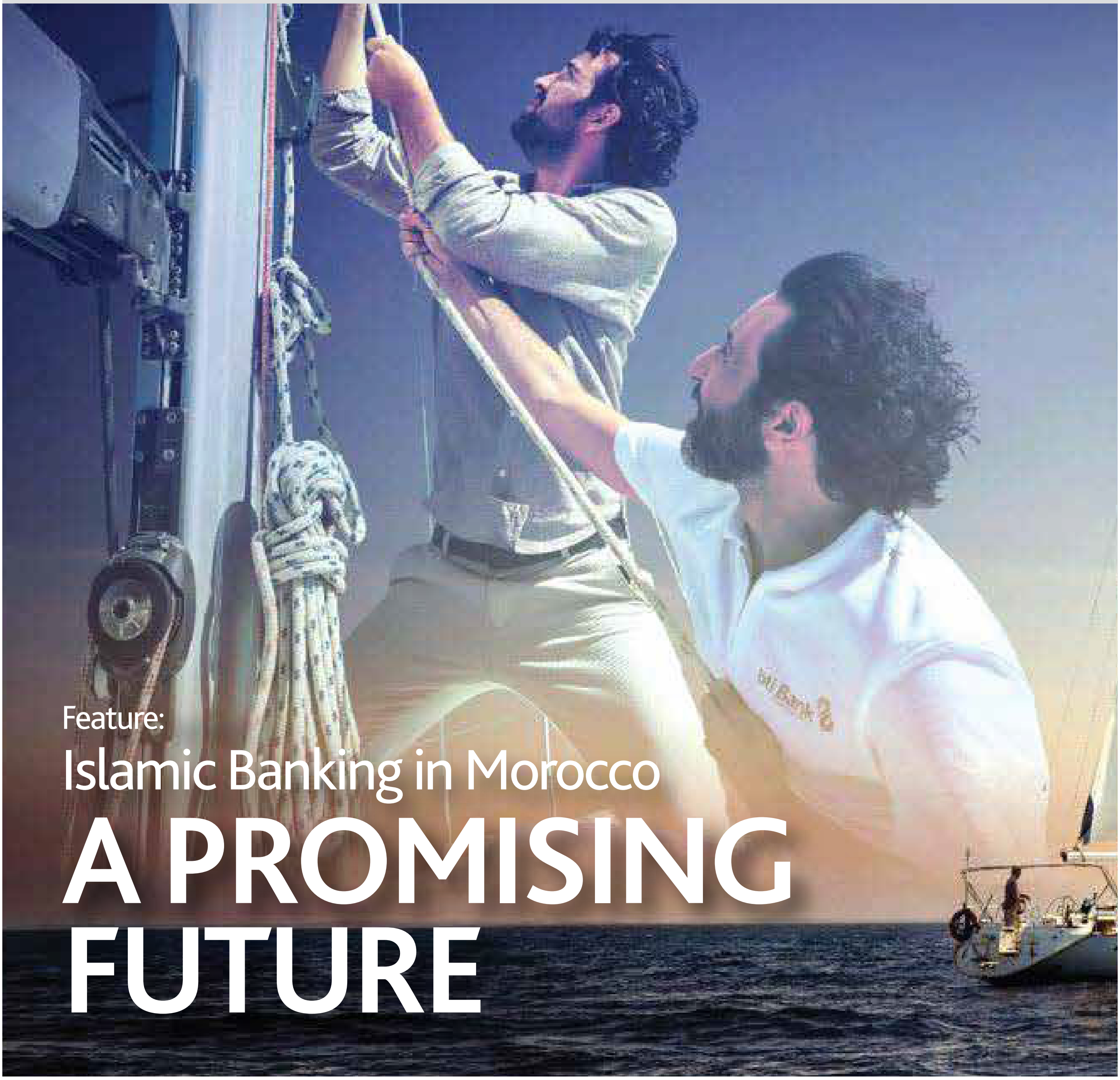
Al Baraka PULSE

June 2018

An Economic Bulletin from
Al Baraka Banking Group-
Research & Development



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A PROMISING FUTURE

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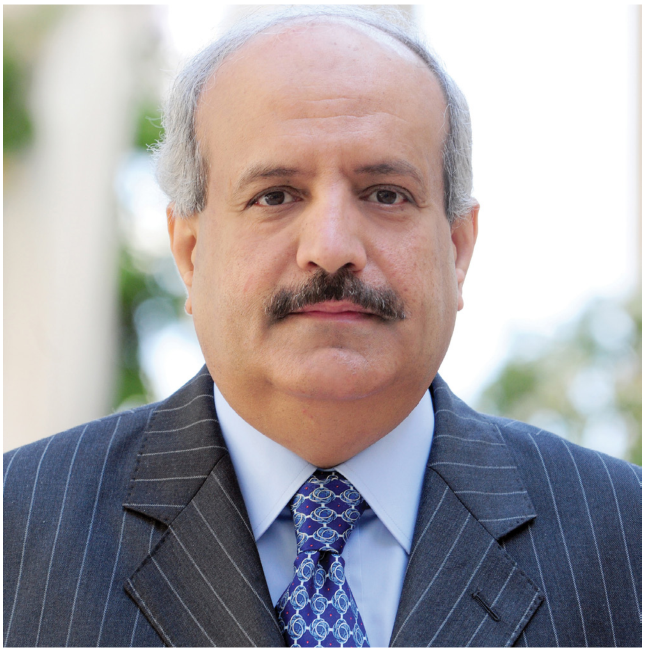


Al Baraka Pulse will focus on macroeconomic analysis and growth trends, economic and social policy issues, research on the financial sector and its regulation.

The development of Banking, Financial and Economic Studies and Research is one of the strategic objectives that was set by Al Baraka Banking Group since its inception. As you know, the Group has a strong heritage in supporting Research & Publishing in the fields related to Islamic Banking and Islamic Economics. In fact, this has resulted in the Group to be considered as a major Think Tank that provides quality Research works as well as provides practical solutions for the challenges facing both Islamic Economics and Islamic Banking. I am referring to our very own and famous brand – Nadawat Al Baraka.

