From the Team

A certain watchfulness came over global markets in the past month.

The new season brought merely variants on the same old action by central banks to sustain the liquidity impetus, trying to boost economic growth, rebuild banking systems, and promote stock market confidence.

Investors have wondered, meanwhile, whether such measures smack of desperation, and the endless priming of the pump might still fail. Some edged to the sidelines.

Our bulletin, however, attempts a further measure of innovation.

For instance, in this edition we have incorporated regional, aggregate indices in conjunction with established individual data series, both in the stock market and commodities sections. Doing so allows the respective, particular markets to be viewed in the context of reasonable benchmarks as reference points.

Thus, for instance, indices for GCC and Mena are shown in place of Bahrain and Egypt, and gold and copper are displayed against precious and base metals respectively.

Like global markets, then, we are trading on momentum – though hoping to maintain the trend with conviction.

The bulletin team would like to take this opportunity to wish readers Eid Mubarak and a peaceful time during the holy period ahead.

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Gold: Having retreated to the sidelines for a period, during which the global financial crisis appeared either to ease or to be on the backburner, gold in September reaffirmed its rally of recent years. The implications of concerted stimulus announced by key central banks loomed large in the investor mindset. Speculative interest was endorsed by central bank buying, and the metal reached all-time highs in European currencies. (Commodities)

HSBC’s Islamic business: The retreat of a leading global bank from its Islamic banking operations in a number of markets was a telling reminder that the promise of a growing market doesn’t itself secure profitability. The UK and the UAE are among those countries where HSBC’s Islamic business lines are being discontinued, despite estimates that global Islamic assets will rise sharply to over $1trn by this year-end. (Recent Developments)

Palm and soybean oils: Analysts reason that a shift out of soft commodities into equities, or alternatively into the dollar, might be due to asset reallocation by global investors taking profit. Yet the 12% drops by both palm and soybean oils during September stem both from short-term supply shifts in these product markets, ahead of likely higher longer-term demand, and a mutually-reinforcing negative mood. (Commodities)
Recent Developments in the Islamic Finance Industry

**HSBC restructures its global Islamic business**

HSBC Holdings has announced a significant scaling back of its global Islamic banking operations, part of a wider restructuring at the UK-based bank. It is expected to focus its Islamic finance business on customers in Malaysia and Saudi Arabia, and keep a limited presence in Indonesia. The bank said it will no longer offer Islamic products in the United Kingdom, the UAE, Bahrain, Bangladesh, Singapore and Mauritius.

GOLCER notes that HSBC has been considered one of the first banks to pursue the development of Islamic finance among the big global players. During 2011 HSBC was the first Western bank to issue an Islamic bond, when its Middle East unit sold a $500 million sukuk. This retrenchment strategy therefore tends to reflect a blow to the industry, whose global assets are nevertheless expected to increase by 33% from 2010 to $1.1 trillion by the end of 2012, according to consultants Ernst & Young.

Source: Arabian News, 4th October

**Qatar Islamic Bank launches sukuk**

Qatar’s largest Sharia’h-compliant lender, Qatar Islamic Bank (QIB), has issued a new five-year sukuk, taking advantage of strong liquidity for regional issues. QIB launched the $750 million Islamic bond after completing investor meetings in London, with order books for the deal at over $6 billion ahead of launch. The sukuk was launched at 175 basis points over mid-swaps. HSBC Holdings, Standard Chartered, Deutsche Bank and Qinvest, part-owned by QIB, were lead managers on the deal. The Qatar Investment Authority received approval for a new $1.5 billion sukuk programme last month, and this issue was to be the first sale under that arrangement.

GOLCER believes that Qatari banks are extremely liquid, though the economic momentum from the gas windfall of the past decade has reportedly slowed. As the country has a number of infrastructure projects in the pipeline, building towards the prestige objective of hosting soccer’s 2022 World Cup, its financial institutions are likely to be keener to secure longer-term dollar funding to support these schemes.

