

FINANCIAL MARKETS SERIES

UK, THE LEADING WESTERN CENTRE FOR

ISLAMIC FINANCE

OCTOBER 2013

FOREWORD

FROM CHRIS CUMMINGS, CHIEF EXECUTIVE OF THECITYUK

The UK remains the leading Western centre for Islamic financial and related professional services. This pre-eminent position can be seen not only in business levels but also in London's position at the heart of the market, for instance by the World Islamic Economic Forum hosting their 9th meeting in London in 2013. This is the first time this major international conference has been held outside Asia and the Middle East. The World Islamic Economic Forum recognises 'London, as one of the leading financial and cultural centres of the world and the business gateway between the Muslim and non-Muslim world'.

To cement London's status as the western hub for Islamic finance the UK Government established the Islamic Finance Task Force (IFTF). Led by Ministers, the IFTF brought together Government and Industry to support the development of the UK's Islamic finance sector.

The market for Islamic finance has considerable potential for expansion as shown by findings in this report. Institutions in the UK have been providing Islamic financial services for 30 years. Over twenty banks of which six are fully Sharia compliant operate in the UK, more than in any other Western country. The London Stock Exchange is a key global venue for the issuance of sukuk. Banks, sukuk issuance and exchange traded products are buttressed by the strong infrastructure of professional support for Islamic finance deals and transactions. The UK is also making an increasing contribution to the development of Islamic finance education and skills with four professional institutions and 16 universities and business schools offering qualifications.

As a member of the IFTF the UK Islamic Finance Secretariat (UKIFS) has played an active role in its work. UKIFS members have participated in and led discussions on infrastructure and infrastructure finance using Islamic products, regulation and ETQ (Education, Training and Qualifications). We look forward to continuing our work with Government to encourage inward investment via Islamic finance and associated services, to grow trade and jobs and build on the advantage we have as the leading non-Islamic hub for Islamic Finance.



CHRIS CUMMINGS
CHIEF EXECUTIVE OF THECITYUK



Islamic finance is growing as a form of finance for Islamic and other investors around the world. This report summarises global trends in Islamic finance with particular reference on how the market is developing in the UK.

SUMMARY

The global market for Islamic financial services, as measured by Sharia compliant assets, is estimated by TheCityUK to have increased by a fifth in 2012, to a record \$1,460bn (Chart 1, Table 1). The industry is set to grow significantly in the years ahead. At the current rate of growth the market could top \$2 trillion in assets by the end of 2014. The largest centres remain concentrated in Malaysia and the Middle East, including Iran, Saudi Arabia, UAE and Kuwait (Chart 2).

Islamic finance has shown resilience at a time when the global economy has slowed and conventional banking in Western countries has been under pressure. Global assets of Islamic finance have doubled since the start of the economic slowdown.

Considerable potential exists for expansion of Islamic finance. The Muslim population numbering some 1.6 billion accounts for nearly a quarter of the global population (Chart 3), but Sharia compliant assets make up only around 1% of the world's financial assets. Less than a fifth of Muslims worldwide currently use Islamic financial products. The extent of the industry's penetration varies substantially. In Bangladesh, for example, Islamic banking accounts for 65% of total banking assets, but only between 4% and 5% in Turkey, Egypt and Indonesia.

London's profile as the leading Western centre for Islamic finance has grown in recent years, although institutions in the UK have been providing Islamic financial services for 30 years. As the leading Western country and Europe's premier centre for Islamic finance, the UK is well positioned to capture a growing share of Islamic finance business in the coming years. According to The Banker magazine's latest Islamic Finance survey, the UK ranks as the ninth largest global location for managing Islamic finance assets, with \$19bn in reported assets.

An important feature of the development of London and the UK as the key Western centre for Islamic finance have been supportive government policies intended to broaden the market for Islamic products. This includes for example the removal of double tax and extension of tax relief on Islamic mortgages and the reform of arrangements for issues of debt.

Islamic finance is increasingly being used in major infrastructure projects in the UK such as The Shard of Glass, the Olympic Village and the redevelopment of Chelseas Barracks and Battersea Power Station. The UK is an attractive destination for foreign investors as shown by foreign ownership of UK shares passing 50% for the first time in 2012.