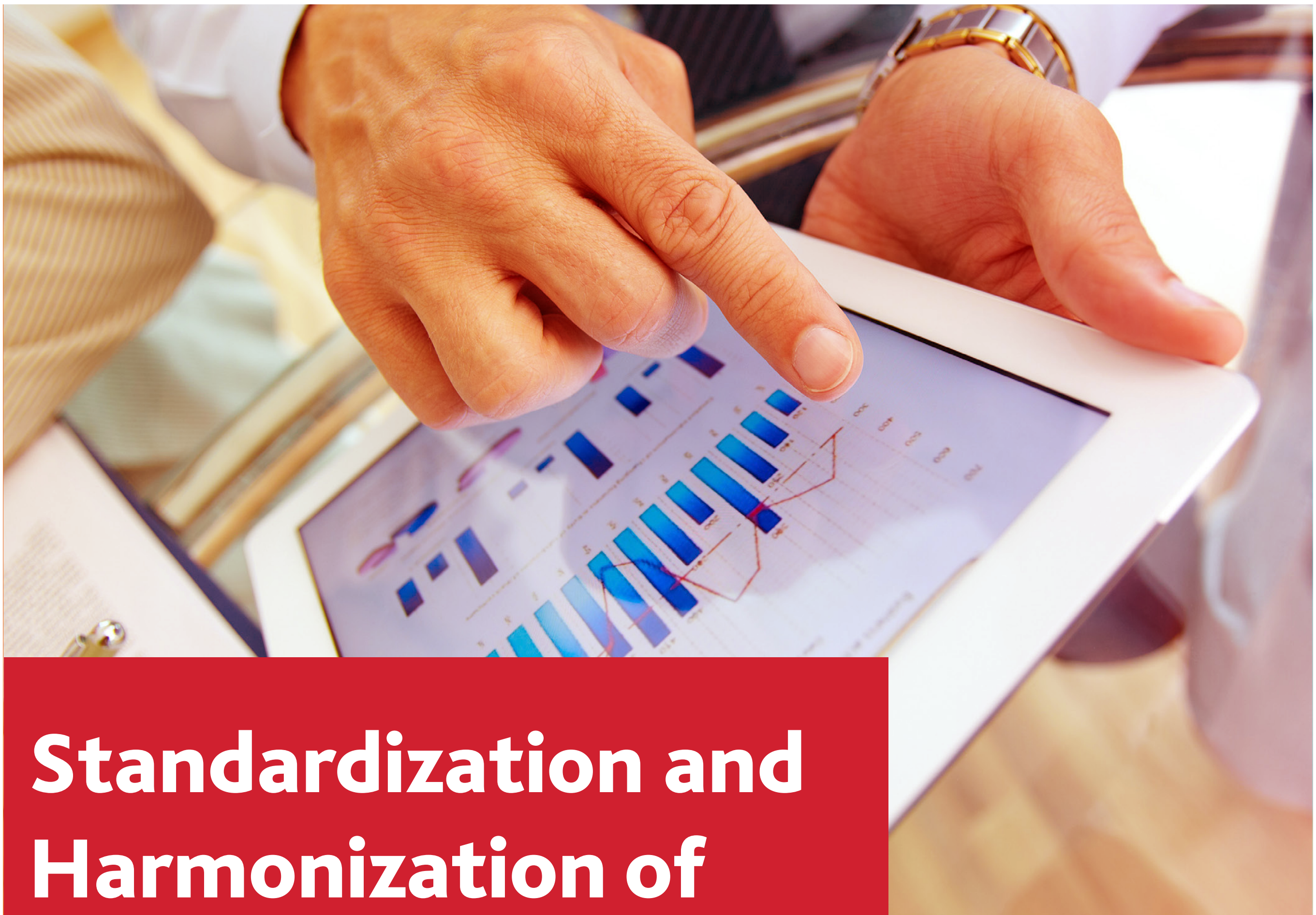
I am pleased to advice you that Al Baraka Pulse – a Quarterly Economic Bulletin, is the Group's flagship magazine though which, we aim to provide our readers with rigorous insights and best practices to help lead themselves and their organizations more effectively and to make a positive impact. Al Baraka Pulse will focus on macroeconomic analysis and growth trends, economic and social policy issues, research on the financial sector and its regulation.

With over four decades of experience and track record in developing the Islamic Banking sector, today, Al Baraka Banking Group can boast of being a leading regional and international banking group with a strong and distinguished reputation. Additionally, Al Baraka banking units have presented excellent financial track record and accumulated experience in innovative product offerings, development of Islamic banking industry, and serving their communities. All of these, in my opinion, deserve to be highlighted to our readers.

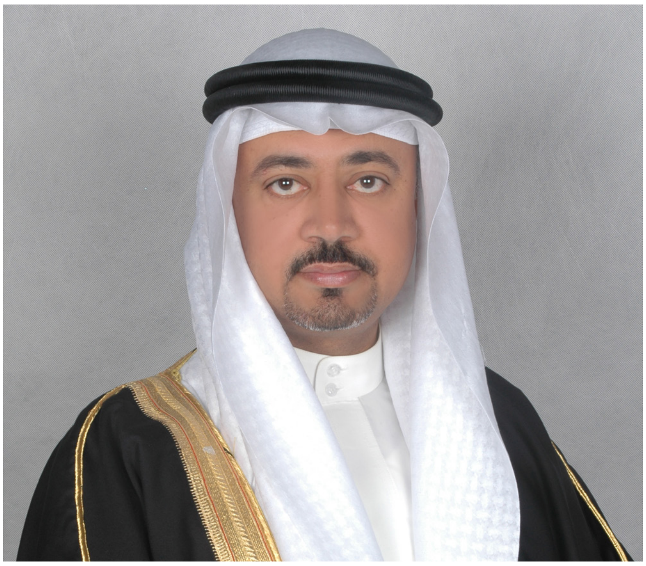
We hope that this publication, through its carefully selection of topics and editorial sections, will achieve many objectives, and at its forefront will be an economic and Islamic banking reference for specialists, bankers and clients across the GCC and the MENA region. We are looking towards making this publication to serve as part of the Group's social responsibility, play a major role in highlighting the performance and achievements of the Group and strengthen the relationships and links between our units, and between and the Group and its shareholders, partners and stakeholders.

We welcome you all to this first issue of Al Baraka Pulse and look forward to receiving your comments and feedback.

Adnan Ahmed Yousif
President & Chief Executive
Al Baraka Banking Group



Standardization and Harmonization of Sukuk Industry



Author: **Mohamed Al Mutaweh***

Sukuk issuance is increasing worldwide but the structures used to create the instruments aren't uniform, which limits their cross-border acceptance by investors and trading in the secondary markets.

Sukuks are structured in several ways. While a conventional bond is a promise to repay a loan, Sukuk constitutes partial ownership in a debt (Sukuk Murabaha), asset (Sukuk Al Ijara), project (Sukuk Al Istisna), business (Sukuk Al Musharaka), or investment (Sukuk Al Istithmar).

The most commonly used Sukuk structures replicate the cash flows of conventional bonds. Such structures are listed in exchanges, commonly the Luxembourg Stock Exchange and London Stock Exchange in Europe, and made tradable through conventional organizations like Euroclear or Clearstream. A key technique to achieve capital protection without amounting to a loan is a binding promise to repurchase certain assets; e.g. in the case of Sukuk Al Ijara, by the issuer. In the meantime a rent is being paid, which is often benchmarked to an interest rate like LIBOR (which is disliked by Shari'a Scholars).

The most accepted structure, which is tradable, is thereafter the Sukuk Al Ijara.

The characteristics that distinguish Sukuk from other Islamic instruments of other investment vehicles and which have contributed to its widespread prevalence are:

• **Based on the principle of participation in profit and loss:** The appropriate posts underlying principle of Sukuk issuance in terms of the relationship between the participants is to participate in the profit and loss regardless of the investment formula in place.

• **Documents issued on behalf of the owner of categories of equal value:** issued instruments categories of equal value because they represent the common shares in the assets of a particular project or activity of a special investment, so as to facilitate the buying and trading of these instruments, and it looks like an instrument of Islamic stock issued denominations equal and represents a common share in the net assets of the company to contribute.

