

# Islamic Capital Market Capacity Building Programme



**COMCEC**  
**ProjectFunding**

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# Agenda

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- Islamic Finance Task Force – Past Initiatives
- Islamic Capital Market Capacity Building Programme
- Islamic Finance Task Force: What's Next

# Islamic Finance Task Force Initiatives

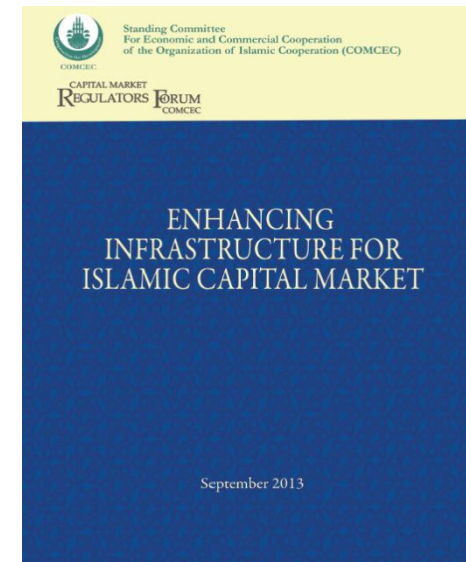
## - *Report on Enhancing Infrastructure for ICM*

In September 2013, Islamic Finance Task Force published a report on **“Enhancing Infrastructure for Islamic Capital Market”** and the following sub-topics are covered in the report:

- Legal, Regulatory & Tax Framework;
- Shariáh Governance;
- Products & Services; and
- Talent Development.

### Main Objectives:

- To examine key elements on infrastructural developments for ICM; and
- To enable Member Authorities to review their advancement and benchmark their progress in developing ICM.



- Conducted preliminary survey on general background of the countries on ICM and the 4 identified areas
- **11 Member Authorities** responded to the survey

# Islamic Finance Task Force Initiatives

## - *Recommendations*

- The report proposes a total of 12 recommendations for developing the infrastructural components of the ICM;
- Out of 12 recommendations, the report highlighted **six (6) recommendations** that could present opportunity for cooperation and collaboration among the Member Countries in pursuing the development agenda for ICM

### Legal, Regulatory and Tax Framework

- Develop a comprehensive and harmonised legal, regulatory and tax framework

### Shariah Governance

- Promote continuous professional development for Shariah Advisers

### Talent Development

- Ensure globally recognized training and education programmes
- Focus on applied research and innovation to ensure sustainable growth of ICM

### Products & Services

- Promote ICM products and services as alternative financing and investment
- Foster and strengthen international co-operation and co-ordination to facilitate cross-border relationship

# Islamic Finance Task Force Initiatives

## - *Follow-up Survey 2014*

- Following the 2013 report, the Task Force distributed a **Feedback Form** in January 2014 to:
  - seek response on the six (6) potential areas of cooperation and collaboration as identified in the 2013 report; and
  - assist the Task Force in identifying a country specific needs and issues in developing its ICM.
- **17 Member Authorities** responded to the Feedback Form

### PROPOSED WORK PROGRAMMES

- 1) **Organize regional programmes on ICM**
- 2) **Provide training and knowledge resources at the existing capital market training institutions**
- 3) **Provide technical assistance and cooperation on the development of ICM products (e.g sukuk)**
- 4) **Leverage on existing programmes of multilateral institutions, international organizations, regulators, etc**

# ICM Capacity Building Programme

## - Overview



### Project Title:

**Islamic Capital Market Capacity Building Programmes**

### Project Owner:

**Ministry of Finance & Securities Commission Malaysia**

### Duration:

**6 Months**



### Objective:

- Aimed at developing ICM development strategy, strengthening domestic capacity, promoting awareness as well as identifying issues or gaps in ICM.
- Provide opportunities for the participants to brainstorm, share knowledge and experiences, and discuss potential policy recommendations on the development of ICM infrastructure in their respective countries.