Global development of Islamic finance is being driven by Sharia compliant institutions taking the opportunity to expand products and services that can be accessed by Muslim customers and investors. This is leading to the expansion of retail and capital markets, helping, for example, to meet

more than 20 banks

of which six are fully Sharia compliant operate in the UK

Chart 1
Global assets of Islamic finance

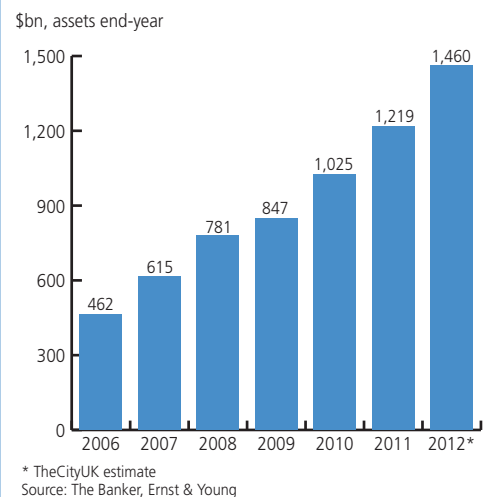
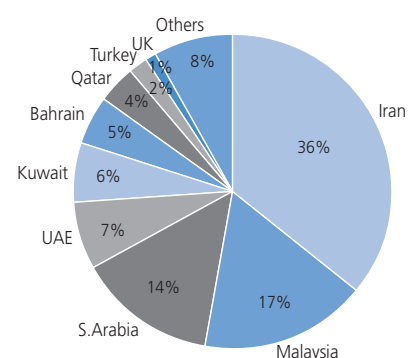


Chart 2
Islamic Finance by country

Banking, takaful & fund assets, % share, end-2011



Key features of the UK Islamic finance industry

London and the wider UK have become a global centre for Islamic finance. Key features of the UK Islamic finance industry include:

- More than twenty banks, of which six are fully Sharia compliant are located in the UK. This is substantially more than in any other Western country. Also, many foreign banks access Islamic finance through the London markets or London based teams for specific initiatives (Treasury funding, trade finance, property finance, agency desks for corporate financing/lending).
- The London Stock Exchange is a key global venue for the issuance of sukuk. To date over \$34bn has been raised through 49 issues. Seven exchange traded funds and two exchange traded products are also quoted on the London Stock Exchange.
- Around 25 law firms supplying services in Islamic finance.
- Use of Islamic finance for major infrastructure projects in London.
- Advisory services provided by the largest four professional services firms.
- Qualifications in Islamic finance offered by four professional institutes and at least 16 universities and business schools.
- Off-exchange trading in commodity-based agreements.

London is the leading global centre for international financial services and this is one of the important reasons why Islamic financial institutions have chosen to locate in the UK. London has the leading share of trading in many international financial markets including foreign exchange and OTC derivatives trading, international bank lending and international insurance. London and the wider UK are also Europe's premier centre for management of sovereign wealth funds, hedge funds and private wealth.

growing demand for infrastructure finance.

Banking and sukuk represent forms of Islamic finance that are most well established, with takaful (insurance) and funds also developing. Islamic assets managed by banks increased by a fifth in 2012 to a record \$1.3 trillion. The market for Islamic funds worldwide also reached a new record, \$74bn, partly a result of 7.3% returns during the year. The potential market for Islamic funds is estimated at over \$500bn, so Islamic funds under management currently represent a small proportion of the potential market. Takaful also reached a new high in 2012, with premiums estimated by TheCityUK to have reached around \$30bn.

Sukuk is an essential part of the Islamic finance market, and London as a major centre for international bonds is an important centre for issuance and trading of sukuk. Both banks and funds are major investors in sukuk, which strengthened in 2012. Sukuk issuance was up by two-thirds during the year to a new high, \$139bn. Issuance remained strong in the first half of 2013 with \$59bn in sukuk issued.

More countries are looking to expand their Sharia offering. New Sharia compliant institutions in recent years have been reported in a number of countries including: Australia, Azerbaijan, Nigeria, Oman, Pakistan, Qatar, Russia and Oman. Leading countries for Islamic finance should provide fertile ground for future growth of the industry.

Sharia compliant
assets grow to record
\$1,460bn
in 2012

Table 1
Global Islamic finance assets by sector

Sharia compliant assets, \$bn					
	2008	2009	2010	2011	2012
Banks	720	777	943	1,105	1,326
Funds	51	54	58	62	74
Takaful	8	13	21	26	31
Other	1	3	3	26	28
Total	781	847	1,025	1,219	1,460

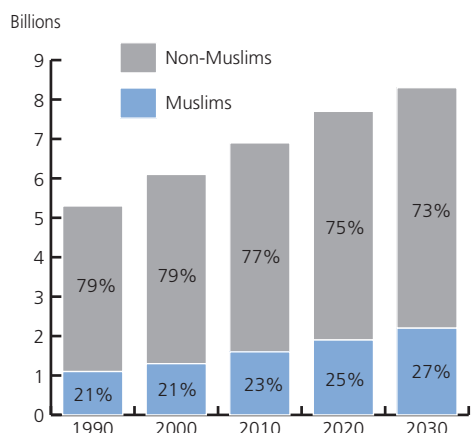
Source: The Banker, Ernst & Young

Table 2
Muslim population by country

2010 estimate	Millions	% share of country's population	% of world muslim population
Indonesia	209,120,000	87.2	13.1
India	176,190,000	14.4	11.0
Pakistan	167,410,000	96.4	10.5
Bangladesh	133,540,000	89.8	8.4
Nigeria	77,300,000	48.8	4.8
Egypt	76,990,000	94.9	4.8
Iran	73,570,000	99.5	4.6
Turkey	71,330,000	98.0	4.5
Algeria	34,730,000	97.9	2.2
Morocco	31,940,000	99.9	2.0
Other	546,400,000	11.7	34.2
World total	1,598,510,000	23.2*	100.0

