facilitate the development of a common market among economies that seek to be Shariah based.

Conclusion

While those who promote Islamic modes of financing believe that greater application of Shariah principles will help to prevent the types of financial meltdown we see at present, it remains true that Islamic corporations and governments must employ prudent measures and take sound financial and legal advice in order to mitigate their risks within the given framework during the tenure of the incumbent financial system.

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At Simmons & Simmons providing our clients with top quality legal advice is a given. What really sets us apart is our unique combination of an in-house Shariah capability, close relationships with Scholars, practical structuring expertise and Arabic language capabilities.

The Simmons & Simmons banking and financial services team has extensive experience in advising on Islamic finance. Our lawyers have advised both Islamic and conventional financial institutions, as well as corporate and governmental bodies, on a wide range of Islamic financing matters in the Middle East and internationally.

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TOWARDS AN ISLAMIC CODETERMINATION MODEL FOR THE ISLAMIC FINANCE INDUSTRY

Sheikh Faizal Manjoo

Brief Historical Analysis of Labour in Muslim World

In Muslim history, there have been negative attitudes towards labour - despite these attitudes being contrary to Islam.

A derision of the working class permeated in other legal branches such as the issue of Kafa’a (compatibility) in marriage. Profession is one of the factors determining Kafa’a by most school of law. This attitude prevailed to some extent during the Umayyad Caliphate but when the Abbasids took the reign of the Caliphate, its inclination towards architecture and other cultural disciplines meant that a crafts-based workforce became state-sponsored. This gave rise to a much desired workforce.

The Zuhdi movement was another key period in the history of Muslim labour. Zuhd means abstention from the world. This negative attitude towards working was developed by Sufi orders that refrained from working and neglected worldly affairs. This in turn affected the economy, and scholars like Ibn Taymiyyah and Ibn Khallāl had to raise their pens against such an attitude.

Economic and Legal Perspective of Labour

Present day labour law differs in many countries, but the International Labour Organisation is an overarching umbrella which is used as a benchmark. For instance, issues of minimum salary overrule the law of supply and demand in the market.

With the increasing economic confidence of the global Muslim community, one has to ponder again over labour as a factor of production in parallel with the classical law of labour under Shariah.

“Labour, as a factor of production, has different ethos in Islamic economic thought”

The Muslim world is moving towards service industries. The Islamic finance industry is an example of this, with all its tributaries and subsidiaries. A scientific analysis of Islamic finance reveals that despite its exponential growth, the Islamic finance industry is facing a myriad of problems. One of these is the lack of consideration of Islam in the context of human resources. Labour, as a factor of production, has different ethos in Islamic economic thought in contrast with conventional principles.
The great scholar Mufti Shafi (ex-Grand Mufti of Pakistan) has stipulated that there is no entrepreneurship the way we understand it in the secular sense. Entrepreneurship is part and parcel of labour according to Islam. There is no reward for entrepreneurship in the form of interest. A man’s reward for his effort is wages and the reward for his capital invested is profit. However, he cannot be rewarded for the sake of taking risk by borrowing money and investing it. His involvement will be as a sole trader or a sharik (partner) or a Rab al-Maal (owner of capital).

Co-determination corresponds to an employment model oriented towards the long-tenure of core workforces in order to make substantial investments in human capital profitable. The rights to organisational participation allow for workers consultative authority/rights. Organisational structure encourages workers to identify with the strategic aims of the company and assume responsibility. It also bridges the gap between hierarchies and reduces the social divide between “top” and “bottom”. It also helps to reduce tension between workers and employers; it is a good dispute resolution mechanism that can be used to avoid strikes etc. However, though it may face some criticism such as a longer decision-making process, it has proved to be beneficial so far.

These plus points of co-determination fit in within the Islamic commercial and economic ethos. The spirit of Islamic finance per se has always been advocated ideally to be profit and loss sharing (PLS). The service industry is technically a partnership between the institution and the shareholders. If we extend the partnership towards the working force this will be a vehicle to consolidate the workforce and minimise job rotation. It will also build up more capital.

Labour/employees can thus share in the management; hence share in the reward. Contrary to conventional theory where the factors of production are deemed to choose only a fixed rate of return as the optimum reward, Islam offers other options.

If the Islamic finance industry wishes to develop its human resources, which according to research suffers from a shortage, it should provide incentives. It should aim at a higher level relationship and not a pure worker/employer one. Classical Islamic jurisprudence also needs to be enhanced. The need to combine the concept of Maslaha (public benefit) with our law and look deeper at the Maqasid (objectives) of Shariah will most certainly open a new horizon for a PLS model. If the industry wants to build its capital via its human resources, then it has to reconsider its labour law within the new service industry environment.

“If the Islamic finance industry wishes to develop its human resources, it should provide incentives”

**Raison d’être for an Islamic co-determination**

The idea of co-determination from an Islamic angle is important to consider because:

(a) the Islamic finance industry should avoid a credit crunch. One of the main criticisms against Islamic finance is that it mimics conventional finance too closely. Allowing workers to participate will generate greater enthusiasm in the industry;

(b) co-determination can be a viable alternative by developing the Mudaraba.
(a) the Ijara model (as discussed below);
(b) if incentivised labour culminates in capital formation, then this incentive ought to give rise to an increase in Islamic capital; and

d) the irfaq (voluntary) sector has been systematically neglected by the Islamic finance industry. Hopefully by opening the doors for workers participation in profit and management, this can pave the way to reactivate the debate.

“If the industry claims to be ‘Islamic’ then it should be so in its entirety”

The idea of developing an Islamic co-determination model needs further debate. Many issues need attention such as legal, regulatory, accounting, tax and economic considerations among others - why not consider the Shariah implications as well?

Structure for an Islamic Co-determination model

The proposed structure is based on the model of Mudaraba / Ijara. The employees will be entitled to a salary which is performance based with a minimum pay. This is covered by the rules of Ijara. The second limb of the model is to enable the employees to gain access to participative management and joint consultation. This can be done by developing the Mudaraba model. This will facilitate decision making at all levels of the organisation. The third limb of the model is to share a financial stake with the workers and this differs with the secular concept of co-determination. The workers’ stake will be based on the irfaq concept which their family may enjoy.

There is one Fiqh issue with this model in that one cannot be an employee and at the same time be a partner (Mudarib). The company could make a unilateral promise (a Wa’ad) to help the workers or the share can be declared to be in favour of the relatives of the workers. This is a Fiqh issue that demands further analysis.

Conclusion

The Islamic co-determination model suggested is rooted on two Islamic concepts the Shura and Irfaq, both being neglected by the industry. Besides a decent pay, employees need job satisfaction, pension cover, health cover, children education and so on. While it can be argued that the Islamic financial industry is not a philanthropic industry, a counter argument is that if it claims to be “Islamic” then it should be so in its entirety.

The Quranic verses detailing the employment of Musa (AS) should offer guidance for dealing with our labour force. Furthermore, Ibn Khaldun famously stated that “human mobility is the historical factor of change”.

Sheikh Faizal Manjoo completed his Aalim Fadhil course in 1995, a BA (Honours) Islamic Studies at the University of Johannesburg in 1996, an LLB in 2001 and was admitted as attorney in 2003. In 2004, he obtained an MA in Islamic Finance from the Loughborough University (UK). He has lectured in Islamic Finance and Islamic Jurisprudence at the University of Johannesburg since 1997 and is presently lecturing at the Markfield Institute of Higher Education on the same subjects at a post graduate level.

He is currently undertaking a PhD on Islamic pension funds and sits on various Shariah Boards for banks, unit trusts and Retakaful companies.
Scotland has a long and established history in finance and investment. It boasts impressive industries in insurance, fund management, private wealth as well as in banking. Two of the leading banks in the UK, HBOS and RBS have their global headquarters in Edinburgh. Either directly or indirectly Scotland employs around 100,000 in the financial services industry, which accounts for around 8% of Scottish GDP, well above the overall UK rate. The Scottish asset management industry controls around £450bn of assets with many clients and investments originating overseas.

Scotland has a growing Muslim population with figures ranging between 40,000 and 50,000 who are increasingly looking for Shariah-compliant banking products and services. There is a large Asian wealth in Scotland estimated to be in excess of £300 million and the Shariah compliant market is quoted at about £150 million.

Against this backdrop, Scotland has two distinctive characteristics which positions it well to be a key contributor to the global Islamic finance industry.

1. **Proud heritage in ethical finance**

Firstly, Scotland's strong heritage in ethical finance is a prime fit for Islamic finance, which as a result of Shariah regulation can be viewed as a sub-set of ethical finance.

Trustee Savings Bank (TSB), now part of LTSB, was founded in Scotland through an initiative in 1810 by the Rev. Henry Duncan, a famous Scot often referred to as the ‘Father of Savings Banks’. Scotland has also contributed significantly to the Co-operative financial movement.

The “mutual trust” background of many Scottish companies such as Scottish Equitable, Scottish Life and Scottish Widows also lent itself to long-term investing based on prudent principles with an ethical bias.