### Project Output:

- To raise the level of awareness and strengthen domestic capacity on ICM for the supervisory and regulatory authorities;
- To generate recommendations for groups of Member Countries for the development of their ICM; and
- To produce a report containing, among others, short to medium and long-term recommendations in developing the ICM for the benefit of all OIC countries

# ICM Capacity Building Programme

## - Components

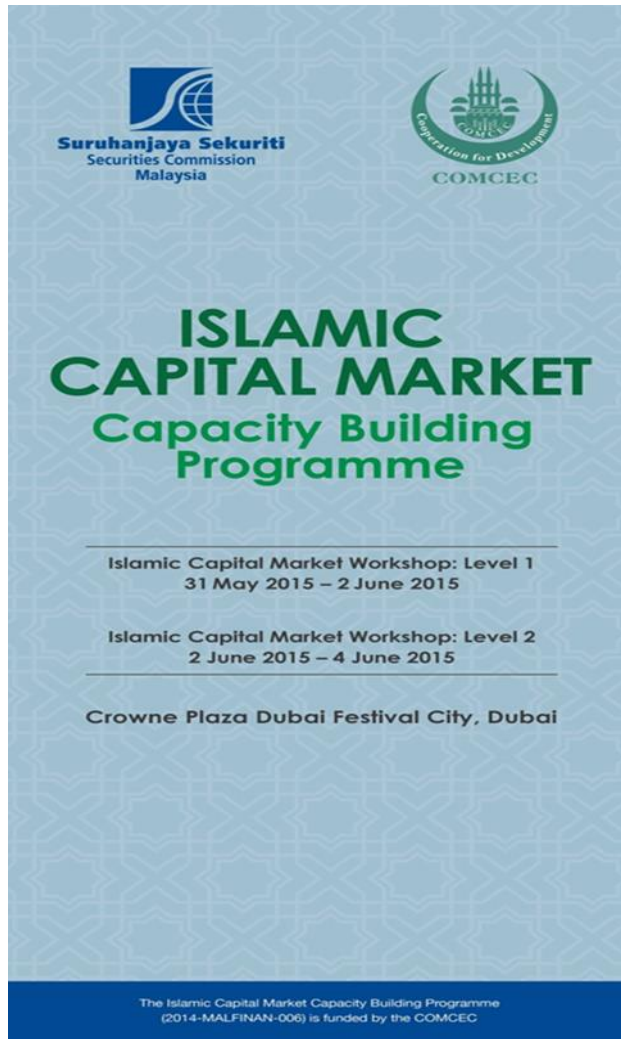
The ICM Capacity Building Programme covers 2 main components:

### 1) Organization of ICM Workshops

- Considering the different level of development of ICM (ranging from having a well-developed ICM ecosystem to those that have just being initiated), two levels specialised ICM workshops were offered.
- The workshop sessions cover several key areas in ICM among others, legal and regulatory framework, Shariah principles and governance framework, products and services, talent development as well as strategy and policies of ICM development.

### 2) Preparation and publication of the Workshop Report and Recommendation

Outcome of discussions and proposals is compiled in the Workshop Report and Recommendations to cover key areas which need to be addressed in developing policy recommendations for the enhancement of the ICM.



# ICM Capacity Building Programme

## - *Participants*

- A total of **17 countries** participated in the 2 workshops - represented by **47 participants** from **23 organisations**.
- The breakdown is as follows:

ICM Workshop	Participants
Level 1	20
Level 2	27
Total	47



# ICM Capacity Building Programme

## - List of Participating Organisations



No.	Organisation	No.	Organisation
1.	Autoriti Monetari Brunei Darussalam	13.	Money and Credit Direction/Ministry of Economy, Finances and Plan, Senegal
2.	Capital Market Authority of Oman	14.	National Bank of the Kyrgyz Republic
3.	Capital Market Development Authority, Maldives	15.	Palestine Capital Market Authority
4.	Capital Markets Authority, Kuwait	16.	Securities & Commodities Authority, UAE
5.	Capital Markets Board of Turkey	17.	Securities and Exchange Commission of Pakistan
6.	Central Bank of Sudan	18.	Securities & Exchange Organization of Iran
7.	Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC)	19.	Securities Commission Malaysia
8.	Development Bank of Turkey	20.	State Committee for Securities of Azerbaijan
9.	Dubai Financial Services Authority	21.	Islamic Corporation for the Development of the Private Sector (ICD)
10.	Islamic Research and Training Institute (IRTI)	22.	The National Bank of Kazakhstan
11.	Jordan Securities Commission	23.	Union of Arab Securities Authorities
12.	Ministry to the Prime Minister in Charge of Economy and Finances, Cote D'Ivoire		