• **Issued and traded in accordance with the terms and conditions of Shari'a:** allocate the proceeds of instruments to invest in projects in accordance with the provisions of the Islamic Shari'a, as it is based on a contract basis and legitimacy according to Islamic modes of finance.

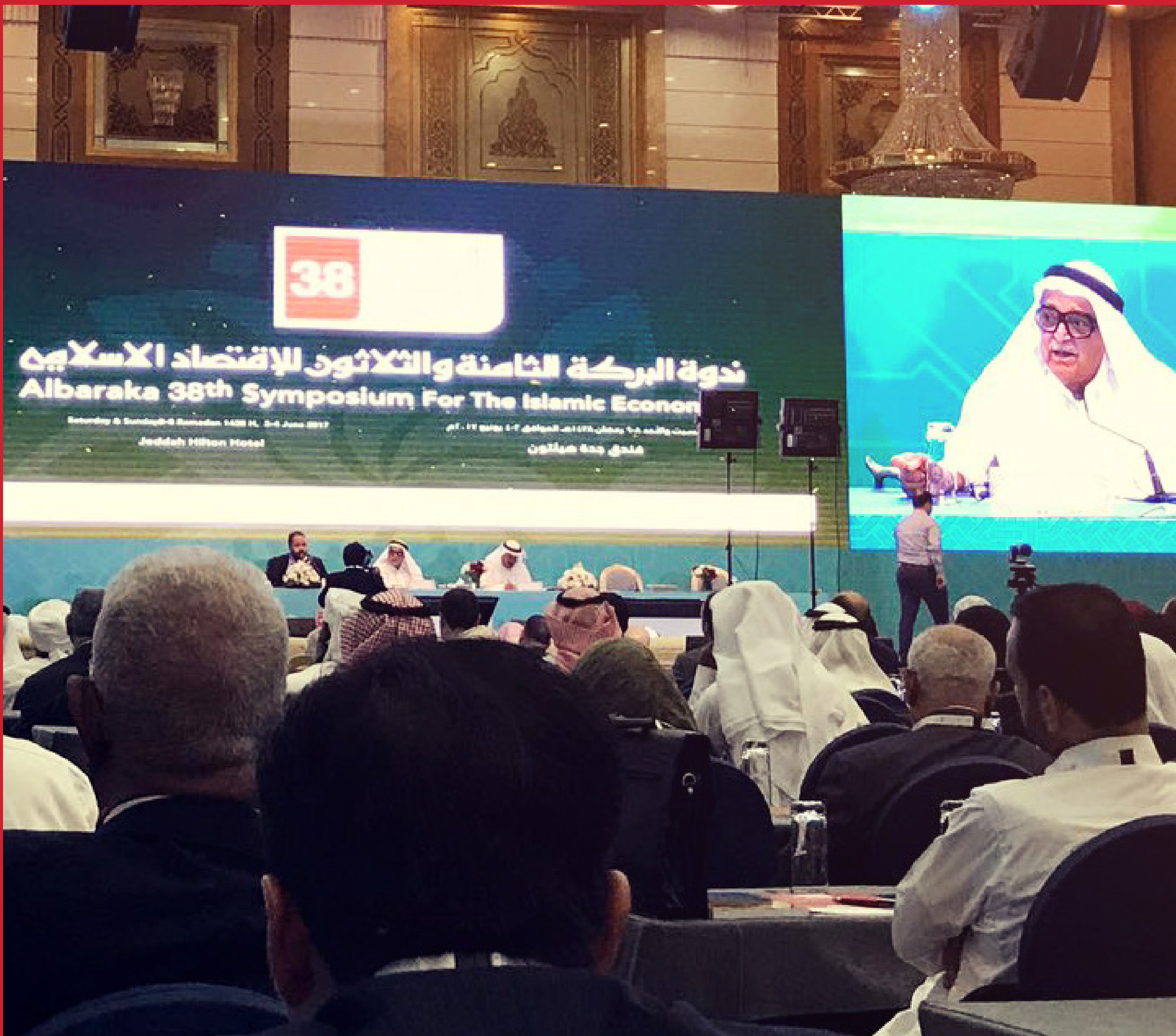
In view of the above differences, we are seeing at present a particularly lively debate among all Islamic industry stakeholders, led by AAOIFI, on the pros and cons of standardization and harmonization of this industry. This issue was widely discussed in AAOIFI's conferences held in Bahrain. The debate is focusing on developing clearer guidance on sukuk that will incorporate accounting, legal, technical and tax-related aspects. The revision of the current standards of Sukuk covers also investment accounts, takaful (Islamic insurance), ijara and murabaha financing structures.

On Takaful, AAOIFI is considering how to extend its guidance to retakaful, the issue of fixing agency fees rather than linking the fees to profits or performance, and clarifying the definition of benevolent loans (Qard Hassan).

For Ijara, a sale and lease-back contract, AAOIFI wants to clarify distinctions between operating and financing leases. Industry practice is currently not aligned with the Ijara standard, known as FAS 8; proposed changes would cover income recognition, balance sheet classification, depreciation, amortization and disclosures.

AAOIFI's Murabaha standard will be redesigned to stipulate the use of collateral for the recovery of receivables, while specifying accounting treatment and disclosure requirements.

(*) *Al Mutaweh, Mohammed is the CEO of Al Baraka Islamic Bank, Bahrain*



The Cooperative Insurance

Ahmed Salem Mulhim(*)
Ahmed Mohammed Sabbagh

(*) This article is extracted from a book titled: The Islamic insurance - Theory and Practice by Dr. Ahmed Salem Mulhim and Ahmed Mohammed Sabbagh.

The Cooperative Insurance

Cooperative Insurance is generally based on the concept that the negative impact of a specific incident is distributed among a group of persons instead of making the person who experienced the loss to bear its results alone.