*% share of world population
Source: Pew Research Center

Chart 3
Global muslim population



Source: The Banker

GLOBAL MARKET FOR ISLAMIC FINANCE

TheCityUK estimates that the global market for Islamic financial services, as measured by Sharia compliant assets, reached \$1,460bn at the end of 2012, up a fifth on the previous year (Chart 1). This means that global assets of Islamic finance have doubled since the start of the economic slowdown. The industry is set to grow significantly in the years ahead. At the current rate of growth of around 20% per year, the market could top \$2 trillion in assets by the end of 2014.

Assets that can be allocated to individual countries from The Banker's survey reveals that the leading countries for Sharia compliant assets are Iran which accounts for around 36% of the global market, Malaysia (17%) and Saudi Arabia (14%) (Chart 2). These are followed by other Gulf states including UAE, Kuwait, Bahrain and Qatar, and then Turkey. The UK, in ninth place, is the leading Western country with \$19bn of reported assets.

There are over 700 institutions registered globally as sharia-compliant organisations in financial services. Of these, around 500 are fully compliant, and the remainder operate sharia-compliant products within a conventional institution. Countries with most of the 430 firms reporting to The Banker's survey include Bahrain and Indonesia with 74 and 71 firms respectively. Malaysia, Iran, Kuwait and Saudi Arabia were in a group of countries with more than 50 firms.

Broadening geographical customer base for Islamic services The market is currently most developed in Malaysia, Iran and the majority of countries that form the GCC. Indonesia has the largest Muslim population in the world (209m), followed by India (176m), Pakistan (167m) and Bangladesh (134m) (Table 2). These four countries account for 43% of the worldwide Muslim population and remain fertile ground for future growth. Islamic finance is however moving beyond its historic boundaries into new territories. Markets where Islamic finance is developing include:

- Other countries in the Middle East and Africa such as Turkey, Sudan, Egypt, Jordan, Syria and Nigeria.
- Other Asian countries such as Hong Kong, Singapore, Bangladesh, Pakistan, China and India.
- Western countries such as Luxembourg, Switzerland and Australia are developing as centres for Islamic finance. The US, France, Germany and the UK each have indigenous Muslim populations of up to 5m, although Russia has much the largest in Europe with 16m.

While scope for development exists in Western countries an appropriate legal and regulatory structure first needs to be designed and implemented. The customer base in Western countries is not necessarily restricted to Muslims: other customers may be attracted by the ethical basis of Islamic finance.

Government strategy for development of Islamic finance in the UK

An important feature of the development of London and the UK as the key Western centre for Islamic finance have been supportive government policies intended to broaden the market for Islamic products for both Sharia compliant institutions and firms with 'Islamic windows'.

The development of Islamic finance has enjoyed cross party support over the past decade. There have been two key policy objectives: firstly, to establish and maintain London as Europe's gateway to international Islamic finance; and secondly, to ensure that nobody in the UK is denied access to competitively priced financial products on account of their faith.

The establishment since 2003 of an enabling fiscal and regulatory framework in the UK for Islamic finance has been key to facilitating these policy objectives. Initiatives have included:

- The removal of double tax on Islamic mortgages and the extension of tax relief on Islamic mortgages to companies, as well as individuals.
- Reform of arrangements for issues of bonds so that returns and income payments can be treated 'as if' interest. This makes London a more attractive location for issuing and trading Sukuk.
- Initiatives by the Financial Conduct Authority to ensure that regulatory treatment of Islamic finance is consistent with its statutory objectives and principles.

In 2013, the Government launched the UK's first Islamic Finance Task Force. The Task Force is supporting the development of the UK's Islamic finance sector, helping to increase inward investment and strengthen the economy. It includes major industry figures to ensure that the UK's offer is promoted at home and abroad by both the public and private sector.

One of the key objectives of the Task Force is to engage with the UK Islamic Finance Secretariat (UKIFS) and others to promote and raise the international profile of the industry. Many firms operating in Islamic finance in the UK are members of UK Islamic Finance Secretariat (UKIFS), which is part of TheCityUK.

SHARIA COMPLIANT FINANCIAL SERVICES

Banking and sukuk represent forms of Islamic finance that are most well established, with takaful (insurance) and funds also developing. Products that may be the subject of innovation include private equity and private wealth management.

