

Innovation is the future



QATAR

By Amjad Hussain

As we move toward the end of 2019, Islamic banks and the finance sector enter into a quiet period as they prepare to close their financial years.

During the 5th CEOs and Islamic Finance Leaders Roundtable held in Hamad Bin Khalifa University earlier this month, Qatar Central Bank (QCB)'s governor, Sheikh Abdullah Saoud Al-Thani, gave an overview of the role of Islamic banks in the redistribution of wealth and financial inclusion as part of sustainable development.

The governor highlighted that the Second Strategic Plan for Financial Sector Regulation (2017–22) seeks to promote financial inclusion and foster innovation, adding that the use of fintech has become necessary in view of the challenges facing global cybersecurity which necessitates improving the credit information network and taking all precautions to

maintain the security and safekeeping of information in the financial sector.

QCB has been proactive in improving its cybersecurity mechanisms and proposed to introduce new fintech strategies supplemented with a robust risk culture.

QIIB has announced its participation in the subscription to Baladna's IPO in October. QIIB will provide prospective subscribers with up to 65% financing of the total value of shares, ensuring them flexible, fast and easy access to participate in the IPO.

Qatar Islamic Bank (QIB) has won three awards from Global Finance Magazine during the IMF and World Bank annual meetings in Washington.

It was recognized as the 'Best Islamic Project Finance Provider' in the world for its strong project finance expertise, as well as the 'Best Islamic Financial Institution in Qatar' and the 'Best Islamic Financial Institution in Sudan'.

QIB's growth is built on its position as a leading bank with deeply rooted client relationships, active engagement in the local communities and its focus on enhancing their banking experience through innovative banking solutions. QIB was the first bank in Qatar and the first Islamic bank in the world to offer 'instant finance', which allows eligible clients to get financing through the use of their mobile application.

Masraf Al Rayan has disclosed its interim financial statement for the nine months ending on the 30th September 2019. The reports show a net profit of QAR1.65 billion (US\$450.32 million) compared with QAR1.63 billion (US\$444.87 million) for the same period in 2018.

We expect a greater focus on innovation going forward and the regulatory environment will start to adopt to encourage this. ☺

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Updated list of Shariah compliant companies



THE PHILIPPINES

By Rafael A Morales

In Memorandum CN – No. 2019-0044 dated the 7th October 2019, the Philippine Stock Exchange (PSE) published its list of 45 Shariah compliant companies as of the end of the third quarter of the current year.

This updated list is eight companies fewer than the total number of companies found in the previous list.

The updated list excludes 10 companies found in the previous quarterly list of 53, but includes two new companies (Vistamalls and United Paragon Mining

Corporation) for a net exclusion of eight companies.

As in the past, the PSE engaged the services of IdealRatings in formulating the updated list based on the standards set by AAOIFI.

To be included in the Shariah compliant list, a company must meet the following criteria:

a) its primary purpose must not involve any of the activities prohibited under AAOIFI's Shariah Standard No 21 – Rules for Dealing of Shares (such as derivatives, pork, alcohol, tobacco, arms and weapons, conventional interest-based lending, conventional insurance, mortgage and lease, embryonic stem cell research, hotels, gambling, casinos, music, cinemas and adult entertainment) or, if the company derives income from these prohibited activities, the income on an aggregated basis must not exceed 5% of its gross revenues

- b) the company's interest-bearing debt, as well as its interest-bearing deposits or investments, must not exceed 30% of its 12-month trailing average market capitalization, and
- c) the company's accounts receivable must not exceed 67% of its 12-month trailing average market capitalization.

These criteria are stated in the PSE Guidelines on Screening of Securities for Shariah Compliance, which can be downloaded from the PSE website.

In line with its program of diversifying its investment base, the PSE has been releasing its quarterly list of Shariah compliant PSE-listed companies. The Securities and Exchange Commission, which is the regulator of the capital markets in the Philippines, has permitted the quarterly publication by the PSE of the said list. ☺

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