“Islamic finance as a young industry presents a great opportunity to apply innovative financing structures”

2. **Proven ability to innovate**

Secondly, Scotland has a proven track record in innovation and pioneering development within new market segments. Over the years, Scottish financial services firms have developed investment trusts, “with-profit” funds, unit trusts,
overseas equities and emerging market investments and now the industry is increasingly looking to embrace Islamic finance as a further level of innovation.

Islamic finance as a young industry presents a great opportunity to apply innovative financing structures. Indeed, as an industry based on religious and ethical values it is paramount for it to be differentiated in the perception of its various user groups. Islamic finance has fundamental differences to current Riba/interest based systems and faces the challenge of producing an alternative paradigm, structured around the ‘letter and spirit’ of Shariah.

Specific to Islamic finance, a contemporary example of Scotland’s ability to find new solutions is reflected in the creation of the Islamic Finance Council (IFC). The IFC was established in 2005 by its Chairman, Tariq Masood Shaikh, a seasoned banking and finance veteran. Tariq’s vision and desire to promote Islamic finance and ensure that all Muslims and other believers in ethical finance have the opportunity to carry out their financing activities in line with their principles, continues to be the driving force behind the IFC. Tariq comments:

“We view Islamic finance as an inclusive proposition open for all. Our projects are designed to promote the industry globally but also locally, to ensure that Scotland and the broader UK benefits from the growth and opportunities the Islamic finance sector brings.”

The IFC has a unique approach as it is a locally originated, not-for-profit initiative, led by industry professionals. It hosts regular Islamic finance round table forums bringing together three key stakeholders: 1) local community leaders (including Imams), 2) the business community; and 3) Islamic finance product/service providers.

In addition to the local education and awareness campaigns, the IFC is involved in thought leadership and global industry development projects. A key piece of research, undertaken along with CASS Business School, was recently commented on as the ‘Future for Islamic Finance’, in the DIFC Guide to Islamic Finance. CASS Business School are working with the IFC on the seminal Tayyab white paper, which has been commissioned by RHT Partners, a leading private equity fund. The paper examines various facets (for example, corporate governance, financing strategies, and social responsibility, amongst others) from the viewpoint of moving beyond compliance.

The IFC’s flagship global project is the Shariah scholar training and development programme it launched along with the Securities and Investment Institute. The programme is tailored for Shariah scholars providing training on conventional markets through a continuous professional development approach. This high-profile project represents the first time global jurisdictions (UK, Malaysia, et al) will be working together to support the industry on such an initiative.

The IFC has engaged directly with Scotland’s First Minister, Alex Salmond and been appointed advisors to the Scottish Government to assist in framing their strategy for Islamic finance by highlighting the opportunities and challenges for Scotland. These are explored in detail below.

**Retail issues**

On the retail side, there were initial challenges in tailoring Islamic mortgages to Scots law. This was successfully overcome by United National Bank, assisted by their
lawyers Tods Murray LLP, and since 2005 they have been actively servicing the market. Graham Burnside, partner at Tods Murray and Board Member of the IFC, structured a solution that complies both with Islamic and Scots law, and comments “While we were initially compelled to rethink the mortgage structure adopted in England because of differences in our property laws, the alternative we have established, based on co-ownership, in some respects more closely reflects Shariah principles than the English model.”

In 2005 the IFC Board members successfully lobbied the Treasury to extend the stamp duty reliefs provided for Islamic mortgages to Scotland.

There are now no legal or fiscal barriers to providing Shariah compliant property financing in Scotland. Following recent meetings with Shariah scholars, a new prototype structure for Islamic mortgages has been developed, bringing it in line with the structures used under English law.

“The Scottish Muslim community is increasingly looking for choices for their wealth requirements, now the banks and other financial firms are looking to provide such choices to them – deliver to them what they want.”

Other activities in Scotland include:

- Scottish Widows Investment Partnership - global Islamic fund available to institutional as well as retail investors.
- LTSB - Islamic current account facility is available in Scotland.
- CBRE - involved in high value bespoke Shariah compliant commercial property deals in Glasgow.

Government involvement

The Scottish Government are keen to ensure there are no barriers in place for Scottish Muslims to be able to access Islamic financial products and are currently reviewing both the 20 year lease restriction in Scots Law and the Anti-Social Behaviour Order together to ensure this does not have any inadvertent impact of excluding Islamic finance.

Two unique proposals are currently under review, which would provide a pioneering model for other Western countries. These are:

- ‘Islamic Finance House’ – establishing a central office location to host new companies and organisation setting up in Islamic finance thereby functioning as a launch pad - conceptually akin to Scotland’s Silicon Glen.
- Discussions with the First Minister and subsequent response to the Scottish Futures Trust Bond consultation explores

“Scotland is often recognised as one of the richest per capita segments of the UK Muslim community”

Scotland is often recognised as one of the richest per capita segments of the UK Muslim community. HSBC Ammanah, Islamic Bank of Britain and Al-Buraq have so far focused their operations in England, thereby excluding the Scottish Muslim community from their primary services.

Saftar Sarwar, a private banker of Barclays Wealth and IFC Board Member notes that:

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the possibility of using Islamic finance to address Scotland’s public funding requirements. Maybe a “Tartan Sukuk” could be issued before the UK Treasury finalises its plans?

“in a few years, Scotland could become a real Islamic financial hub”

Conclusion

Whilst London with its strong trading and origination capability will always lead the way in terms of capital markets, Scotland’s proven ability to innovate and its proud heritage in ethical finance provides the ideal foundation for it to succeed as a key fund and wealth management and intellectual centre for Islamic finance.

It is not too fanciful to suggest that in a few years, Scotland could become a real Islamic financial hub. The opportunity for those that are bold is there to take.


This exclusive event brings together international speakers representing Gulf funds and Malaysian institutions and is focused on promoting international trade and investment by stimulating funds flow within direct infrastructure investments and the fund management arena.
The Islamic Finance Council UK (“IFC”) is a body set up to promote the Islamic finance industry. Based in Scotland, a country with a proud heritage in ethical finance, the IFC carries out a number of activities to facilitate the creation of an environment where Muslims and believers in ethical finance have the choice to run their personal and commercial finances in accordance with their beliefs.

Since its inception the IFC has successfully organised a number of awareness and training events, been appointed to frame the Islamic finance strategy for the Scottish Government and launched a pioneering global Scholar Professional Development Programme endorsed by the UKTI and Central Bank of Malaysia body ISRA. The IFC offers strategy advisory to Governments and international bodies and is actively involved in lobbying, consultations and advanced research on new concepts shaping the future direction of the global Islamic finance industry.

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Developments in Britain
Muslim communities have made remarkable achievements in establishing themselves in the United Kingdom. This has included benefitting from and contributing to legal, Governmental and educational initiatives.

Some of the lessons learnt, that may be of benefit to countries represented at the World Islamic Economic Forum, are examined in the following articles.
In Britain, resolution of disputes by religious courts applying religious laws has a long tradition. For centuries, the ecclesiastical courts exercised jurisdiction over matters relating to marriage, separation and legitimacy. They also exercised exclusive jurisdiction over wills and had complete jurisdiction in matters of succession to personal property until the 16th century. Since then, they continued to operate alongside the courts of chancery until as late as 1857. In Catholic parts of Germany too, the ecclesiastical courts exercised jurisdiction over marriage and divorce proceeding until 1900, when the German Civil Code came into operation.

Even today, religious tribunals continue to exist in Britain among various religious traditions. These include the Christian ecclesiastical courts, the Jewish *Beth Din*, (literally translated as ‘house of judgment’) and the Muslim Shariah Councils. Though the present day Christian ecclesiastical courts continue to exercise jurisdiction even in civil and criminal cases concerning church buildings and where clergymen are accused of ecclesiastical crimes, their broad functions are limited strictly to religious issues as a result of deliberate actions taken by the secular authorities over the centuries. For instance, the civil contract of marriage was separated from the sacrament and several other contracts and wills were gradually brought within the secular arena.

Since Islamic contracts of marriage, wills, etc., are not capable of separation from spiritual principles and are not capable of being adjudicated in secular courts which don’t recognise such principles, they therefore lend themselves to adjudication by Islamic religious bodies. English law does not prevent people from choosing to abide by Shariah principles if they wish to, provided they do not come into conflict with English law. This position was also reiterated recently by the Rt. Hon. Jack Straw MP, Lord Chancellor and Secretary of State for Justice. It does not negate the supremacy of English law, but acknowledges that the parties have a choice of the principles that they can adopt to govern their affairs, so long as such principles do not contravene English law. The Archbishop of Canterbury too has added his voice in favour of what he called loosening of the monopolistic legal framework in Britain and called for “a fair amount of ‘deconstruction’ of crude oppositions and mythologies, whether of the nature of Shariah or the nature of the Enlightenment” in order to allow proper appreciation of the relations between Islam and English law.