Banking In The Banker's survey, balance sheet assets of Sharia compliant banks rose by 21% in 2011 to \$1,166bn from \$960bn in the previous year. Commercial banks account for the majority of assets, with investment banks making up most of the remainder. Nearly three-quarters of Islamic institutions in the Banker Survey reported an increase in assets during the year. TheCityUK estimates that balance sheets of Sharia compliant banks increased by a further 20% in 2012 to a record \$1.3 trillion.

Considerable potential for expansion exists with The Banker estimating that less than a fifth of Muslims use Islamic products, although scope is more limited in countries where Muslims represent a minority. The extent of the industry's penetration varies substantially. In Bangladesh, Islamic banking accounts for 65% of total banking assets; in Bahrain 46% and Saudi Arabia 35%. However penetration in other countries is limited with Islamic banking accounting for only 4% to 5% of total banking assets in Turkey, Egypt and Indonesia (Chart 4).

Islamic banks, including those with Islamic 'windows', are now looking to enhance their position in faster growing core regions of Middle East, Asia and Africa. Offering products that are competitive on price and service could help to generate business not only from Muslims with a preference

Islamic finance: principles & developments

Principles

The underlying financial principles in Islamic finance have remained unchanged historically since their development over 1,400 years ago. Financial products must be certified as Sharia compliant by an expert in Islamic law. Certification requires that the transaction adheres to a number of key principles that include:

- Backing by a tangible asset, usufruct or services, so as to avoid 'speculation' (gharar). Prohibition of interest payments (riba).
- Risk to be shared amongst participants.
- Limitations on sale of financial assets and their use as collateral.
- Prohibition of finance for activities deemed incompatible with sharia law (haram), such as alcohol, conventional financial services, gambling and tobacco.

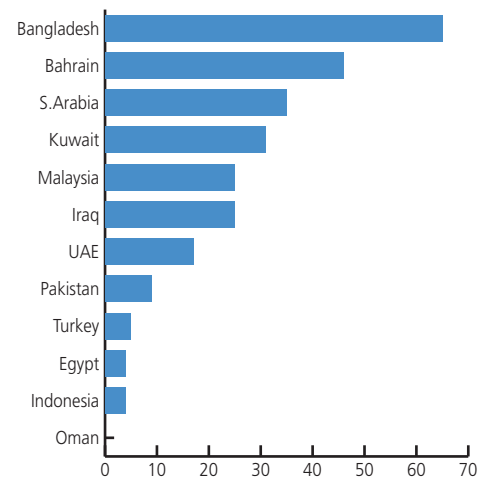
Modern development

Modern Islamic finance emerged in the mid-1970s with the founding of the first large Islamic banks. Development initially occurred through marketing of a steadily expanding supply of Sharia compliant financial instruments. This supply-driven model contributed to relatively slow growth until the mid-1990s, since when demand has increasingly driven the development of Islamic financial instruments. Rising awareness and demand for Islamic products, along with supportive government policies and growing sophistication of financial institutions, have together raised the rate of growth.

Chart 4

Islamic finance penetration in selected countries

% share of Islamic banking in total banking assets in each country



Source: The Banker, Maris Strategies

Table 3

Islamic banks in UK

Fully Sharia compliant

Bank of London and The Middle East
European Islamic Investment Bank
Gatehouse Bank
Islamic Bank of Britain
QIB UK
Abu Dhabi Islamic Bank

Islamic windows

ABC International Bank
Ahli United Bank
Bank of Ireland
Barclays
BNP Paribas
Bristol & West
Citi Group
Deutsche Bank
Europe Arab Bank
IBJ International London
J Aron & Co.
Lloyds Banking Group
Royal Bank of Scotland
Standard Chartered
UBS
United National Bank

Table 4

Islamic banks in western countries & offshore centres

Number located in each country	
UK	22
US	10
Australia	4
Switzerland	4
France	3
Canada	1
Cayman Islands	1
Germany	1
Ireland	1
Luxembourg	1
Russia	1

Source: The Banker

for Sharia compliant services, but also from Muslims and other customers that currently use conventional banking services.

In the UK, there are six fully Sharia compliant banks which puts the UK in the lead in Western Europe (Tables 3 and 4).

- **The Islamic Bank of Britain (IBB)** is a retail bank and the only Islamic bank with a high street presence having five branches and around 50,000 customers. The bank offers a wide range of Sharia compliant financial products in the UK.
- **The Bank of London and The Middle East (BLME)** is an independent wholesale Sharia compliant UK bank based in London. BLME's offering spans corporate banking, treasury and wealth management that comprises private banking and asset management.
- **QIB UK** took on its new branding in 2010 to reinforce its identity within QIB's global network. QIB UK offers a range of Sharia compliant financing and investment products for both Islamic and non-Islamic clients alike. It provides Sharia compliant investment banking services including trade finance, private equity and asset management to clients ranging from High Net Worth individuals to sovereign wealth funds and other institutional investors
- **Gatehouse Bank** is a Sharia compliant wholesale investment bank operating in capital markets, real estate, asset finance, Treasury business and Sharia advisory services. The bank manages \$1.7bn real estate assets in the US and UK. In December 2012 the bank issued the UK's first ever real estate backed sterling Sukuk Al-Ijarah.
- **European Islamic Investment Bank (EIIB)** offers its customers Sharia'a compliant Treasury and capital markets, asset management, private banking, trade finance, correspondent banking and advisory and corporate finance services. EIIB has its headquarters in London.
- **Abu Dhabi Islamic Bank (ADIB)** is pursuing an ambitious growth strategy. ADIB already operates a large branch network in Egypt – and is in the process of extending operations to several markets across the Middle East and beyond. ADIB UK limited was established to bring the bank's services to clients in the UK.