# ICM Capacity Building Workshop

## - Key Take-away

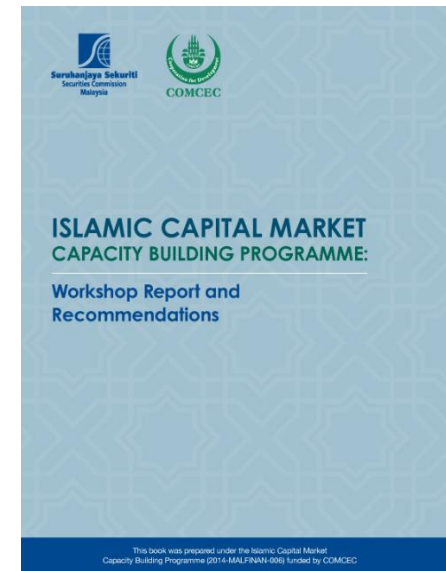
No	Key Take-away	Details
1.	<b>Capacity building remains crucial in developing the ICM ecosystem</b>	<ul style="list-style-type: none"> <li>Facilitate development of technical skills and overall capacity at their individual and organisational levels.</li> <li>Need for similar initiatives to be continued and expanded, so that the benefits of the workshops can reach a wider audience;</li> </ul>
2.	<b>Need to increase level of engagement and interactions among RSAs</b>	<ul style="list-style-type: none"> <li>Some RSAs may have the range of experience that other RSAs wish to learn or adopt.</li> <li>More effective and efficient way in disseminating and sharing the expertise and experience should be explored using multi-lateral platforms (e.g. IDB or COMCEC) or on bilateral platforms.</li> </ul>
3.	<b>Adapt and identify own tailor-made solutions at lower cost and faster learning curves</b>	<ul style="list-style-type: none"> <li>RSAs may be at different stages of development of their capital markets and ICM, hence each has different requirements in establishing the necessary architecture and infrastructure.</li> <li>Several RSAs which have a more developed ICM ecosystem can assist in providing different successful regulatory models and approaches.</li> </ul>
4.	<b>Vital to have strategic planning and policy implementation</b>	<ul style="list-style-type: none"> <li>There is no 'one-size-fits-all' strategies that can be adopted</li> <li>Strategies outlined should enable reviewing process according to priorities, feasibility and market dynamics</li> </ul>

# ICM Capacity Building Workshop

## - *Recommendations*

### Six Short to Medium-term Recommendations (1 – 3 years)

- Replicate workshops in COMCEC member countries;
- Expand workshops to include more advanced levels to support and facilitate capacity building of RSAs at more complex and sophisticated discussions;
- Intensify opportunities for training and industry exposures through placement, secondment and/or exchange programme among RSAs;
- Commission papers and organise public lecture programmes;
- Prepare a handbook or manual on the thought-process and success-factors in developing a masterplan or roadmap for ICM and Shariah governance framework; and
- Develop a virtual library whereby the relevant handbooks or manuals can be made available and accessible to member countries.