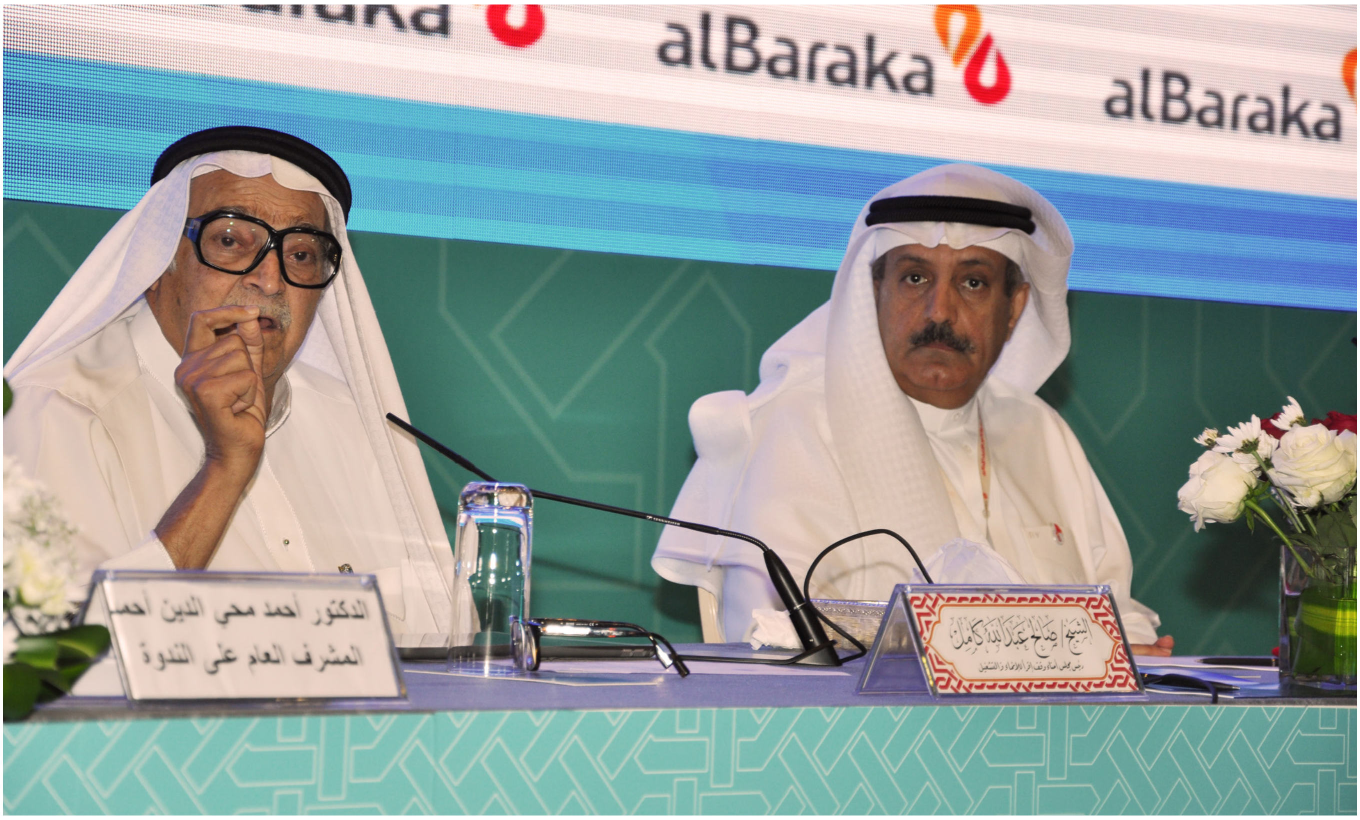
The means to achieve this is to establish a common fund to which everyone exposed to a specific risk may contribute in such a way that indemnity will be paid from that fund. In this type of insurance, the Insured seeks guarantee from a group of persons who are participants in the insurance. At the same time he supports other members when they are faced with losses. Members who share in this insurance insure each other's losses on the basis of legitimate cooperation and Takaful.

There are two types in Cooperative Insurance: the first is the old and simple type which takes the form of a Cooperative Society comprising a specific group of persons to avert risks, resulting from a specific incident. Each member pays an amount of money in order to compensate any member exposed to a risk insured against.

The compensation is settled from the total sum of premiums. If an amount of premium is left, it will be repaid to the members; if premiums are not sufficient, then additional premiums will be collected from them. This kind of Cooperative Insurance is called Simple Cooperative Insurance.

The second type of Cooperative Insurance is the Advanced Cooperative Insurance. When this type is managed by a specialized company in its capacity as an agency , it is called the Islamic Insurance Company. We have called this kind of insurance Compound Cooperative Insurance.

Cooperative Insurance is different from Commercial Insurance in the following areas:



First: Regarding the parties to the contract and the ownership of premiums:

In Commercial Insurance, the insurance contract is between the Insured and the insurance company as the insurer on its own behalf. But in Cooperative Insurance the two parties to the contract are the Insured and the insurance company in its capacity as a representative of the Insured. The role of the insurance company in this type of insurance is to make contracts with the Insured and to manage insurance operations and insurance money in the Cooperative Insurance Fund in a legitimate manner on the basis of an agency for fixed fees. Premiums which are collected from the Insured belong to them and not to the insurance company. The available funds are invested for the interest of the Insured.

Second: Regarding its goal and aim

In Commercial Insurance, the main goal of the insurance company is to achieve the largest amount of profit. Achieving security is a secondary aim and will come in consequence to achieving profit. But in Cooperative Insurance the main goal is to achieve security by means of cooperation among the Insured to restore the results of risks which may befall any one of them on the basis of donation.

Third: Regarding the nature of the contract

Commercial Insurance contracts are compensation contracts, while Cooperative Insurance contracts are donation contracts. Commercial Insurance contains usury, Gharar, and ignorance, while Cooperative Insurance is void of them. Ignorance and Gharar will vanish because Cooperative Insurance contracts are donation contracts.

Fourth: Regarding the mechanism of investing insurance money

Insurance money in Commercial Insurance is invested on the basis of usury. But in Cooperative Insurance, investing insurance money is carried out only by legitimate ways which are void of usury.

Edited by Dr. Alaali, Hassan, a well-known banker and economic columnist.

Al Baraka excels in achieving sustainability and social responsibility goals*

Being committed to Sustainability and Social Responsibility across the Al Baraka network countries and communities, we are continuing to adopt newer strategies to deepen our impact on society.

Al Baraka Sustainability and Social Responsibility Program goes, by its philosophy and goals, way beyond philanthropy, to directly relate to contributing to the achievement of sustainable development goals of the United Nations. It is therefore an integral part of the Group's approach and strategic vision. The Program is managed through an integrated governance system with measurement tools, policies and plans that are jointly developed and implemented by all Al Baraka banks.

Being committed to Sustainability and Social Responsibility across the Al Baraka network countries and communities, we are continuing to adopt newer strategies to deepen our impact on society. For example, the amount spent towards our Economic Opportunities Program (one of the pillars of our Sustainability and Social Responsibility Program) continues to grow beyond US$5 billion as at 2016.

(*) *Edited by Dr. Alaali, Hassan, well-known banker and economic columnist.*

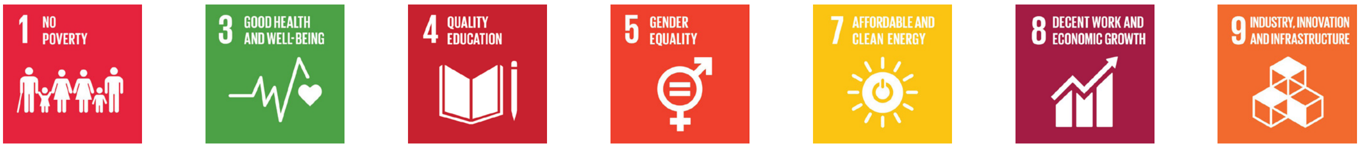
The Al Baraka (SDG) Goals 2016-2020

Last year, we pledged our commitment to fund and finance over US$600 million for Al Baraka (SDG) Goals. The Al Baraka (SDG) Goals 2016-2020 are integrated with the Global Goals for Sustainable Development.

We are continuing to increase our financing portfolio for alternate and green energy projects. For this, we are supporting our banking subsidiaries in various ways. Also, we have further increased our afforestation campaigns across the Group, along with increased measures to conserve energy in our operations and buildings.