Source: Arabian News, 3rd October

**Libya plans to implement new Islamic banking law**

Having approved Islamic banking legislation in May, Libya has applied massive amendments with the aim of attracting foreign investment and stimulating the private sector following last year’s war. The country is working hard to set up a road-map for Islamic finance with the hope of implementing the new law by the end of this year. Several options for Islamic banking services are under consideration. First is to allow conventional banks to open branches or windows for Islamic finance; second is to enable conventional banks to become Islamic; third is to issue a new Licence for Islamic banks to open. The licensing option is still under discussion, given the debate around regulatory capital requirements.

Source: Reuters, 1st October
New Islamic banks may struggle in Oman

The establishment of new Islamic banks may lead to some initial difficulties in terms of competing with established conventional banks offering Shariah-compliant services when the country opens up its banking market. Fierce competition is likely, given the fact that conventional banks will be allowed to use Islamic windows to offer Shariah-compliant products through their existing branch networks. New Islamic banks in Oman face severe competition from incumbents such as Bank Muscat and HSBC Bank Oman, which are setting up Islamic banking arms. Although the growth of Islamic banking has been tremendous in the Gulf region, recent experience in Qatar suggests that customers in Oman will opt to get these services from established banks. Oman is expected to have 19 commercial banks for a population of only about 2.8m, with the three largest lenders initially accounting for about 60% of total banking assets, according to central bank data.

GOLCER suggests that the Islamic banking sector in Oman still has an opportunity through a well-established strategy combining strong networks, service quality and cost-efficiency savings. Substantial government spending is expected to create scope for the Islamic banks to expand, primarily in retail banking, where conventional banks are close to regulatory capital requirements.

Source: Arabian News, 5th October

IILM first sukuk to debut within months

International Islamic Liquidity Management Corp. (IILM), backed by a group of central banks located mainly in Asia and the Middle East, has decided to launch its first sukuk, of $300 million to $500 million, before the end of this year. The Kuala Lumpur-headquartered entity was established last year in order to help Shariah-compliant banks manage liquidity and create a liquid cross-border market for Islamic instruments. However, the first issuance of sukuk has been delayed given the big challenge to ensure strong compliance with laws in all of the 12 member countries. Eventually, IILM is expected to issue sukuk totalling more than $2 billion a year. IILM members include monetary authorities in Indonesia, Iran, Kuwait, Luxembourg, Malaysia, Mauritius, Nigeria, Qatar, Saudi Arabia, Sudan, Turkey and the United Arab Emirates, as well as the Islamic Development Bank and the Islamic Corporation for the Development of the Private Sector.

Source: Arabian News, 3rd October

Ridge Islamic seeking to buy local brokerage

Ridge Islamic Capital is targeting the buy of Shariah-compliant brokerage services during the fourth quarter of 2012. The company was created this year through the acquisition by Dubai-based Ridge Solutions International Holdings of Egyptian asset management firm El Rashad Holding. It has been searching for an established brokerage with a track record, but failed so far to identify any possible targets or particular deal size. Despite Egypt’s current economic troubles, prospects for Islamic finance tend to have improved with the election in June of President Mohamed Mursi. Ridge Islamic is planning to develop products in the areas of wealth management and pension funds. Entering Egypt’s takaful (Islamic insurance) market is also on the company’s priority list for the next year, either through the purchase of an existing company or by applying for a licence.

Source: Reuters, 26th September
Stock Markets

While investors worldwide have been basing their actions on announcements from the Federal Reserve and the ECB, an unexpected rebound in US manufacturing industry helped propel most emerging markets in September. High inflow of cash through FIIs into India has prompted a revival in economic sentiment. Spain and Greece announcing austerity measures improved investor confidence towards Asian trade-oriented economies. Even so, despite a positive outlook from the US economy, most markets have been in fear of contagion from the Eurozone debt crisis.

GCC

As trading picked up after Ramadan, GCC markets closed mixed. The Saudi market performed the worst due to the decline in oil prices, with key sectors of the Saudi economy, namely petrochemical and banking, in retreat. The Saudi S&P Islamic index slipped by 2.8 per cent. Kuwait was the best performer, rising by 7.8 per cent as the government announced it would extend support through buying stocks. Banking and telecom sectors outshone the other sectors of the region. News from Europe and other global indices were modestly supportive.