"British Muslims have the right to have their civil disputes decided in accordance with Islamic principles”

The principle of choice of law is in fact enshrined in English law, allowing parties in a dispute of a civil nature to decide the mechanism and the principles that should govern the resolution of that dispute, so long as neither the mechanism nor the principles conflict with the law of the land. British Muslims therefore have the right to have their civil disputes decided in accordance
with Islamic principles by a body comprised of personnel well versed in such principles.

In practice, most disputes dealt with by such bodies relate to personal affairs such as marriage, divorce, wills, etc., that the parties have agreed to be governed by religious principles of their choice. Some of the Islamic religious tribunals like the Islamic Shariah Council explicitly clarify that their certification of a particular outcome, for instance in matters of divorce, is intended to affect only the Islamic marriage between the parties and has no bearing on the status of any co-existent civil contract (that is legally binding under English law) between parties and advise parties to refer to the UK legal system for assistance in that area.

**“Islamic religious tribunals in Britain are not substitutes for English courts”**

Islamic religious tribunals in Britain are not (and are not intended to be) substitutes for English courts. Like many other alternative dispute resolution mechanisms, they are intended to supplement the function of the secular justice system in matters incapable of adjudication by such secular courts.

Given that the pronouncements by such religious bodies are not enforceable within the justice delivery system, they can have any meaning beyond a mere opinion, no matter how they are referred to, only if parties willingly adhere to and accept the principles on which these pronouncements are based. In practice, these bodies issue a Fatwa (an Islamic judicial opinion) which can only be as authoritative as the willingness of the individual subject thereof to accept it. No one who has not voluntarily agreed to such principles can be affected as a result of the existence or functioning of such religious bodies or their pronouncements.

Therefore, notwithstanding some questioning the right of existence of such bodies, the focus of the British Muslims ought to be on enhancing the quality of the personnel employed by such bodies and ensuring the processes adopted by them are in compliance with principles of natural justice.

**“the focus of the British Muslims ought to be on enhancing the quality of the personnel”**

Application of Islamic legal principles in commercial matters has also made some progress in the recent past, mainly due to the increased activity in the area of Islamic finance. The British government has been progressively passing legislation from time to time to facilitate such activity, albeit cautiously and without showing any preference for Islamic finance over conventional finance but nevertheless allowing it some breathing space as a source of alternative financing available to the society at large and indeed aimed at making London a global centre of Islamic financial activities.

Like the gradual facilitation of Islamic financial transactions within Britain’s economic system, to the extent they do not contravene English law, it is hoped that in the future the adoption of religious principles to govern one’s personal matters on the same basis would also be welcomed and facilitated in a multicultural and pluralistic society like Britain that is looked upon as a beacon of freedom and tolerance all over the world.
Is it acceptable that 862 million people in the world are malnourished, with rocketing food prices having pushed another 100 million people into dire poverty? Or that 25,000 deaths happen each day due to hunger-related causes?

Muslim Aid, a major British relief and development agency believes this is an international scandal that, as human beings and Muslims, we have a duty to respond to. The core values that drive Muslim Aid are accountability, justice, empowerment and compassion – all deeply rooted in Islam itself.

Compassion is no favour, it is an obligation. It demands that we respond to the suffering of others, wherever they may be and whoever they may be irrespective of their nationality, colour or creed. This sense of obligation was evident in the generosity of our donors during this Ramadan when we raised over £2 million for the global food crisis, providing meals and food packages to people in over 54 countries and making a difference to the lives of the world’s poorest people.

We also empowered communities to build long-term resilience to future food shortages. School kitchens and school gardens in Sri Lanka provide children with a meal a day to improve concentration and improve nutritional awareness. The gardens enable the schools to be self sufficient and the pupils develop the skills necessary to cultivate their own food. Our Food Bank in Sudan collects left-over food from hotels, food industries and community events, re-cooks it and distributes it to the poor and needy locally as well as abroad. Since it began, the Food Bank has provided thousands of meals to orphans and the destitute. Our ovens project in Gaza, Palestine employs over 30 workers who make sweet and savoury pies which are then distributed to local schools and poor families. This vital service survived the recent crisis in Gaza and continues to provide food for families whose lives and homes have been devastated by the violence.

“as Muslims we are also called to be accountable for our actions to our fellow human beings”

But surely as Muslims we are also called to be accountable for our actions to our fellow human beings and are required to seek justice for them by asking the sometimes difficult questions “Why?” and “How?” has this happened?

Muslim Aid’s event “Giving a Voice to the Silent Tsunami” did just that in November 2008 in the Houses of Parliament. Leading media and humanitarian experts, facilitated by the BBC’s George Alagiah, were invited to address issues such as: What is responsible for the current global food crisis? The increasing population? Rising fuel prices? Lack of investment in agriculture? Climate change? Free trade?

Is the truth shocking enough or do NGOs and the media need to resort to exaggeration and over simplification to get a reaction? As the echo of the tragic food riots across 30 countries earlier this year fades we ask:
how do we give a voice, a sense of urgency, or explanation, to the current global food crisis and those suffering the consequences? And what responsibility do NGOs and the Media have in addressing the issue as we face more wars, famines and natural disasters?

George Alagiah congratulated Muslim Aid for organising this event, saying “People often want to see more Muslims getting involved in these debates and it is fantastic you are taking a lead on this one”.

So what can each of us as individuals do? We ask our friends and supporters to take small but significant actions:

- Be more conscious of where your food products are sourced and under what conditions they were produced. Buy Fair Trade products and support Fair Trade outlets and coffee shops. Muslim Aid has its own Fair Trade coffee shop – the Fair Factory in Whitechapel, London.

- Don’t waste food! We often buy a lot more than we actually consume and much of it goes in the bin. In the UK, 6.7 million tonnes of household food is wasted each year. Remember that we should “… eat and drink but waste not by extravagance, certainly He (Allah) likes not those who waste by extravagance” (Quran 7: 31)

- Plan your shopping so you do not buy too much.

- Support Muslim Aid projects such as the Micro Finance, Rainbow Family and our, Emergency campaigns. By donating to Muslim Aid, by telling friends and family about the ongoing crisis or by organising your own fundraising events, you can help Muslim Aid to continue to tackle food shortages in developing countries.
LEADERSHIP DEVELOPMENT: a challenge and an opportunity


With the global economy in turmoil and facing a sustained period of uncertainty – and with trust in institutions, regulators and companies under acute pressure – a fresh focus is emerging on governance and leadership. Simultaneously, how individuals respond will become key as uncertainty and volatility look set to become more commonplace. Furthermore, actions will need to be adapted and adjusted in the light of evolving and fluid conditions. Barack Hussein Obama’s election and style has also shown how leadership and communication are inextricably linked and how within days of being inaugurated one of the hallmarks of the context we are now in is a different tone in terms of respect and understanding, which Obama looks set to lead with the Muslim world.

“There is a growing realisation that there is work to be done in strengthening leadership capacity across the Ummah”

As the Muslim world frames its approach, there is a growing realisation that there is work to be done in strengthening – deepening and broadening – leadership capacity and development across the Ummah. Recent initiatives such as those from the Muslim Council of Britain, the World Islamic Economic Forum and HRH The Prince of Wales’ Mosaic Programme reflect this and suggest emerging areas of significant impact.

This article addresses leadership development for the Ummah with a specific focus on business and management. What are the key challenges? Is there an Islamic tradition and worldview of leadership? How does leadership link to corporate governance, (reputational) risk management and diversity? All of these questions are of particular relevance to the OIC and for Muslim minorities - especially in Europe, North America and India.

The challenges for the Ummah are many and varied but perhaps centre on several key areas. These include inclusive development – of women as well as men, of communities, countries and regions. The UN Millennium Development Goals, to which all OIC members are signatories, as well as growing international consensus on the risks to human security of climate change, also set out many challenges that have real resonance where many Muslims live whether in South Asia or in Africa. There is also a need to challenge the empty but dangerous rhetoric and narrative which contributes to the radicalisation of some young people in our community with negative consequences for us all. In this, the Muslim diaspora in the West can perhaps play an increasingly important role.

Moreover exclusion, indifference, racism and gender discrimination limit access to the talent pool to address pressing social
problems and improve human security nationally and internationally. Across the Ummah there are future leaders of enormous potential whose talent has not been recognised by those in power – who must be recruited, nurtured and cultivated. The lack of inclusive leadership narrows the range of resolutions to social problems, limits our creative potential and breeds hatred, violence, indifference and inaction that impede practical progress on the most pressing issues of our time. It must change.

Justice, values and community are central to the Islamic tradition and its worldview of leadership. We need a more inclusive form of decision-making that does not rely solely on economic expertise, but also gives voice to those who feel excluded from the political process.

“it is important for leaders to challenge barriers and to bridge the boundaries of difference and distrust”

To combat racism, inequality and hatred, it is important for leaders to challenge barriers and to bridge the boundaries of difference and distrust. It takes transformational leaders – with the ability to speak for a wide range of people - to accomplish fundamental change. At every level of society, current leaders should be on the lookout for exceptional potential leaders who are diverse and innovative - who do not look, think or talk like them – especially from excluded or marginalised groups. Professional education, especially in business, public policy and the law, must emphasise the necessity of equality and respect, creating ethical leaders who will put a priority on inclusive rather than exclusive decision-making.