There are also an estimated 16 conventional banks that have set up windows in the UK to provide Islamic financial services. The 22 Islamic banks in the UK substantially exceeds that in any other Western country or offshore centre and is more than double the number in the US.

Sukuk are issues of Islamic notes that represent an alternative to conventional bonds. Sukuk issues have expanded strongly in recent years, with Zawya Sukuk Monitor reporting a 64% increase in sukuk issuance to \$138bn in 2012 from \$84bn in the previous year (Chart 5). This follows a recovery from a low point of \$20bn in 2008. Sukuk made a strong start to 2013 with \$59bn of issuance in the first half of the year.

London Stock Exchange's 49 sukuk listings total \$34bn

Chart 5
Sukuk global issues

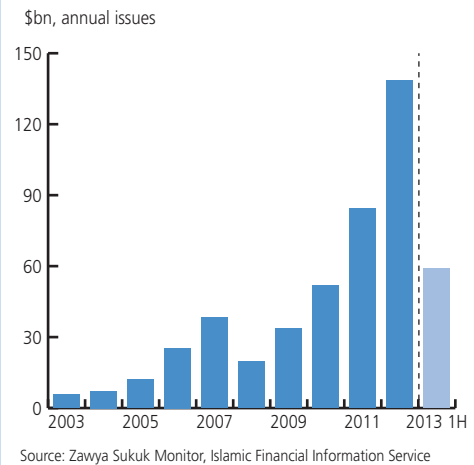
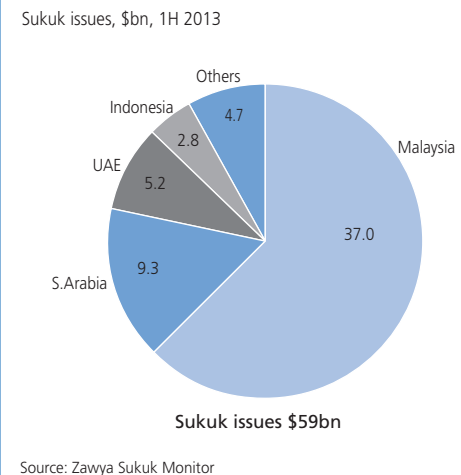


Chart 6
Sukuk issues by country



Sustained growth in the sukuk market demonstrates appetite for quality issuers of sukuk from both Islamic and non-Islamic investors. Agreement in 2011 on a debt restructuring for Dubai World has improved sentiment towards sukuk in general.

Zawya indicates that Malaysia is the dominant country in the global market, with issuance totalling \$80bn, nearly two thirds of 2012 issues (Chart 5). There were also sukuk issues of \$9bn from Saudi Arabia and more than \$4bn each from UAE, Qatar and Indonesia. Other issues came from Bahrain, Pakistan, Brunei, Yemen, Turkey and Singapore.

The sukuk market is an essential part of the Islamic finance market, and London as a major centre for international bonds is an important centre for issuance and trading of sukuk. There were 14 sukuk listings on the London Stock Exchange worth \$14.3bn in 2012 and 2013 (Chart 7). A total of 49 sukuk have been listed on LSE with a total value of \$34bn. Elsewhere, Nasdaq Dubai with 12 sukuk listings and Luxembourg with 16 sukuk listings are also important centres.

Key milestones for the LSE have included the GE Capital sukuk in 2009, the first listed sukuk by a US corporate, and the Kuveyt Turk sukuk, the first by a European bank. The first UK corporate sukuk was issued in 2010 by International Innovative Technologies (IIT).

Long term prospects for development of sukuk globally are positive, with sukuk having a key role for both government and the private sector as a domestic source of finance. More widely the commitment to a substantial infrastructure programme, particularly in the GCC, should be matched by strong demand from both Islamic and non-Islamic investors.