We believe that Global Goals of Sustainable Development and Islamic finance are based on inherent shared values that Al Baraka will continue to follow and cherish. Therefore, the Global Goals of Sustainable Development will remain an important feature of our future endeavors.

The SDGs which Al Baraka Sustainability and Social Responsibility Program contributes in achieving:



Al Baraka (SDG) Goals 2016-2020		
JOBS	**EDUCATION**	**HEALTHCARE**
Creating 50,000 new Jobs within the countries that we operate in through providing financial needs for our existing and new client	Financing and funding education with US$191 million through financing public and private educational institutes	Financing and funding healthcare with US$434 million through financing public and private healthcare projects and initiatives
2016 Achievements of Al Baraka		
• Our 2016 target was to create 10,207 jobs. • We helped create 14,535 newer jobs. This counts as 28% of our 5 years' target and 142% for our 2016 target.	• Our 2016 target was to fund/finance US$38,173,398 for education • We funded/financed US$41,596,059 for education. This counts as 21% of our 5 years' target and 108% for our 2016 target	• Our 2016 target was to fund/finance US$86,700,977 for healthcare • We funded/financed US$96,826,507 for Healthcare. This counts as 22% of our 5 years' target and 111% for our 2016 target

(*) *Extracted from Al Baraka Sustainability and Social Responsibility Report 2016.*

Why Good Governance is Required

Mr. Adnan Ahmed Yousif *

There is no doubt that governance has become a key issue that requires further research, study and wise approach, especially as we all are and the entire global community is currently going through conditions termed as tough and undesired by bankers and economists. However, the frank and clear answer emerges here that we now pay the price of the failure of many international financial legislative systems and the poor ineffective control on markets. Naturally, we should bear in mind the absence of transparency in transactions, in addition to the corruption in some of them, which are all issues closely related to the main topic we tackle today.

Corporate governance is a set of ethical and vocational criteria basically related to the relationship between a company and its stakeholders, or rather a set of rules and controls which monitor and lead the management towards maximizing profitability and the shareholders' value in the long run. Corporate governance has gained wider importance with the increase of private sector investments and separation of ownership from management. In accordance with the Economic Cooperation & Development Organization, these criteria have become focused on the methods of protecting minor shareholders against haphazard behaviors of the management, and the methods which can guarantee control over the management.

If we agree that good governance is required, we have to admit that governance is closely related to a set of principles on ethics, conduct, education and public culture before it is related to rules and laws. Our Islamic communities find in the religion of Islam the educational and ethical grounds of adherence to governance rules, and that Islam has endeavored to achieve this target through education and public culture. Next emerges the importance of enacting the rules and laws in relation.

The current global financial crisis brought to surface many mistakes and violations which are attributed to poor governance in major banks. The crisis emerged to force law makers in the world to conduct a thorough and comprehensive study of the financial and banking legislations and systems at the domestic level in each country and globally. These studies have indicated a wide scope of weakness areas which triggered the crisis firstly in the United States of America and led to its unprecedented filtration later, in all financial and banking systems.

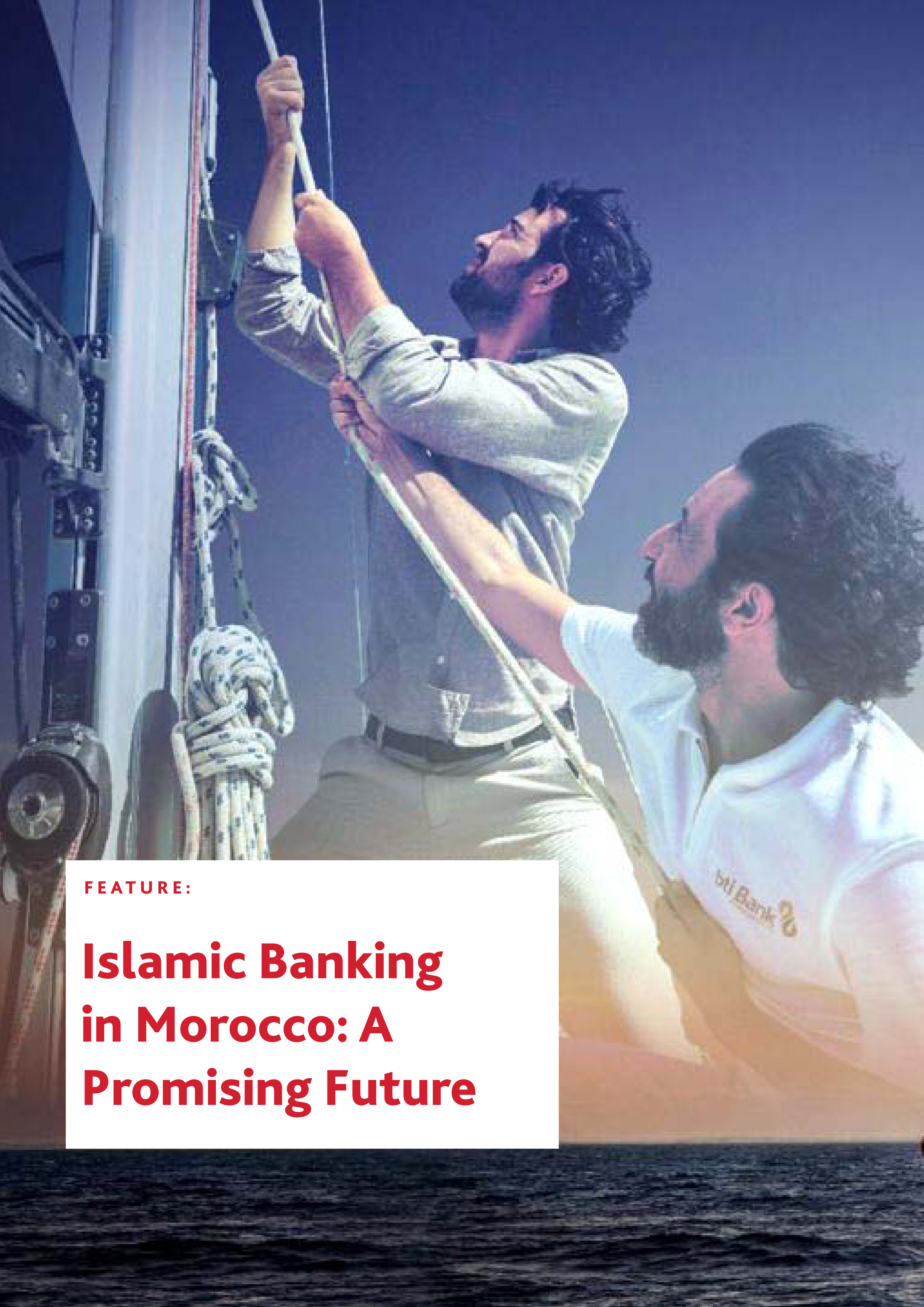
The crisis has shown that several banks did not have the adequate capital to support the risk position they have adopted, as they later discovered that they have gone beyond their expectations prior to the crisis. This undoubtedly violates the basic principles of Basil II in relation capital adequacy.