Community-building, concern for social justice within the organization and equality of voice are basic themes of Islam. The values of service, surrendering self, truth, charity, humility, forgiveness, compassion, thankfulness, love, courage, faith, kindness, patience and hope are to be found not only in the Quran, but also in popular Islamic literature and philosophical debates. Since Islam requires a balance between individual influence and social obligations, as well as a balance between material and spiritual needs, the ideal person to lead is perceived to be the most virtuous, and not the wealthiest or most powerful.

In advancing the concept of perfection of the soul as a requisite of leadership, Al-Ghazali, like Ibn Khaldun, suggested that attributes, once rooted in the heart, eventually govern one’s behaviour. Wisdom is, therefore, the outcome of actions through which one has attained knowledge. Al-Ghazali dealt with a variety of subjects in the Nasihat such as the qualities required in kings, the character of ministers and deputies, and intelligence. The Nasihat, or Advice, is part of a larger genre of political writings which dealt with issues of political authority at the time. The line of communication to leadership should be known and continually tested to make sure that leadership is engaged with the organization as a whole. Good rulership and leadership were sacred duties for Al-Ghazali and performing them well brought Allah’s pleasure while doing otherwise brought His ire.

How does this translate into addressing the leadership and talent development challenge in the Ummah today?

Too many current and future leaders are poorly prepared for their roles.
Some common failings include:-

- to grow emotionally: the leaders who have high intelligence quotients (IQs) and low emotional quotients (EQs) are often clever and charismatic but destructive.

- to make creative connections: leaders who see the connections between A and B and B and C rarely see how A and C connect. They miss the more subtle patterns and ones that extend beyond the quarterly reporting period.

- to empathise: they often look at numbers or surface behaviour and lack an understanding of others’ true needs and aspirations.

- to manage ego: deadly self-inflation, or hubris, frequently leads to derailment or nemesis.

- to overcome personal alienation and boredom: these leaders simply stop feeling the exhilaration of learning.

Companies need to elevate relationship building by developing skills and values that lead to increased empathy and knowledge among all who would be part of relationship building and by measuring and rewarding appropriate relationship-building activities. They also need to acknowledge that feedback and relationship programs are the most effective leadership development strategy.

Leadership development needs to see corporate governance at its core as being about creating value from the quality of decision-making. Corporate boards need to be balanced. They should include both outside non-executive and executive members in their governance. Outside members should challenge the executives but in a supportive way. No single individual should be able to dominate decision making, especially in family businesses. It follows that the board should work as a team with outside members contributing to strategy rather than working in isolation.

International trading relationships are undergoing significant change as markets in Asia such as (but not limited to) China and India assume greater importance. At the same time, leadership development has reached a critical crossroads. A number of forces in the international business environment such as geo-politics, emerging economic power bases, ideological diversity, consumer driven technology and the carbon economy are combining and together make necessary a re-think of how we raise future leaders. For the Muslim world, the challenge of diversity is real – whether for Muslim minorities in the UK and Europe, Muslims in India, low-paid migrant workers from South Asia in the Gulf or for that matter Christians in Pakistan.

“For the Muslim world, the challenge of diversity is real”

Diversity in its first stages and at the basic level is about reaction and compliance. It is now moving from a focus at a second stage and level on equal opportunities and corporate social responsibility to a third stage and level where leading companies and individuals see it more proactively as being a driver for commercial awareness, aptitude, alertness - and agility of response - to opportunities from changing trading relationships and networks amongst companies, countries and regions. Leading companies see the connection between a leader’s personal values, the diversity within their organisation and their individual and corporate reputation.
A. Knowledge and understanding
A comprehension of the body of theory, expertise and experience in a specific topic area

B. Cognitive and Intellectual Skills
Proficient use of the mental skills required to interpret knowledge and understanding in different contexts through a soundly reasoned and justifiable approach to action

C. Behavioural skills
The means through which individuals practically apply transferable skills, knowledge and understanding to realise and improve the approach to action they justified through cognitive and intellectual skills

Source: Henley Business School

than simply having a monitoring or policing role. Boards need to comprise members who possess skills and experience appropriate for the organisation and its strategic direction.

In making decisions, managers must employ critical and creative thinking as well as ethical principles to synthesise the apparently divergent aspects of a situation and avoid the undesirable possibilities that may ensue. A focus on leadership and change places the practising manager at the centre of their development as an effective change leader, faced with real dilemmas and choices about courses of action. A focus on reputation and relationships addresses the key challenge of developing and managing organisational reputation.

Reputation, responsibility and value creation need to be linked through a focus on understanding stakeholder relationships.

Leaders need to develop a variety of skills and expertise, which fall into three major categories (see diagram above).

Leadership development is a journey not a destination and professionals in the Ummah can play a key role in creating better leaders and improving the quality of decision-making by establishing a global network of young, successful, Muslims where participants can further improve their leadership and professional skills, enhance their career progression and pursue endeavours that are aligned with the interests of the Ummah.
Generations of women from across the world, and from very different backgrounds, are demonstrating their entrepreneurial spirit by successfully running up to a third of existing businesses. In doing so, they have shown that they are able to raise aspirations, provide employment, improve the health and well being of their families and positively contribute to a sustainable community. Moreover, despite the scale of their business, most women still prefer to take primary responsibility for running the home and raising their children.

Yet women still face particular challenges when starting up or running businesses which are over and above those experienced by men. It is therefore no surprise that, in all countries, men outstrip women in business ownership even when women have a better level of academic attainment. This is often due to women entrepreneurs:

- Being more risk averse in scale and growth terms particularly relating to export and employment.
- Investing less capital and having less access to finance.
- Having fewer business contacts to advise and support them.
- Possessing much lower levels of self-confidence.
- Having less available time due to their other responsibilities.

In the previously high growth economies of countries such as China and India, women entrepreneurship played a very significant role. In Turkey, where targeted business support has only been offered in the past few years, there has been a marked increase in the number of economically active women, as well as a visible increase in the size of those businesses. In the UK, women entrepreneurs – existing and aspiring – are seen as a valuable asset and one that the Government wishes to support and strengthen:

“If women in the UK started businesses at the same rate as men, we would have an extra 150,000 start-ups every year. If as many British women started a business as American women, we would have an extra 900,000 start-ups every year.”

The Rt. Hon. Gordon Brown MP in 2005

In 2006, the Rt. Hon. Gordon Brown MP therefore introduced a series of measures to improve the business support offer, to small and medium enterprises, to not only increase the number of start-up businesses but also to improve their chances of survival.
Notably, the Government funded the Business Link branded service to become the primary portal for consistent and high quality business support offering generic identification, diagnostics and brokerage services through nationally accredited business advisers.

Moreover, to specifically address the challenges faced by women entrepreneurs and increase the quantity, scalability and success of their businesses, the national Women’s Enterprise Task Force was set up to focus on the Five Pillars:-

Pillar One: Gender-Disaggregated Business Data across public and privately funded providers, to properly demonstrate the value of women-owned businesses to the UK’s economy; and to measure the progress and implementation of specific policies.

Pillar Two: Female-Friendly Business Support to ensure that every woman in every region has access to high quality support, from the pre-start-up stage onwards. Women are not always aware of what support is available, especially from the private sector, and it is the varying quality of this support which is a concern.

Pillar Three: Access to Finance in the UK to grow more women-owned businesses whilst addressing general financial literacy.

Pillar Four: Supplier Diversity and Procurement to support women to access new market opportunities and supply chains across the public and private sectors; and for the corporate sector and Government to recognise the value of a diverse supply chain.

Pillar Five - Strategic Influencing and Awareness Raising to achieve visibility and confidence in women’s enterprise as a key to UK productivity and growth. The statistics and disaggregated data will help to achieve this by demonstrating the economic case and potential in the UK.

These pillars provided the basis for the input into the Government’s Enterprise Strategy “Enterprise: Unlocking the UK’s Talent”, which was published by the Department for Business, Enterprise and Regulatory Reform (BERR) in March 2008. One of the key inputs into this strategy was lobbying for the creation of a women’s investment fund, the Aspire Fund, which was launched by BERR Minister, Baroness Shriti Vadera, on Women’s Enterprise Day in November 2008.

Road show events such as “Meet the Buyer” have been held across the regions, in association with the National Ethnic Minority Task Force (NEMTF) set up in 2008; a particular emphasis has been placed on the opportunities of supplying goods and services to the 2012 Olympics in London. In 2009 Prime Minister Gordon Brown sought to significantly raise the profile of the large number of Ethnic Minority owned businesses in the UK and appointed James Caan, the celebrity Muslim entrepreneur from the hit BBC TV series “The Dragon’s Den”, Co-Chair of the NEMTF.