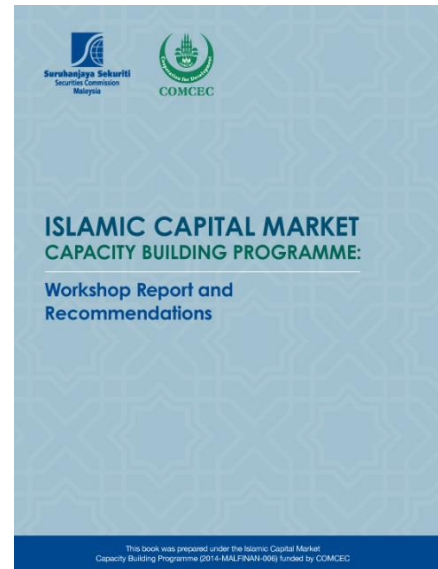


# ICM Capacity Building Workshop

## - *Recommendations*

### Six Long-term Recommendations (above 3 years)

- Develop a Train-the-Trainer programme including the manual to intensify the facilitation and accessibility to capacity building in every RSA;
- Organise a series of workshops with programmes focusing on initiatives to develop and promote securities investment among the OIC member countries;
- Consolidate the technical know-how in ICM through an advanced ICM training programme;
- Develop templates for information on ICM products and instruments;
- Establish a prestigious COMCEC fellowship programme to promote the higher level of awareness on ICM; and
- Develop national masterplan or roadmap for ICM to be aligned according to the national economic and/or financial system.



# Islamic Finance Task Force: What's Next

# Islamic Finance Task Force Initiatives

## - Action taken so far

- The ICM capacity building programme has somewhat addressed recommendations relating to legal, regulatory and tax framework, talent development as well as products and services (as per the report on *Enhancing Infrastructure for Islamic Capital Market* )

- Nevertheless, the remaining recommendation that could be undertaken is Shariah Governance i.e. **Promoting continuous professional development for Shariah Advisers**

### Legal, Regulatory and Tax Framework

- Develop a comprehensive and harmonised legal, regulatory and tax framework



### Shariah Governance

- Promote continuous professional development for Shariah Advisers

### Talent Development

- Ensure globally recognized training and education programmes
- Focus on applied research and innovation to ensure sustainable growth of ICM



### Products & Services

- Promote ICM products and services as alternative financing and investment
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# Continuous Professional Development for Shariah Advisers



## Issue

- Shortage of capable Shariah scholars including new scholars who can blend between theoretical aspects and practical aspects of Islamic finance.

## Proposed solution

- Continuous professional development for Shariah advisers by exposing them to current market development and issues through capacity building programme specific for Shariah advisers/scholars.



# Capacity Building Programme for Shariah Advisers

## - SC Malaysia's I-Advisor Programme



- This is a commercial programme run by the Securities Industry Development Corporation and is exclusively developed to provide continuous professional development in the area of Shariah advisory relating to the ICM and integrates the theoretical and practical aspects of industry knowledge.
- The programme comprises 6 modules i.e. Fundamentals of Shariah Rulings ; Regulatory Requirements and Legal Documentation in ICM; Accounting, Auditing and Taxation in ICM; Islamic Equity Market; Sukuk Market and ICM: Contemporary Shariah Issues & Challenges
- It has contributed to higher skills especially among the Shariah scholars to understand the technicalities of the issues within the industry.
- Since its inception in 2011, there have been over 666 registrations for the programme.



### Target audience:

- Shariah advisors
- Academicians
- Practitioners in Islamic Finance e.g. accountants & lawyers,
- New ICM entrants



# Thank You

# ICM Capacity Building Workshop

## - Workshop Structure – Level 1 & 2

### Islamic Capital Market Workshop: Level 1

- a 2½ day programme - designed primarily for member countries that have minimal or limited exposure to ICM.
- This workshop aimed in providing equal emphasis on developing specific human capacity and skills as well as institutional capacity for ICM development including strategies and policies.
- From the workshop, participants are able to recognise the nature and significance of the ICM ecosystem comprising the legal and regulatory framework, the products' key features and the role of the key stakeholders in contributing to the development of ICM globally.

### Islamic Capital Market Workshop: Level 2

- a 2½ day programme, designed as a platform for discussion and clarification of selected topics, and sharing of experiences targeted to countries which have experienced some advancement in ICM.
- This workshop placed greater emphasis in the development of institutional capacity due to progress level of their respective ICMs.
- The workshop enabled participants to identify gaps and policy recommendations necessary for the development of ICM infrastructure to strengthen their efforts towards building successful ICM in their respective jurisdictions.