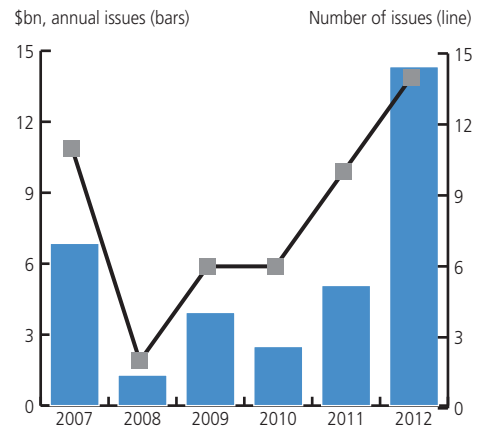
Islamic funds TheCityUK estimates that the market for Islamic funds worldwide increased to a record \$74bn in 2012, 155% up from \$29bn in 2004 (Chart 8). Stronger returns in 2012, combined with a tentative recovery in the global economy have contributed to growth in assets during the year.

There are around 900 funds worldwide, up more than threefold from 250 in 2004. Ernst & Young estimate that the available pool for Islamic funds is over \$500bn and growing rapidly, so Islamic funds under management currently represent a small proportion of the potential Islamic market. Saudi Arabia, UAE, Malaysia and Kuwait are the main centres for management of funds. Major domiciles for funds are Saudi Arabia, Malaysia, Cayman Islands and Bahrain, but also some European centres such as Luxembourg and Ireland.

Equity funds account for the largest segment of the market: around 40% of funds, followed by commodities 15%, other investments including alternative investments and feeder funds 13%, fixed income 12%, money market 9% and balanced 2%. Ernst & Young's analysis indicates that the bulk of Islamic funds are small scale with 69% of fund managers having less than \$100m under management, including a third that have less than \$25m. Fees have fallen from 1.5% in 2006 to 1.0% in Q1 2011, as a result of competitive pressures (Chart 9).

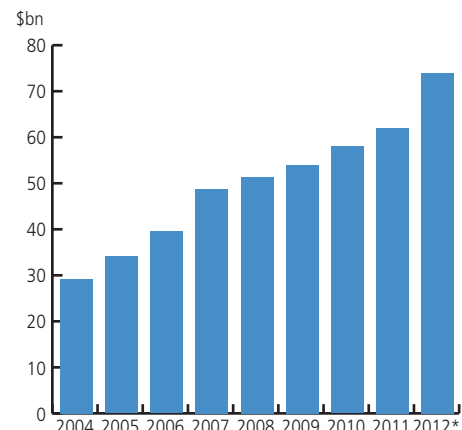
Islamic funds worldwide total \$74bn

Chart 7
Sukuk listings at London Stock Exchange



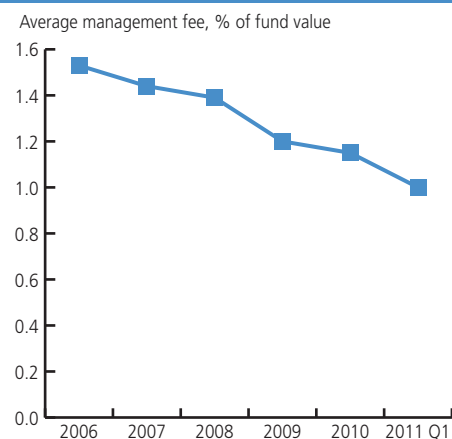
Source: London Stock Exchange

Chart 8
Islamic funds worldwide



* UKIFS estimate
Source: Ernst & Young

Chart 9
Management fee of Islamic funds



Source: Ernst & Young based on Zawya and Eurekahedge

Eurekahedge estimates that the average return on Islamic equity funds increased from minus 3.5% in 2011 to plus 7.3% in 2012. Returns over the past decade have averaged 4.7% a year (Chart 10).

In the UK, BLME launched a real estate fund in 2011. A total of seven Sharia compliant exchange traded funds (ETFs) and two Sharia compliant exchange trade products (ETPs) are listed on the London Stock Exchange. Previously, new offerings in 2009 included a money market fund by BLME and a sukuk fund by QIB UK. Other offerings in 2008 included a fund of equity funds, the first of its type globally by SEI; the first Sharia compliant retail capital-protected equity fund in the UK by Alburaq; and the launch by FTSE Group of the FTSE Bursa Malaysia Hijrah Sharia Index, in association with Bursa Malaysia.

Takaful, similar to mutual insurance, is a risk sharing entity that allows for the transparent sharing of risk by pooling individual contributions for the benefit of all subscribers. The global market remains at an early stage of development with premiums estimated to have reached over \$30bn in 2012 (Chart 11). About a quarter of this was generated in Iran where takaful is the compulsory form of insurance.

Malaysia and Iran are the largest markets, along with Saudi Arabia and UAE. These four countries account for 90% of the global takaful market. Other smaller markets for takaful with assets include Bahrain, Qatar, Indonesia, Bangladesh, Jordan and Kuwait. Penetration of takaful is nevertheless low in these and other countries with Islamic majorities. Takaful therefore represents a strong growth opportunity.

Law firms The UK is a major global provider of the specialist legal expertise required for Islamic finance, with around 25 major law firms providing legal services in Islamic finance (Table 5).