Also as a direct response to UK SMEs, the government aimed to reduce the existing 3,000 publicly funded support schemes available to businesses in the UK to a more comprehensive package of 100, through the Business Support Simplification Programme (BSSP). The overarching objective of the programme was an easy-to-access, simple, streamlined Government portfolio of support services, that clients would more readily understand and use, and would be primarily accessed through Business Link. Business support for the purposes of BSSP is defined as: “Any publicly funded activity that benefits a business or a person considering
creating a business such as through grant, loan, subsidy, advice or service.”

This portfolio also includes a range of services which, if accessed, may even mitigate the impact of the recession such as advice on energy efficiency and bespoke business mentoring. However for those businesses that seek to exploit the opportunities that co-exist at such times there is also support for high growth companies and on innovation and technology. The criteria for services in the portfolio were their need to be:

- **Targeted** - to where they would have the greatest impact.
- **Efficient** - to get the best value for money.
- **Fit for purpose** - to meet national, regional and local challenges in a changing global economy.

However, businesses need to be showcased and this is particularly true for women entrepreneurs, as a lack of visible role models significantly contributes to their low aspirations. Therefore, in 2007 amidst a great deal of pomp and ceremony, the Women’s Enterprise Ambassador Network, was launched with an initial target of 1,000 ambassadors to be recruited within six months. This was easily reached and continues to grow thanks to a huge drive by the Regional Development Agency network. Consequently the Ambassador Network will play a key role in the proposed national mentoring network for women.
Are you leading in a changing world?

We cannot predict the future, but we can plan for it. At PricewaterhouseCoopers we provide leadership in the business community and public sector; leading the debates that shape both business and society.

pwc.com/islamicfinance
CASE STUDY: 
NEGOTIATION SKILLS COURSES

The MCB recognises that training its community is essential to enable it to overcome entrenched barriers and providing them with the skills to succeed economically and socially. The Negotiation Skills Course is one such initiative.

Since 2007, the Business & Economics Committee of the MCB has organised three negotiation skills courses for over 140 delegates, taught by Shahzad Bhatti, founder of the SAB Negotiation Group and a former trainer at the Harvard schools of Business and Law.

The course is held over two days at a residential training centre in the English countryside, affording delegates an opportunity to network with other delegates and enable intensive study. The interactive course is designed to assist delegates in identifying different negotiation styles, reflect on their own style and develop new ways of thinking and working. It is hoped that skills learnt will be applicable in all aspects of professional and personal life, regardless of their position in society.

Providing the course is made possible with the generous support from Khazanah Nasional Berhad. Sponsorship obtained from HSBC Amanah, the Islamic Bank of Britain and the FATIMA Women’s Network has enabled the bursaries to be granted members of the community who are not able to attend the course for financial reasons.

The success of the course is best measured by the feedback received from delegates to the course:

- “Excellent trainer ... has outstanding experience in the area”
- “It has been one of the best courses I have attended”
- “A very empowering experience”
- “Nice mix of people and a very powerful speaker – I thoroughly enjoyed it”
- “Superb. Exceeded all my expectations”
- “Course was extremely good, particularly in giving real and practical advice that could be used in real situations”
- “I loved it ... can’t wait to use things I learnt in all aspects of my life”
- “Really good and really useful experience ... I learnt a lot about myself”
Samia Ahmed, a delegate on one of the courses, writes about her experiences:

“I attended the negotiation course in March 2007 and gained invaluable insight and skills, which I am still using today. Inadvertently we are negotiating most of the time, so in essence everyone needs to learn negotiation skills.

This course ingrained some key skills and has allowed me to apply them in both my professional and personal life. The course provided an excellent theoretical and practical demonstration of how to negotiate effectively. The settings allowed for enhanced creativity and growth of ideas. The interactive style of the trainer also bought about a high level of stimulation and entertainment! After attending parts one and two of the course, I feel that as a negotiator the course provided me an improved understanding on the communication process between two parties and has prevented loses and increased gains. My ability to identify potential barriers or hindrances to engagement has improved which, in effect, have bought about greater results.

The course was very professional, well organised, and friendly with delegates from varied professional backgrounds. It was also a good opportunity to meet others socially. A must for all to attend as it will transform how you negotiate in your everyday life.”
The proposed Islamic Finance Transparency Standard is an initiative to reassure consumers of Islamic finance retail products in the United Kingdom that Shariah standards have been met.

The Islamic Finance Transparency Standard was jointly developed by The Muslim Council of Britain, The Islamic Finance Council and the Utrujj Foundation and has been the subject of a nationwide consultation.

The UK enjoys significant success in terms of the number service providers and range of products offered in retail Islamic finance. Anecdotal evidence suggests however that the take-up of such products by the UK’s 2.4 million Muslims has been somewhat limited.

Reasons for the limited take-up include the comparative costs and scepticism by consumers with the compliance of such products with Shariah.

Recognising that there were varying approaches to demonstrating compliance with Shariah by the service providers, the Muslim Council of Britain and its partners initiated a consultation on the Shariah compliance disclosure standards that should be adopted in the UK.

Compliance with the Islamic Finance Transparency Standard will ensure that:

- A service provider has appointed a Shariah board or advisor to determine compliance with Shariah.
- A service provider’s products, their documents and processes have been determined to comply with Shariah.
- A service provider will not be able to falsely or misleadingly claim that their products are Shariah compliant.

The proposed Islamic Finance Transparency Standard does not, however, prescribe any Shariah decisions - which will remain the responsibility of the relevant Shariah board or advisor.

The Islamic Finance Transparency Standard will represent a significant achievement in Islamic finance consumer protection.

More information on the Islamic Finance Transparency Standard can be found at www.mcb.org.uk
Utrujj Foundation has a strong track record of providing Islamic finance consultancy services and training courses. Utrujj Foundation is able to offer specialist training and education in Islamic finance and all other Islamic disciplines.

We have developed and run courses with leading Shariah scholars including Shaykh Nizam Yaqouby, Imran Usmani, and Shaykh Haytham Tamim.

Our training in Islamic finance targets professionals in the industry, providing the knowledge and skills required in the profession. Areas covered include Shariah law principles, Islamic finance standards, legal aspects and practical applications.

Our consultancy service offers Shariah advisory services for institutions structuring new products. We also offer bespoke in-house training programmes to organisations. Utrujj foundation can work with your organisation to determine the most suitable program to meet your requirements.

In May 2009 we are launching the first level of our unique Advanced Islamic Finance Course that aims to add value to professionals working in the industry.

The programme combines traditional Islamic sciences, the AAOIFI Shariah and governance standards and also workshops delivered by experienced professionals on practical issues with case-studies. The course will be unique and structured so that delegates can advance their learning on subsequent courses, and obtain accreditation.

For further details visit www.utrujj.org/islamicfinance

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Registered Charity No. 1099875
the Delegation
The MCB has led a delegation from Britain to the World Islamic Economic Forum since its inception.

The delegation is led by Sir Iqbal Sacranie OBE - a member of the International Advisory Panel of the WIEF.

The British delegation to the WIEF hopes to:

- support the initiative of the WIEF of promoting partnership between Muslim and non-Muslim businesses;
- interact with delegates of Muslim and non-Muslim countries and build strategic relationships;
- promote the good practices and technologies developed in the UK for the benefit of Muslim countries;
- promote the opportunities available in Britain with particular regard to Islamic Finance; and
- bring back contacts, technologies and strategies that will improve Muslim and non-Muslim societies.
British Delegation to the 5th World Islamic Economic Forum

Sir Iqbal AKM Sacranie OBE

Sir Iqbal has been actively involved in community and charitable work for the last 35 years in the UK and at an international level. His main interest has been to ensure that faith and ethnic communities are treated equally and justly and given due recognition of their contribution to society.

Born in Malawi, he arrived in the UK for further studies in 1969. He is a Fellow of Institute of Financial Accountants and an Associate of Institute of Administrative Management.

He was the founding Secretary General when the MCB was established in 1997 and was re-elected as Secretary General in 2004 until completing his term June 2006.

He chairs the Board of Trustees of Memon Association UK. He led the Committee in raising £1.2m pounds to build a unique Sports and Community Centre in South London.

He was elected Deputy President of the World Memon Organisation in 2002 - an umbrella body of Memon organisations around the world. He chairs the Board of Trustees of Balham Mosque and Tooting Islamic Centre and chairs the Al-Rissala Education Trust which runs independent primary and secondary schools.

He was appointed Vice President of the Family Welfare Association, a charity that focuses on helping suffering children around the world. He is also the Chairman of the Board of Trustees of Muslim Aid - an international relief agency serving in more than 45 countries.

Sir Iqbal is a Patron of Abdulla Quillam Society and chairs the MCB Charitable Foundation. He has served on the Advisory Council of the four previous Home Secretaries advising the Government on equality and race relations.

Sir Iqbal has served on a number of other charitable and community organisations including the British Heart Foundation, National Co-ordinating Committee of European Year Against Racism, National Consultation on Chaplaincy, Interfaith Network and the Prince’s Trust.

He was awarded OBE in the 1999 Honours List and is a recipient of Muslim News Award for Excellence - Good Citizenship. In March 2005 he was presented with the Life Time Achievement...
Award for community work presented by the World Memon Organisation in Bombay, India.