MENA

Banque Audi’s research department reported that, with a 4.2 per cent monthly gain, Egypt is well in line for recovery. Improved investor confidence, tightened five-year CDS spreads and positive forward-looking currency rates have contributed to this upbeat mood. The Tunisian index fell by 2.8 per cent amid the social and political unrest in the nation, besides weak global economic cues. The Lebanese bourse, affected by the rising tension in Syria, showed a loss of 1 per cent.

Far East

Better news of the US manufacturing sector provided a fillip to the export-oriented Far Eastern markets. Indonesia’s index rose by 5.3
per cent in line with regional gains also owing to Bank of Japan expanding its asset-purchase programme, in conjunction with the Fed’s commitment to quantitative easing. The Thai index responded too, up by 4.1 per cent. Profits in the region were also led by commodities, which gained upon the continuing promise of stimulus, including the ECB’s standby policy on euro bonds. However, investor concern over trade-dependent Singapore heading towards recession in the upcoming quarter hit the country’s index, easing by 1.6 per cent.

Rest of the World

A bullish trend was observed in global markets elsewhere. Following the recent opening up of the retail industry, investments flew into the India economy, raising the Islamic index by a whopping 12.1 per cent on the month. Although a sense of optimism has returned, however, Reuters reported that stock market direction hereon would be susceptible to the global picture, such as the economic woes afflicting the Eurozone. The Chinese index rallied by 7.0 per cent as the regulatory authorities announced it would act to reinforce those equities trading most cheaply. South Korea’s KOSPI also rose by 5.0 per cent, in reflection of improved international sentiment.

Source: Bloomberg, Reuters, Gulf Investment Corporation, Banque Audi, WSJ
Islamic or Shariah compliant indices exclude industries whose lines of business incorporate forbidden goods or where debts/assets ratios exceed 33%. The increasing popularity of Islamic finance has led to the establishment of Shariah compliant stock indices in many stock markets across the world, even where local Muslim populations are relatively small, such as in China and Japan.

Volatility is a measure of uncertainty of market returns. It is calculated as the standard deviation of the returns in the reported month. The formula for the standard deviation is:

\[ \sigma = \sqrt{E[(X-\mu)^2]} \]
Commodities

Crude Oil

While Brent crude was supported in September by constrained supplies, WTI prices dropped by 4.6 per cent, as the US Energy department reported that oil production had reached the highest level in more than fifteen years, and the global economy seemed set to slow down again. Political tension over Iran, Syria and Libya, and instances of non-OPEC outages, provided underpinning, but the overriding sense was of supply potentially outstripping demand, with Iraq now producing at 30-year high levels.

Natural Gas

Natural gas showed an upturn in prices, rallying by 12.4 per cent, ahead of the surge of demand expected for the winter season. An explosion at a Canadian refinery backed the price movement, which authorities denied was a major blast, but created some nervousness about tenuous gas supply across the US, even while the prospects for fracking-based output creates positive headlines in terms of energy provision. Rising storage levels seemed likely to restrain the uptrend.

Gold

Gold exhibited a sharp rally, up by 5.8 per cent in September upon rising hopes of a bullion-friendly stimulus from central banks. Reuters reported that IMF data showed South Korean and Paraguay central banks had increased their gold reserves, an authentic confirmation in portfolio terms of monetary and inflation expectations. The metal reached all-time highs in terms of euro and Swiss franc, and crossed important technical support. Speculators were concerned, however, about Indian demand, given rupee weakness.
Copper

Copper rose by 7.7 per cent as the dollar weakened against the euro, with Spanish budget measures and ECB commitment bolstering sentiment. The key drivers, however, remained the Fed’s promise of unlimited quantitative easing, allied with stimulus also in Japan and potentially in China. Seeking Alpha noted that the balance of supply and demand factors was vulnerable to the declining industrial requirement recently in China, while the Wall Street Journal noted traders’ concern that prices were exceeding underlying physical demand.