Professional services firms The largest four professional services firms - PricewaterhouseCoopers, KPMG, Ernst & Young and Deloitte - have each established Islamic finance teams in London providing specialist services including advice on tax, listings, transactions, regulatory compliance, management, operations and IT systems.

Education and skills There is a growing global demand for skills as Islamic finance expands and UK institutions are at the forefront of providing qualifications for the global industry. Courses in Islamic finance are offered by the Chartered Institute for Securities and Investment, Chartered Institute of Management Accountants, Association of International Accountants and the Institute of Islamic Banking and Insurance. At least sixteen universities and business schools offer an Islamic-based MBA or similar qualification in 2013 compared to just nine in 2011 (Table 6). Training services are also provided by IFAAS (Islamic Finance Advisory and Assurance Services), an international consultancy specialised in providing advisory services to financial institutions in the domain of Sharia Compliance.

The Islamic Finance Council UK has developed a Scholar Professional Development Programme' in conjunction with the CISI. The objective of the course is to teach conventional finance to Sharia scholars worldwide.

Chart 10
Rate of return on assets

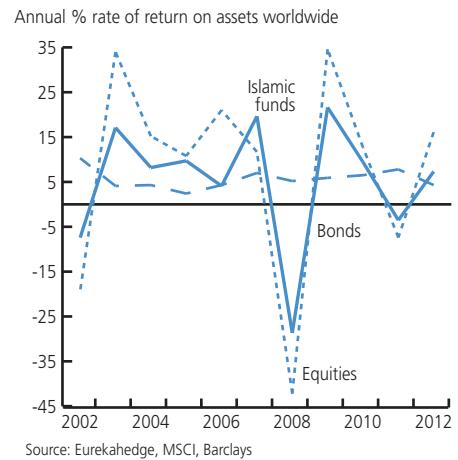


Chart 11
Takaful global market

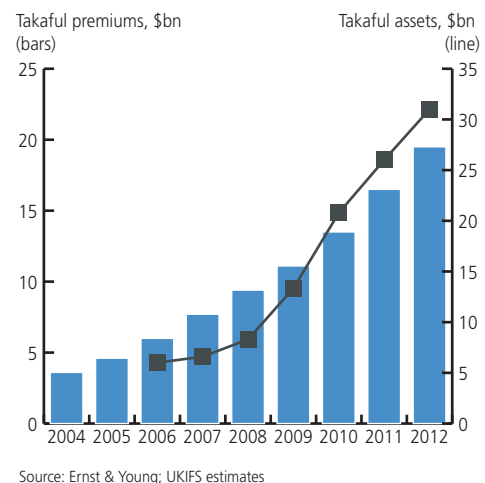


Table 5
UK law firms offering legal services in Islamic finance

Addleshaw Goddard LLP	Linklaters LLP
Allen & Overy LLP	Milbank, Tweed, Hadley & McCloy LLP
Ashurst	Nabarro LLP
Baker & McKenzie LLP	Norton Rose LLP
Berwin Leighton Paisner LLP	Pinsent Masons
Clifford Chance LLP	Shearman & Sterling LLP
DLA Piper	Simmons & Simmons LLP
Eversheds LLP	SJ Berwin LLP
Freshfields Bruchaus Deringer	SNR Denton
Herbert Smith LLP	Stephenson Harwood
Hogan Lovells International LLP	Taylor Wessing LLP
Ince & Co.	Trowers & Hamblins LLP
King & Spalding International LLP	
Latham & Watkins LLP	

Source: TheCityUK

Partners for this programme include the Central Bank of Bahrain and the International Sharia Research Academy for Islamic Finance (ISRA) that is backed by Malaysia's Central Bank.

Table 6
UK universities and business schools offering Islamic finance

Aston Business School	Newcastle University
Bolton University	Salford University
Cass Business School	The University of Durham
de Montfort University	The University of East London
Henley Business School	The University of Glasgow
London School of Business and Finance	The University of Wales Bangor
Loughborough University	University of Aberdeen
Middlesex University	University of South Wales

Source: TheCityUK

Islamic finance education in the UK

Islamic Finance Foundation courses are available at many different levels:

- *CISI* – The Islamic Finance Qualification provides a basic introduction to Islamic financial instruments and how they are applied in different segments of the financial industry. Although the course does not have any prerequisites, it is most suited to candidates with a background (educational or work experience) in finance.
- *CIMA* – Courses are available at different levels covering certificates, a diploma and an advanced diploma. The certificates are designed for candidates new to Islamic finance, with the Advanced Diploma being the highest level. The diploma is awarded upon completion of all 4 certificates.
- *IIBI* – A variety of certificates, diploma and post graduate diploma courses are offered by IIBI in combination with a number of events and workshops. IFS School of Finance appears to be among the few offering an undergraduate level course. Their offering consists of two modules "Foundation in Islamic Banking and Finance" and "Practice of Islamic Banking and Finance". Both are level 4 modules and can be taken in combination with other modules as part of the Professional Certificate in Banking.