The Guardian newspaper named him in 2002 as ‘the most influential Muslim in the UK’. GQ magazine ranked him at number 10 as the voice of Muslims in Britain in the 2005 list of the 100 Most Powerful Men in Britain. He was honoured with Knighthood at the Queens Birthday Honours List in 2005. In July 2006, Leeds Metropolitan University bestowed on him an Honorary Doctorate of Law.

Mohammed Amin
MA FCA AMCT CTA(Fellow) FRSA

Mohammed Amin is chairman of the Business and Economics Committee of the Muslim Council of Britain and is an elected member of the MCB’s Central Working Committee.

Professionally, Amin is a partner in PricewaterhouseCoopers LLP, the largest accounting firm in the UK. He specialises in taxation, both of Islamic Finance and of financial institutions more generally, and leads PwC’s Islamic Finance practice in the UK. Amin was Price Waterhouse’s first Muslim partner in the UK and is an elected member of PwC’s Supervisory Board.

Amin is a member of the HM Treasury Islamic Finance Experts Group, established by the Economic Secretary to the Treasury to advise the British Government on Islamic Finance strategy, and is the only practicing accountant on that group. He is also a Council Member of the Chartered Institute of Taxation, serves on the Policy & Technical Committee of the Association of Corporate Treasurers, and is a member of the Editorial Advisory Boards of “New Horizon”, the magazine of the Institute of Islamic Banking and Insurance, and of the International Journal of Islamic and Middle Eastern Finance and Management.

Academically, Amin graduated in mathematics from Clare College, Cambridge. He was recently included in the Muslim Power 100, a list of the hundred most influential Muslims in the UK.

Amin has written the Islamic finance section of the LexisNexis Finance Act Handbook for every year since 2005, and the corresponding section in Simon’s Direct Tax Service which is the leading tax encyclopaedia in the UK. Many of his articles and presentations can be found on his Islamic Finance blog at http://pwc.blogs.com/islamicfinance

Amin is passionate about Muslims playing their full part in British society, including democratic politics, and is Vice Chairman of the Conservative Muslim Forum which is an integral part of the British Conservative Party.
Navshir Jaffer, Senior Tax Manager

After graduating in mathematics from the University of Manchester, Navshir trained as a Chartered Accountant and has since worked for a number of global consulting practices. He is an associate member of the Institute of Chartered Accountants in England & Wales and the Chartered Institute of Taxation.

Presently, Navshir is a Senior Tax Manager specialising in Strategic Growth Markets in London. He advises on the tax aspects of a wide range of commercial transactions with experience in numerous projects. These include advising and supporting private equity houses, public and private companies undertaking acquisitions and disposals, reorganisations, raising finance and structuring international expansion.

He is a founder member of the Conservative Party Muslim Forum and was recently elected Honorary Treasurer. One of the objectives of the CMF is to create an environment to influence policy development from within the Conservative Party and safeguard the Muslim interests.

Navshir is presently Assistant Treasurer of the Muslim Council of Britain. He has also co-organised the series of MCB residential negotiation skills course and media skills workshops and co-ordinated the MCB delegation led by Sir Iqbal Sacranie to the previous WIEFs.

Tariq Hameed, Islamic Finance Lawyer
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Tariq is an Islamic finance lawyer at Simmons & Simmons in Dubai. He is a specialist in Islamic structured products and syndicated Islamic project, trade and construction finance.

Tariq graduated in Law from Kings College London and studied Chinese at the School of Oriental and African Studies. He was Secretary of the MCB Business & Economics Committee (2005 to 2008) and was one of the co-organisers of the seminal Islamic Finance Trade Conference 2006 where the Rt. Hon. Gordon Brown MP, announced his intention to make Britain “the gateway for Islamic finance and trade.” He was also the project manager of the first ever Iftar held at the official residence of the Lord Mayor of London in 2006.

Tariq was awarded the Professional Excellence Award at the inaugural Muslim Power 100 Awards in 2007 and was a member of the Islamic Finance Experts Group that advises HM Treasury on strategy in Islamic Finance. He recently devised the Islamic Finance Transparency Standard and is currently developing an Islamic Finance FAQ.
Atia Riaz, Islamic Finance Structurer & Product Manager

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Atia have been involved in the Islamic Finance market in the last few years, building the JPMorgan infrastructure for providing Shariah-compliant solutions throughout the franchise in its many forms.

She has been involved in building the framework for JPMorgan to offer liability management, treasury and cash management, investment products. Further to this, Atia have also worked on a number of private equity deals as well as deals in the debt capital markets. Currently she is focused on building Islamic liquidity management tools utilizing the expertise and infrastructure within JPMorgan. Atia has represented JPMorgan in various initiatives related to Islamic Finance including the International Financial Services, London and is a member of the UKTI Islamic Finance Advisory Sub-Committee.

Prior to her current vocation, Atia has enjoyed a career as a Business Analyst in Exotic & Hybrid Credit and Rate teams, as well as other roles including a games tester.

Atia is an active member of the Muslim Council of Britain, participating within the Business and Economics Committee, and contributing to the Muslim community in Britain.

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Arif Zaman

Arif is a Principal Consultant in the Reputational Risk Practice at the Reputation Institute which advises companies on their reputational risks through a focus on value creation and governance. He is an advisor to the Commonwealth Business Council on Corporate Governance and South Asia and also a Visiting Tutor in the John Madejski Centre for Reputation and the Centre for Board Effectiveness at Henley Business School, UK.


Arif serves on the Advisory Panel of the Dinar Standard (www.dinarstandard.com), a leading business strategy publication on the Muslim world. Arif is active in the community. He is on the Steering Group of the Muslim Mosaic Mentoring Initiative, the Prince of Wales Business in the Community charity and is on the MCB Business and Economics Committee.
Sher Khan, Associate CFA UK

Email: sherkhan31@hotmail.com

Sher Khan is Head of the Performance and Risk Reporting for Marathon Asset Management. During his 17 years in this industry he has worked for AMP Asset Management and JP Morgan. Sher graduated with a B.Sc (Hons) in Mathematics and Management from King’s College London in 1990. He is an Associate of the UK Society of Investment Professionals.

He is currently the Project Director for the Islamic Finance and Trade Conference, which was launched in 2006 by Prime Minister Gordon Brown. This is an initiative to showcase London as the gateway to Islamic finance and trade. Support from both governments and leading institutions from the industry make it the centre for exchanging ideas and promoting greater flows of finance and trade between the West and Muslim countries. Formerly, as Chair of the MCB Public Affairs Committee, Sher has been involved in major initiatives in engaging the Muslim community with the democratic process in the UK. Sher has also been National Co-ordinator of Islam Awareness Week, which was supported by former Prime Minister Tony Blair and HRH Prince of Wales. He has also acted as a consultant to HRH Prince of Wales on Islamic Affairs.

Parvin Ali

Born in Malaysia
Master in Business Administration (UK)
Fellow of Royal Society of Arts
Member of Institute of Directors
Member of Royal Society of Medicine
Woman Ambassador

Member of National Muslim Women Advisory Group chaired by Minister Hazel Blears
Member of World Islamic Businesswomen Task Force
Board Member of CEDAR –European Network of Muslim Professionals (Board Lead for Women)
Board Member of European Network of Migrant Women (Board Lead for UK)
Board Member of BERR East Midlands Regional Development Agency (Board Lead for Business Support & Enterprise)
Member of the National Ethnic Minority Enterprise Task Force
Asim Iqbal is the Joint Secretary of the Business and Economics Committee of the Muslim Council of Britain. He sees the World Islamic Economic Forum as a strategically important project to help enhance trade and economic cooperation between OIC countries and assist in building relationships between Muslim and non-Muslim countries. In the context of the current financial environment, he believes that such forums and conferences are of particular relevance.

Asim is a Manager at PricewaterhouseCoopers in their Corporate Finance Team and specialises in Infrastructure and Project Finance. His work is predominantly focussed on raising finance for large scale infrastructure projects on behalf of construction based consortia and advising Governments on the financial aspects of their infrastructure procurements or PPPs. He is also a qualified Chartered Accountant.

Before joining PricewaterhouseCoopers, Asim worked for CERN, Geneva, on the Large Hadron Collider Project - the world’s largest particle accelerator. Asim graduated with a Masters in Engineering from Imperial College London.

Sharjil Ahmed, Islamic Investment Banker

Sharjil is currently working for Bank of London and the Middle East, a Shariah-compliant bank based in the City of London.

He is actively involved in promoting Islamic finance across the globe. Sharjil’s career started with the Islamic Conferences Group devising marketing and growth strategies to facilitate the practices of Islamic Finance in Islamic and non-Islamic countries. He has been responsible for organising large-scale events and symposiums in Malaysia, Pakistan, Middle East and the UK. He has also worked with Business Lifestyle Middle East, dedicated to developing Islamic finance. In addition, he has managed projects relating to various types of Islamic financial products including Takaful, Islamic mortgages and Sukuk and wrote an published in the International Journal supporting the UK Government’s initiative to actively adopt Islamic Finance in UK. He has also worked for American Express and the Islamic Bank of Britain. Sharjil holds a degree in Masters of Business Administration in International Business, London, UK.