However, one of the other main reasons which led to the deterioration of the crisis was the step taken by a large number of banks of global spread to build up a large debt base inside and outside the budget, which was associated with gradual elimination of capital level and type. In the meantime, there were several banks which owned an inadequate stock of liquidity, accompanied by huge credit losses due to concentrates in investments ensuing from poor management of concentrates and counterparty risks, especially those resulting from investment in credit derivatives.

National and global control authorities have called for developing the current banking rules and criteria, in addition to setting advanced global rules which could contribute to enhancing the abilities of banks to bear shocks by identifying the risk position of banks through more comprehensive methods. The Basil Committee assumed a leading role in this area by introducing extensive adjustments on the three main pillars of Basil II, represented in the introduction of new rules and criteria which collectively formed the so called Basil III.

The crisis has shown that several banks did not have the adequate capital to support the risk position they have adopted, as they later discovered that they have gone beyond their expectations prior to the crisis.

(*) Yousif, Adnan Ahmed, is the President and Chief Executive of Al Baraka Banking Group.



FEATURE:

Islamic Banking in Morocco: A Promising Future

Islamic Banking in Morocco: A Promsing Future *

Al Baraka Banking Group (ABG), launched its subsidiary - BTI Bank in Morocco, during December 2017, in partnership with the BMCE Bank of Africa. The new bank is a participation bank headquartered in Casablanca. It aims to bring the various Shari'a compliant products and services to Moroccan market by establishing a branch network of 37 branches in the cities of Morocco by 2022.

On this occasion, we take a closer look at Islamic banking opportunities in Morocco:

Morocco is one of the countries in which Islamic banking has been delayed. In July 2015, the Moroccan government approved a bill allowing Islamic banks to operate in the country. The draft law included procedures for the work of Islamic banks, which were named as 'participatory banks'. Under this law, the Central Bank of Morocco would grant licenses that will allow four types of new participatory services to be regulated by the Supreme Scientific Council (an official religious body headed by the Moroccan monarch). The Council would also monitor the activity of this type of interest-free banking and financial services. The draft law stipulates that commercial, financial and investment operations would be subject to the opinion of the Supreme Council and shall not seek any interest payments. Banks can adopt four banking services: Murabaha, Ijara, Musharaka and Mudaraba. Islamic participation banks may also propose other forms of financing, subject to the opinion of the Credit Institutions Committee and the Supreme Scientific Council.

Earlier last year, the Credit Institutions Committee granted five Moroccan banks permission to set up participatory banking institutions and licensed three other banks to offer participatory banking products. The committee includes the Governor of the Central Bank of Morocco as Chairman and two representatives of the Ministry of Economy and Finance, including the Treasury and Foreign Finance Manager. The applications were related to Real Estate and Tourism Bank

in partnership with Qatar International Islamic Bank, the Moroccan Foreign Commerce Bank of Africa in partnership with Al Baraka Banking Group, the Popular Central Bank in partnership with the Saudi Gaidens Group (a financial company specialized in mortgage finance), and Moroccan Rural Bank in partnership with Financial Institution for the development of the private sector of the Islamic Development Bank, and the commercial bank - Wafa Bank.

Islamic banks are expected to attract more foreign investment to the Moroccan banking sector, raise deposits and provide greater opportunities for Morocco's private sector financing. A recent report by Thomson Reuters predicted that Islamic banking assets in Morocco would reach US$ 8.6 billion by 2018 and that Islamic banking assets would exceed 5% of total banking assets.

A study by the Abu Dhabi Islamic Finance Advisory Board covering 1,300 companies shows that 24% of these companies do not borrow from traditional banks for religious reasons, providing potential customers with different categories for Islamic banks in the Moroccan market. Such companies represent 95% of companies In Morocco. The study stated that the participation banks will not compete with conventional banks, noting that customers who prefer Islamic finance are looking for offers compatible with Islamic law.

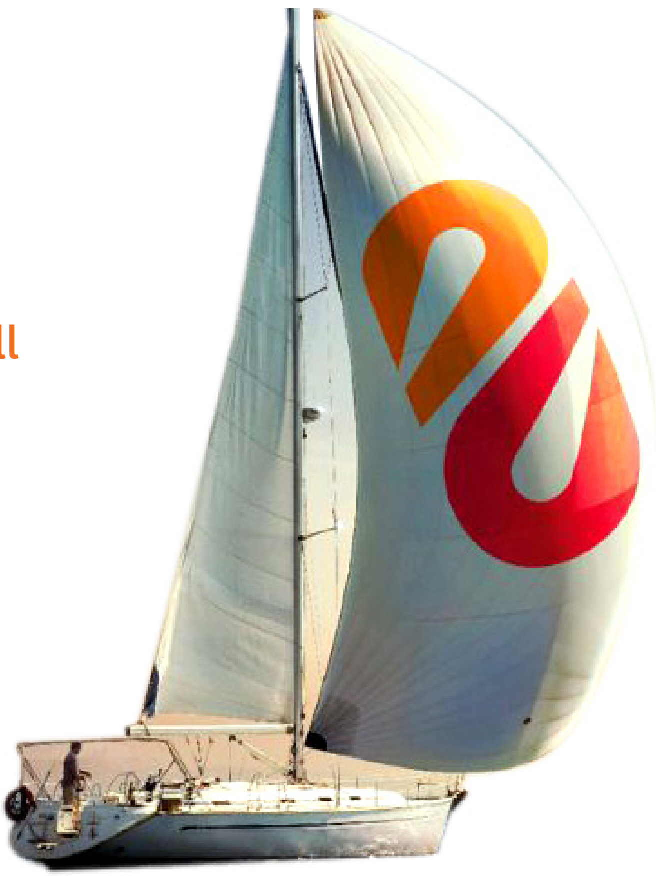
A study by the Islamic Financial Advisory and Guarantee Services showed that 97% of Moroccans are interested in Islamic finance, 9% do not open bank accounts for religious reasons and 31% intend to move from traditional banking to Islamic finance.

A report by Thomson Reuters predicts that the value of Islamic banking assets in Morocco will reach US$ 8.6 billion in 2018 and that the combined profits of Islamic finance providers will range between US$ 67 million and US$ 112 million.

Morocco's Minister of Economy and Finance, Mohamed Bousaid, said in a statement earlier that participation finance is expected to enable the mobilization of additional funding sources for investment directed at major projects and will provide important services to individuals and businesses. It will also expand the banking network and offer financial services, new savings solutions, and provide adequate financing for the special needs of households and small businesses.

But observers believe that the start of participation banks in Morocco is not without challenges, most notably on the technical aspects associated with the design of products that meet the needs of different categories of customers in a transparent and competitive manner. This is where the strength of Al Baraka Banking Group lies, wherein it approaches the Moroccan market with over 40 years of Islamic banking experience, especially in the Arab and African markets. Al Baraka Banking Group is confident of the success of the BTI Bank in achieving its objectives in serving the Moroccan market with excellence and success.