Takaful

- *CIMA* – Courses are available at different levels covering certificates, a diploma and an advanced diploma. A specific certificate in Banking and Takaful is among the offering.
- *IIBI* – A variety of certificates, diploma and post graduate diploma courses are offered by IIBI which includes a specific Takaful module.

Sukuk

- *CIMA* – Courses are available at different levels covering certificates, a diploma and an advanced diploma, including a specific certificate in Islamic capital markets and instruments.
- *IIBI* – The IIBI hosts an annual Sukuk conference covering innovative structures in Sukuk.

Postgraduate research

Many UK based universities offer Islamic studies as part of their curriculum, generally in the areas of law, Islamic studies (religion and civilisation), and economics. Islamic Finance is typically offered as a module within the business schools and not as an individual programme. The most well known for offering Islamic finance is the University of Durham (School of Government and International Affairs) who also conducts a summer school and has many doctoral students in the field. In addition, both Oxford and Cambridge offer Islamic studies, although this is more in the field of Law and politics than in finance. The School for Oriental and African Studies offers a variety of Islamic finance related courses at all levels, although their focus is, again, more on Law. However, the breadth of the programme appears suitable for those aiming to become, for example, an in-house Sharia'a expert. Newcastle, Reading (ICMA Centre at the Henley Business School), Westminster, Newcastle and the University of East London are among the universities offering Islamic law. The ICMA Centre at the Henley Business School (University of Reading) offers a Masters level programme in conjunction with INCEIF of Malaysia.

Islamic finance for accountants

- *CIMA* – Courses are available at different levels covering certificates, a diploma and an advanced diploma, including a specific certificate in accounting for Islamic financial institutions.

Islamic Scholar Developments

The Islamic Finance Council ("IFC") in cooperation with the CISI has developed a Scholar CPD Programme designed to enhance their comparative understanding of conventional versus Islamic finance.



DDCAP Group

Founded in 1998 and headquartered in central London, with presence in the Middle East, DDCAP is majority owned and controlled by IPGL, the most significant shareholder in ICAP plc. DDCAP positions itself as an intermediary in the Islamic Financial Services Industry, providing structuring support, trade execution and value added services to its global clients.

DDCAP holds a unique market position as a facilitator across a diverse range of Sharia compliant products, asset classes and instruments in both the primary and secondary markets, providing asset facilitation services to over 250 third party institutions including central banks and government entities, Islamic banks, conventional banks, funds and private offices.

DDCAP has an extensive track record within its industry segment and in recognition of its long standing commitment to the Islamic financial services industry, DDCAP has recently convened its own Sharia Supervisory Board comprising three pre-eminent Saudi Scholars and a Jeddah based Sharia Liaison Consultant.

DDCAP has a dedicated team of 35 professionals, with broad and complimentary skill sets drawn from diverse financial industry-based backgrounds, focused principally on providing service to Islamic financial markets participants around the world.

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TheCityUK

TheCityUK champions the international competitiveness of the financial and professional services industry. Created in 2010, we support the whole of the sector, promoting UK financial and professional services at home and overseas and playing an active role in the regulatory and trade policy debate.

TheCityUK has a global export focus with a commitment to help UK based firms grow their business in other parts of the world. The financial and related professional services industry accounts for around 13% of UK GDP. Financial services employs over one million people, more than 66% of whom work outside London, and underpins the businesses that drive jobs and growth. Added together with nearly one million employed in professional services, it is easy to see the importance of a sector that employs 7% of the working population.

TheCityUK provides constructive advice and is the practitioner voice on trade policy and all aspects of taxation, regulation, and other legislative matters that affect the competitiveness of the sector. We conduct extensive research and run a national and international events programme to inform the debate. Our senior team regularly engages with regulators and policymakers at home and overseas, ensuring the sector's views are represented at the highest levels. We are tasked with creating a new vision for the financial services sector. We are focused on supporting policymakers and business to deliver the new policy ideas which will help deliver growth.

ukifs

A part of TheCityUK

The UK Islamic Finance Secretariat (UKIFS) brings together government and industry leaders to work in a joint and co-operative manner in the promotion of the UK as a global gateway for Islamic finance. The key aims and objectives of UKIFS are to co-ordinate and promote the development of Islamic finance in the UK and to act as the primary contact point for UK Government bodies including UK Trade & Investment, HM Treasury and the regulator.

In achieving these objectives, UKIFS currently operates six practitioner-led market advisory workstreams that convene regularly to drive the development and delivery of strategic goals:

1. Islamic Financial Institutions
2. Retail Banking & Wealth Management
3. Commercial Real Estate
4. Legal
5. Accountancy, Tax & Regulation
6. Education, Training & Qualifications (ETQ)

With over 2000 registered individuals and organisations, UKIFS is today the leading cross-sectoral body assisting the promotion and development of Islamic finance in the UK.

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