Sharjil is also Joint Secretary of Business and Economics Committee of the Muslim Council of Britain and actively working with the MCB and other organisations including the Common Wealth Business Council for spreading peace, prosperity and intercultural relationships.
Judy Kawaf, In-house counsel

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Judy Kawaf is in-house counsel to Ithmar Capital, a Dubai-based private equity firm focusing on GCC related investments. Judy assisted in the establishment of two Sharia compliant funds, (i) US$2 billion infrastructure fund and (ii) US$1 billion telecommunications, media and technology fund. She also co-authored articles regarding private equity and Islamic private equity. She is admitted to practice before the Massachusetts Bar and as a solicitor in England and Wales.

Judy is fluent in Arabic and has worked in several jurisdictions. Before joining Ithmar Capital, she worked with Norton Rose in London and as a legal consultant to the law office of Sharif Ali Zu‘bi, a leading law firm in Amman, Jordan. Judy started her career in Boston, clerking for Judges Dreben and Kantrowitz at the Massachusetts Appeals Court before joining a boutique intellectual property litigation firm. She is one of the founders of the Boston chapter of Arab American Young Professionals, now a part of the Network of Arab American Professionals. She wishes to build upon and share her knowledge of fund structuring as well as expand her knowledge of how different businesses are being conducted in the Muslim world.

Samar Ali, Associate

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Samar Ali is currently an associate with Hogan & Hartson LLP in Abu Dhabi and is a member of the Firm’s Corporate and Islamic Finance Practice Groups. As a lawyer, she regularly counsels clients on project finance transactions, mergers and acquisitions and international business matters.

Prior to joining Hogan & Hartson, Samar served as a judicial clerk to The Honourable Gilbert S. Merritt of the U.S. Court of Appeals for the Sixth Circuit and as a judicial clerk to The Honourable Edwin Cameron of the Supreme Court of Appeal of South Africa. Samar also has experience as a legal intern for the Islamic International Arab Bank.

While at Vanderbilt University, Samar was the first Arab-Muslim student body President and established Vanderbilt’s Middle Eastern Student’s Association. Samar has spoken on numerous occasions across the United States on the role of women in Islam and Muslim-American relations.
Hassan Malik, Management Consultant
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Hassan graduated from Oxford University in 2006 with a BA (Hons) Economics and Management. He has been working as a Management Consultant at L.E.K. Consulting in London for the past two and a half years.

He is currently the Chairman of the Oxbridge Muslim Alumni (OMA), an organisation founded with the aim of creating networking opportunities amongst Oxbridge. OMA is involved in organising aspiration days for the youth, in order to aid their personal and educational development.

Hassan is also involved in a number of youth initiatives including a mentoring programme, where he regularly meets and mentors pupils, to enable them to achieve better GCSE results and hopefully secure good places at University.

He has a keen interest in Islamic Finance combined with aspirations of moving to the dynamic environment of the Middle East to be able to work there. He hopes that by attending the WIEF, he will enhance his network of contacts and enable him to achieve this. Hassan is also particularly interested in the Young Leaders Network initiatives that have been introduced by the WIEF and would like to participate in them.

Fazl Andrabi Syed
Consultant, International Business and Finance
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Fazl Syed is an Ivy League educated lawyer experienced in Corporate Finance, Investment Funds, Private Equity, Asset Management, Banking and Finance, Islamic Finance, Project Finance, Asset Based Finance and Dispute Resolution. Fazl has spent two decades in the legal profession practicing initially in Bombay High Court and Supreme Court of India and later with top international law firms in New York and Los Angeles. Fazl currently runs a successful consultancy from London advising businesses worldwide in corporate and financial transactions. He also advises the Bank of London and The Middle East in Islamic finance transactions.

Fazl’s professional associations include The Law Society of England & Wales, International Bar Association, The Association of the Bar of the City of New York (Corporate Law Committee), American Bar Association - Business Law Section (International Business Law Committee and the Committee on Developments in Business Financings), New York State Bar Association, Bar Council of India, Bombay Bar Association and Supreme Court of India Bar Association.
Shenaz Bunglawala

Shenaz Bunglawala holds a Masters degree from the LSE, is a recipient of an LSE PhD studentship award and an award for Teaching Excellence from the Department of Government at LSE. Her doctoral thesis (unfinished) is on Islamist discourses in Turkey. Shenaz has lectured and taught undergraduate courses in political science, with a specific focus on religion, at the LSE, King’s College and has been guest lecturer at the American University at Richmond and St Andrews University. Her work has been published in Ethics and International Affairs, Faith and International Relations and RUSI Newsbrief, among others. Her paper on ‘British Muslims: Identity and Engagement’ will be published in February 2009.

Shenaz is Vice Chair of the Europe and International Affairs committee of the MCB. She is also a founder and executive committee member of the Conservative Friends of Turkey and co-editor of a new blog site for young British and European Muslim academics and writers to share critiques, perspectives and original research on Islam and Muslim life in Europe.

Omar Shaikh, Islamic Finance Council UK

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Omar is recognised as the Ernst & Young UK firms Subject Matter Expert for Islamic finance and successfully lead the build out of the UK Islamic financial services across multiple sector teams.

Working in Bahrain he specialised in advising banks and financial institutions on Shariah compliance and strategic issues. The work included creating operational frameworks for new Islamic banks and managing the conversion of existing conventional banks into Islamic financial institutions. As part of the Private Equity team in EY London, Omar has worked on a number of transactions providing pre-acquisition financial due diligence services to leading European PE funds.

Omar has presented on Islamic Private Equity at various seminars in the City and internationally and has hosted a number of Islamic finance courses and seminars with world leading Shariah scholars. In addition, Omar sits on the UK Treasury and UKTI Islamic Finance Advisory Sub-Committees and is also an Executive Board Member of the Islamic Finance Council, UK (‘IFC’), a not-for-profit body established to promote the Islamic finance industry. The IFC is the leading body in Scotland for Islamic finance and has advised the Scottish Government on its Islamic finance strategy and have pioneered a global training programme for Shariah scholars and received endorsed by the UKTI and Central Bank of Malaysia body ISRA.
Khalila Meggouh, Lawyer (Advocaat)

Khalila, qualified in the jurisdiction of the Netherlands, is an associate in the Finance group of an international law firm in Dubai.

She practices in banking and capital markets. Her reason for joining the delegation to the 5th WIEF is to acquire more knowledge and understanding of how the various delegations to and speakers on the forum implement the main objectives of the WIEF i.e. enhancing the economic wellbeing of people through increasing trade and business activities and including participation of women and youth through training, education and business activities.

She also wishes to acquire a broader understanding of the projects which are being undertaken to package the Muslim world as a lucrative trade and investment caucus that is able to attract foreign investors and business partners from various countries worldwide. Her main aim is to pick up ideas which are eligible for further roll out in the various home jurisdictions.

Shaid Mohammed

A commercially astute, multi-lingual Asset Management & Real Estate Professional with an impressive record of growing revenues and profit, building relationships with multi-national clients, and managing the sale of new developments and resale properties. Shaid graduated from London Metropolitan University with a BA Hons Marketing & Human Resource Management and is currently a Project Director at Carleton Developments Ltd.

Shaid is an active community leader with responsibilities for co-ordinating the One Community Project in East London, a member of Waltham Forest Islamic Association and also a member MCB Business Economics Committee. Shaid successfully established a thriving Mosque and Islamic Education Centre in the London Borough of Waltham Forest; has organised a number of interfaith conferences in East London to promote social cohesion and is also involved in managing successful community, cultural and fundraising events for charities. Shaid enjoys networking with professionals, is open to sharing good practices and is always willing to seeking new business opportunities. He has great entrepreneurial spirit, enjoys exploring international investment opportunities and learning about other cultures.
Osama Saeed, Chief Executive, Scottish-Islamic Foundation
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The Scottish-Islamic Foundation exists to build bridges between Muslims and non-Muslims nationally and internationally, as well as help increase the contribution of Muslims to Scotland.

Osama was listed as one of Scotland’s Top 100 thinkers and opinion formers by the Scotsman newspaper, one of the country’s “Brightest and Best” by the Sunday Herald and described as Scotland’s most influential Muslim by The Sunday Times. Over the years, he has been one of Scotland’s leading peace activists and human rights campaigners, playing a central role in the movement against the Iraq war. He spoke at the historic demonstration of February 15th 2003.

SIF is organising an ‘Islamic Investment in Scotland Expo’ with the Scottish Government this October, and is keen to talk to people at the WIEF interested in taking part. The Expo will be looking to build trade and investment links between Scotland and the Muslim world, as well as infrastructure compatibility for the Scottish financial sector with Islamic finance.