A report by Thomson Reuters predicts the value of Islamic banking assets in Morocco will reach US$ 8.6 billion in 2018 and that the combined profits of Islamic finance providers will range between US$ 67 million and US$ 112 million.



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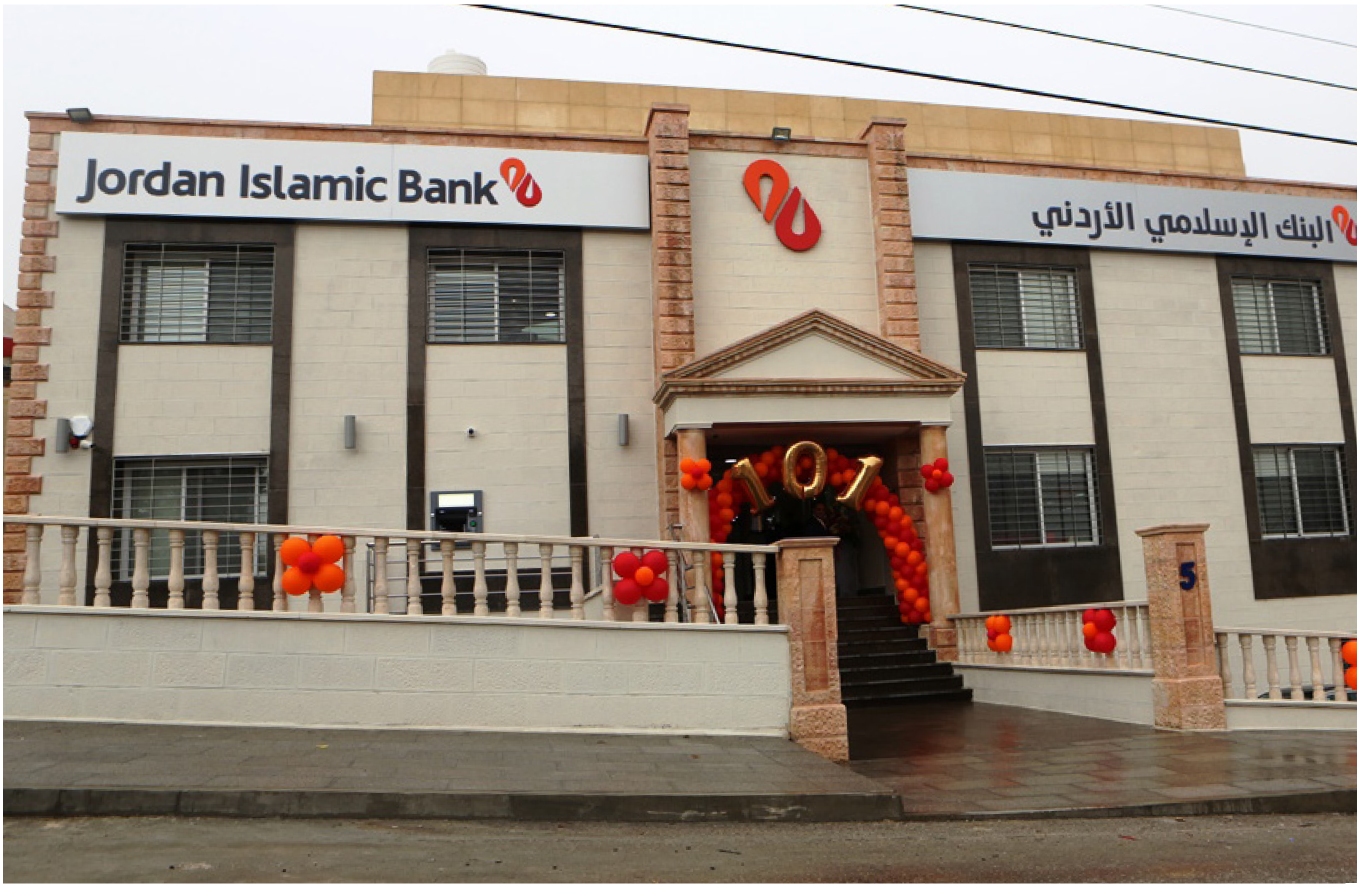


SUCCESS STORIES FROM ABG UNITS

Jordan Islamic Bank: Financing of Development in accordance with Shari’a Principles *

Jordan Islamic Bank: Financing of Development in accordance with Shari'a Principles

In Jordan, the Jordanian Association for Scientific Research organized an international economic conference entitled "**Financing the New Millennium Economies: Prospects and Challenges**", one of its subjects was to review the experience of the Jordan Islamic Bank and its contribution to the achievement of legitimate development.

The conference praised the experience of the Jordan Islamic Bank as a Jordanian experience with excellence that they cherish and take pride in. The Bank's distinguished leaders with Islamic banking experience have created a success story in the Islamic banking business and have provided a wide range of social responsibility and community development service in addition to its role in the economic and financial development of the nation. This has given the bank its distinguished position in the Islamic banking industry and in the Jordanian banking system in particular, as a pioneer in supporting the national economy continuously and in line with the visions and objectives for which this banking system has been founded.

Jordan Islamic Bank has a banking experience of nearly four decades. It was the first Islamic bank in Jordan to adopt alternative energy, i.e. solar energy, and introduce it to its branches and offices. This is in addition to its efforts in supporting scientific research and studies that serve the national economy, and its consistent attendance, support and sponsorship of conferences and workshops that discuss the development and future of the Islamic banking industry and serve also the national economy.

Jordan Islamic Bank was registered as a public shareholding company on 28th November, 1978 and commenced its operations in the last quarter of 1979 as the first Islamic bank in the Jordanian market. As of August 2, 2000, the Private Bank Law was repealed and replaced by a special chapter for Islamic banks in the Banking Law.

Shari'a controls

In addition to avoiding riba in all transactions, Halal is investigated in all these transactions away from all that is prohibited by law or involves any legitimate suspicion.
The legal obligation shall be determined by a Shari'a Supervisory Board of not less than three members elected by the General Assembly of the Bank in accordance with the Law of Banks in force. The Shari'a Supervisory Board of the Bank comprises of four members currently.
In this legitimate obligation, the philosophy adopted by Jordan Islamic Bank is: cleanse money, reassure hearts, avoid falling into riba or sin of compactness, and work to invest money in the reconstruction of the earth and prepare it for human life.

Legislative controls

The Bank's Law on Separation of Islamic Banks was replaced by Banking Law No. (28) of 2000, and according to this law, the Bank is being treated as part of the banking system. The Bank is subject to all laws and regulations, including the Companies Law and the Securities Law and is subject to the controls and standards of supervision designed primarily for traditional banks and which in many respects conflict with the privacy of applications and obligations of Islamic banks.

Applied controls

The Shari'a obligation of Islamic Banks requires that its activities not only aim at satisfying material needs, but also to reflect Islamic values in practice and achieve the overall interests of society by balancing the interests and benefits of all stakeholders, shareholders, employees, investors and financiers and all of those who are benefiting from its investments and services, and to the benefit of society and the national economy as a whole.

All this will help improve the distribution of income and wealth among the members of society with the spirit of justice amongst them. This means that at the economic level, ensuring optimal utilization of economic resources and higher productivity of available national capital, in turn helps to increase national production, increase exports and provide new sources of foreign currency, and contribute to the creation of new jobs. All in the service of economic and social development objectives.