Noman Tahir, Director, Scottish-Islamic Foundation
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Noman Tahir, 21, is currently finishing his MA in Economics and Business Economics at the University of Glasgow. He initially helped to establish the Scottish-Islamic Foundation’s Media and Marketing working group before moving on to become the Business and Finance director.

Prior to his work with the SIF, Noman was press officer for the First Minister of Scotland at the Westminster Parliament and also worked for the securities and investment management firm, Morgan Stanley. In addition, Noman has held various voluntary positions such as editor of The iWitness, Scotland’s national Muslim newspaper.

Noman is regularly interviewed and quoted by national mainstream media including the Sunday Herald, BBC, Scotland on Sunday, Edinburgh Evening News and the Scotsman. Since serving as school captain during his final year in school, Noman has been passionate about empowering the youth to realise their full potential. He is actively looking to build on his initiative of establishing strategic transatlantic partnerships between mainstream organisations to help empower young Muslims to play their part in the democratic process.
Dr. Athar Osama, Senior Consultant, ANGLE plc.

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Dr. Osama works as a Senior Consultant for ANGLE plc - a UK-based technology commercialization consulting, management, and venture capital company focusing on clean energy, information technology, and higher education sectors. ANGLE currently manages the Qatar Science and Technology Park (QSTP). Athar also heads ANGLE’s new business efforts in the Middle East and Asia Pacific.

Prior to joining ANGLE, Athar spent 7 years in the US working on a variety of science and innovation policy issues. Athar is currently also a Visiting Fellow at Pardee – Centre for the Study of Long Range Global Future at Boston University. He is also currently working on an international research study of Muslim scientists and technologists in collaboration with COMSTEC.

In 2005, Athar authored the first National Study of Pakistan’s Software Industry. He also founded the website Muslim-Science.com, and is a consultant with Science and Development Network (SciDev.Net). Athar writes frequently for international media on science and innovation policy, development, politics, and governance issues.

He holds a PhD in Public Policy from Frederick S. Pardee - RAND Graduate School for Public Policy in Santa Monica, California and a Bachelors degree in Aeronautical Engineering from Pakistan Airforce Academy where he won the coveted Sword of Honour award.

Dr Sanawar Choudhury
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Islam provides both the opportunity and the resource to achieve any goal. Following the words of our beloved Prophet (PBUH) Sanawar travels to the WIEF conference in Jakarta in search of knowledge, networking and to explore opportunities.

As a qualified Chartered Accountant in the UK with a PhD in Finance, Sanawar has worked in risk management, corporate reporting and international business across Europe, the USA and the Indian sub-continent.

Islamic finance and how this could both stabilise and promote trade and investment within an ethical environment is of particular interest to Sanawar.
Zahid Mir, Retired flight ops, British Airways

Tel: +44(0)7881967273

Zahid Mir is a 56 yrs old member of the MCB Business and Economics Committee. Zahid has worked in various fields throughout his professional career including the British Army, National Westminster Bank, Dan-air, and British Airways prior to entering early retirement.

Zahid’s leverages his broad career path, and continues to consult on various aviation matters.

Zahid has been very active in his retirement; underlying his key commitment to building bridges between people of different faiths. Zahid also demonstrates his commitment to supporting the younger generation of talented British Muslims with his mentoring activities.

Hi main in life is to mentor young persons, build bridges with faith and non-faith people.

Farooq Mulla, Director

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Farooq Mulla was born in the UK. He received his early education in a local state school. He completed the memorisation of the Holy Quran at the early age of 12, and represented Great Britain in the World Quran Recitation Competition In Makkah. He completed ‘A’ Levels in Law, Politics, Sociology, and Economics & Commerce. He then studied full-time Islamic Studies at Islamic Seminaries in the UK and abroad.

He has worked as an Imam and teacher at various Islamic centres. He started his business in 2004, importing / exporting Islamic Products, and publishing and distributing books. He now specialises in providing educational resources to Muslim Schools, and also offering consultancy services in the setting up and running of Schools.

He has qualified as a Quality Framework Assessor for supplementary schools. He is currently the secretary for Mosque & Community Affairs for the MCB, and a member of the steering committee for MINAB (Muslim Imam National Advisory Board). He is also the director for Darul Arqam Educational Trust, a Leicester based organisation which facilitates a number of learning activities for Muslims of all ages. He has had an offer to do a PhD in the field of Islamic Curriculum.
Muhammad Bhatti, Councilor

Muhammad is a judicial office holder of employment, lease valuation and disability appeal tribunals and a Town & District councilor since 1999. He was previously been a magistrate and General Secretary of the Asian community in Chesham, UK and the independent monitoring member of Her Majesty’s Prison Service, appointed by the Home Office.

Muhammad played a key role in the documentary film done by the BBC, *The Spirit of Islam*. He has also been named an Ambassador for Peace by the Universal Peace Federation and the Inter religious and International Federation for World Peace.

He is the chairman of the Homelessness Committee in the Chiltern District Council and has organized meetings with the First Secretary from the American embassy to discuss building firmer ties between Pakistan and America. He was recently elected as the community welfare officer by the UK’s Pakistani Professional Forum.

Muhammad was the first Pakistani Mayor of Chesham. During his time as Mayor, he established the ‘Mayoral Award’ where people who had dedicated themselves in works for the community were recognized and appreciated.

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Tahara Amin, Head teacher (retired)

Tel: +44(0)7941 055 717 Email: tahara.amin@btinternet.com

Tahara Amin came to the UK at the age of 11 speaking no English. Despite that, she was able to graduate from Keele University in Chemistry and Biology combined with a teaching certificate. After teaching chemistry at a Catholic school for two years, she took a long career break to raise four children.

The Manchester Muslim Preparatory School is operated by a charity and takes boys and girls between the ages of 3 and 11. Tahara had assisted the school on a voluntary basis in its earlier days, and when she returned to teaching, she joined it as a class teacher. The following year she became head teacher, serving in that role for 10 years and establishing the school as a beacon of good practice. The school was honoured as the best performing Muslim primary school in the North region of England at the Global Peace and Unity Awards in 2007.

Tahara believes that proper Muslim education is the route to success for both individuals and Muslim societies, and that there is no conflict between religious and secular knowledge. 
The MCB Business & Economics Committee

The MCB Business & Economics Committee (the BEC) has been tasked to bring together successful businessmen, professionals and students in the field of business and finance to work for the betterment of the British and Muslim communities.

Some of the many projects that the BEC has organised are set out below.

Islamic Finance and Trade Conference 2006

Iftar at Mansion House 2006

Reception for Dato Azman bin Hj. Mokhtar 2006

Media Training Workshops
The BEC is keen to develop relationships with individuals and institutions outside of Britain. It hopes at the World Islamic Economic Forum that delegates will have a chance to share the lessons learnt from organising and attending the above events and explore new projects that can be held collaboratively.

If you are interested in meeting members of the BEC or have a project you wish to explore with the MCB, please contact business@mcb.org.uk
**Arbun**  
Provides for the purchaser to make a deposit for the purchase of a particular asset at a later date. The deposit forms part of the purchase price of the asset and is given on the understanding that should the sale not proceed, the seller will be permitted to retain the deposit.

**Bai Salaam**  
Involves the advance payment in full of the purchase price for specified assets by the purchaser, which the seller undertakes to deliver to the purchaser at a set later date.

**Ijara**  
Covers the leasing of assets. The financial institution purchases the asset and leases it to the customer for an agreed rental for an agreed period of time.

**Istisna’a**  
Similar to Bai Salaam, however, differing in two major ways: the contract must only be used for assets that are to be manufactured, and unlike Bai Salaam, payment need not be made at the outset.

**Mudarabah**  
Involves two parties: the managing trustee (Mudarib) and the beneficiary that owns the capital (Rab al-maal). Funds are provided by the rab al-maal to the mudarib to invest in an agreed venture and to manage the investment. Any profits generated, of which there is no guarantee, are split between the owner of the capital and the managing trustee. All losses are borne by the owner of the capital, unless there is fraud, misconduct or negligence by the managing trustee.

**Murabaha**  
One of the most widely used trade financing methods. The finance institution purchases and takes title of goods at the behest of the customer and then sells the goods on to the customer at cost plus a stated profit. The payment by the customer to the bank is usually on a deferred basis.

**Musharakah**  
A joint venture where the investors provide equity to the enterprise in agreed proportions. Losses are shared in proportion to participation although the parties can agree to share profits contractually.

**Sukuk**  
These are commercial paper that have been likened to a bond although rather than creating a debt, the holder is entitled to a part-ownership in the underlying assets and thus an entitlement to a portion of the income that the assets generate.

**Wakaala**  
An agency relationship whereby the principal (Muwakkil) appoints an agent ( Wakil) to undertake specified activities which may include the investment of capital. The principal is liable for any losses made by the agent with the capital unless there is fraud, misconduct or negligence by the agent. The agent may charge a fee for their services.
Working in over 70 countries across Africa, Asia and Europe, Muslim Aid is striving to help the poor overcome the suffering endured due to natural disasters and lack of life’s basic necessities.

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