The Bank's Development Role

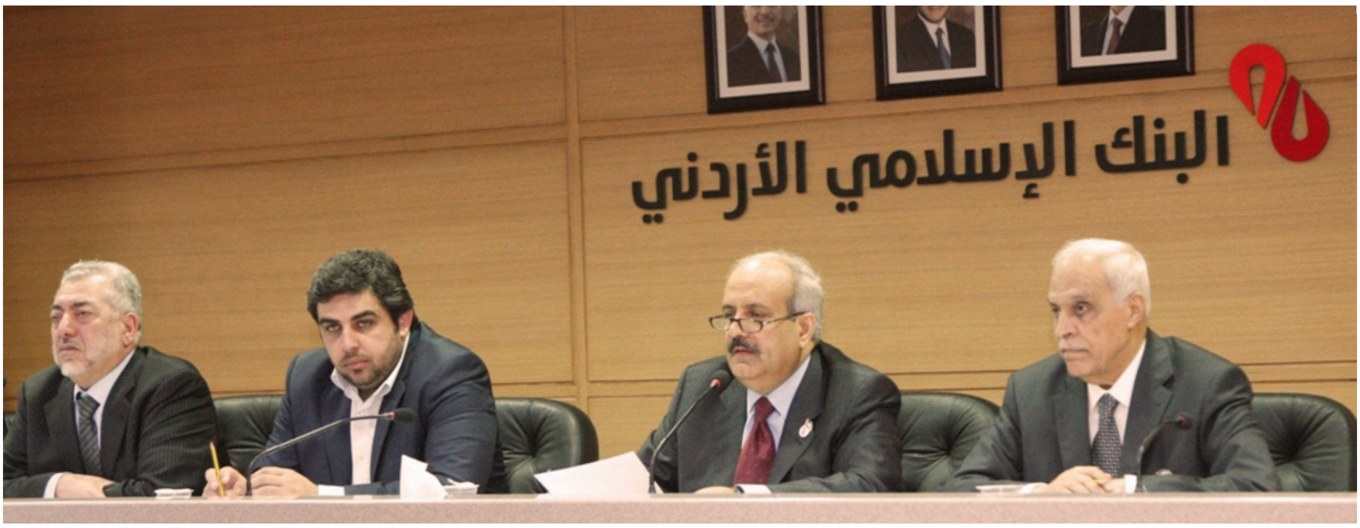
Since 1989, the Bank has been the third of 23 banks operating within Jordan.

Due to the desire of the citizens to deal with the Shari'a compliant transactions and diversification of the bank's savings and the flexibility of its conditions, the bank's customer base was broadened and the Bank was able to make a significant contribution to the mobilization of national savings, especially the relatively small savings. By the end of 2016, savings accounts reached JD 3 billion , and the total number of accounts operating with the bank amounted to about thousand accounts, with an average balance of about (JD 2900) per account.

The Bank directs its financial investments towards investments in the development channel, provides job opportunities that reduce unemployment and contributes to the development of national exports and foreign exchange flows to the national economy. The Bank provides funding for various economic and social activities, and many health facilities, educational, industrial, commercial, housing and others Sectors are benefitting from these funding.

The Bank's financial investments are mostly small and in relatively small projects that benefit large numbers of citizens of the Kingdom, as evidenced by the cumulative number of Murabaha transactions carried out by the Bank in the local market until the end of 2016, which amounted to around thousand transactions, with total value of JD 5.3 billion, ie the value of one transaction did not reach an average of about (9.5) thousand dinars.

Most of the financings went to necessary requirements for people such as housing, auto and furniture. Financing for these purposes accounted for 41.8% of total Murabaha financing and about 73.1% of the total number of Murabaha financing transactions. In addition, the bank provides funding to professionals such as doctors, pharmacists, engineers and craftsmen.



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Global Islamic Finance Industry Key Facts

General Council for Islamic Banks and Financial Institutions

Background

This report provides information on the following points:

I. Total Assets of the Islamic finance industry;
II. Total number of Islamic financial institutions (IFIs) globally;
III. Employment data of Islamic finance; and
IV. Total financing and funding in Islamic banking industry.

I. Total Assets of the Islamic Finance Industry

The value of the total Assets of the industry is USD 2.2 trillion as of the end of 2016. The growth of the total assets from 2015 to 2016 is valued at 7%. For the last 10 years, the industry has been doubling every 5 years. And it is expected to reach USD 4 trillion by the end of 2020.

The top three countries in Islamic finance assets are: 1. Iran (USD 545,377 Million); 2. Saudi Arabia (USD 472,654 Million); and 3. Malaysia (USD 405,985 Million). The following table shows the Islamic finance assets distribution by sector:

Islamic Finance Assets Distribution (2016)	Percentage
Islamic Banking	72%
Takaful	2%
Other IFIs	6%
Sukuk	16%
Isla	4%

Source: CIBAFI, ICD-Thomson Reuters (2017)

II. Number of Islamic Financial Institutions Globally

The total number of Islamic financial institutions around the world is estimated 1,407 as of end of 2016. The following table shows the number of Islamic financial institutions by sectors:

IFIs	Number in 2016	Number of Countries	Top three countries and its share market
Islamic Banks	494	67	Iran, Saudi Arabia, and Malaysia. 63% of global Islamic banking
Takaful	339	48	Saudi Arabia, Iran, and Malaysia. 82% of global takaful assets
Other IFIs	574	50	Malaysia, Iran, and Saudi Arabia. 71% of global other IFIs assets.

Source: CIBAFI, ICD-Thomson Reuters (2017)

In addition to the above table, total number of Islamic finance education providers in 2016 is 683 providers, and the top three countries leading the way are: 1. United Kingdom; 2. Malaysia; and 3. Indonesia.

III. Employment Data for Islamic Finance

The total number of employees in Islamic banks is over 400,000 globally as of end of 2016. In addition, according to Malaysia International Islamic Financial Centre (MIFC), an estimated 1 million professionals will be required globally for Islamic financial services industry by 2020.

IV. Total Shari'a Compliant Financing and Funding

The value of the total Shari'a compliant financing in Islamic finance industry is estimated to be over USD 967 Billion, as of the first quarter of 2017. On the other hand, the value of the total funding/liabilities of Shari'a Compliant Finance is estimated at USD 1,362 Billion, as of first quarter of 2017 (FSB 2017).

V. Islamic/Participation finance opportunities for the Kingdom of Morocco:

Key areas of contribution of Islamic Finance in the Kingdom of Morocco include:

i. Financial inclusion: Wali of Bank Al Maghrib stated that the banked population in Morocco reached 70%;
ii. SME financing: it is the strategy of the Government and Bank al Maghrib to support this segment;
iii. Supporting the position of Casablanca Finance City (CFC) as a Gateway in the middle of "The triangle: Middle East – Europe – Africa";
iv. Casablanca Finance City can play an active role as a platform for Sukuk issuance for infrastructure financing in the Kingdom of Morocco and Africa.

alBaraka

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