Sugar

Sugar prices fell slightly, by 0.5 per cent, owing to surpluses of the crop as weather conditions improved in the top producing countries, India and Brazil. Producers are reported to be holding back output in response, but global production expectations are running ahead of demand as the areas allocated to sugar cultivation have been expanded in locations such as Thailand and China.

Palm and Soybean Oils

Palm oil and soybean oil, treated as substitutes, both fell significantly – by 12.1 per cent and 12.7 per cent respectively in September. Palm oil slumped in line with the steep losses on soybeans in the US, which were driven by rising supply and bleak surrounding sentiment. Palm oil prices dropped to the lowest in two years. Analysts variously pointed to rotation out of soft commodities into equities, also into the dollar, rather than physical commodities, where a speculative trend was thought to have run out of steam.

Source: Bloomberg, Seeking Alpha, Reuters, FT, WSJ

Evolution of highly traded commodities in September 2012. MTM Change and Percentage Volatilities. US $ and US c indicate United States Dollar and United States cent respectively. bbl = billion barrels, MMBTU = Million British Thermal Units, MT = Metric Tonne, LB = Pound and Bsh=Bushel. Prices represent the price of the respective commodity at 28/9/2012. Source: Datastream
Bond yields in the GCC continued their downward trend till mid-September helped by the region’s strong macro-fundamentals, lack of negative news flow and rising oil prices. Investors’ attention was not discouraged by regional events, like the continued political uncertainty in Kuwait. Global events however, as in Europe and the US, also concerning China’s slowdown, affected the region towards the end of the month. Investors were also repositioning for new issuance, and booking profits. CDS spreads widened marginally.

Bond yields for Malaysia fluctuated around 1.9% during September, essentially sideways in direction. The country has achieved the highest growth in volumes in bond markets over the past five years, followed by Thailand and Singapore. Favourable economic growth, prudent reforms and policies, and ongoing development initiatives and market liberalization have made Malaysia the most appealing market in the region. In terms of developments, the issuance of renminbi (Chinese currency) financial instruments in both conventional and Islamic bond markets is planned.

Developments in world bond markets during September were dominated by the speculation around Spain’s request for a bailout and the renewed contagion fears from the European sovereign debt crisis. In response, yields on the German bond markets exceeded the 1% mark in mid-September before reverting to lower levels of about 0.85% as fears culminated. By the time the month had lapsed the initial euphoria over the Fed’s open-ended commitment to monetary stimulus in the form of bond buying had diminished.

The debate between supporters of the IMF loan, among them the government, and those suggesting that non-Shariah-compliant aid should be rejected, such as the Nour Party, featured in Egyptian headlines during September. The conventional loan from IMF is a cheaper option than the alternative of an Islamic bond, officials have claimed, citing the higher interest paid by the financially stronger Qatar in July. The firm policy stance of the government has helped push yields down from the 6% mark during September.
### Sovereign Bond Markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Price</th>
<th>MTM Change (%)</th>
<th>Yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>129.33</td>
<td>▲ 1.49</td>
<td>4.48</td>
</tr>
<tr>
<td>Qatar</td>
<td>359.77</td>
<td>▲ 0.88</td>
<td>2.47</td>
</tr>
<tr>
<td>Egypt</td>
<td>228.09</td>
<td>▲ 0.55</td>
<td>6.12</td>
</tr>
<tr>
<td>Tunisia</td>
<td>213.40</td>
<td>▲ 2.92</td>
<td>5.14</td>
</tr>
<tr>
<td>Jordan</td>
<td>97.75</td>
<td>▲ 0.58</td>
<td>4.66</td>
</tr>
<tr>
<td>Lebanon</td>
<td>508.69</td>
<td>▲ 2.39</td>
<td>5.32</td>
</tr>
<tr>
<td>Thailand</td>
<td>185.67</td>
<td>▲ 1.12</td>
<td>3.50</td>
</tr>
<tr>
<td>Taiwan</td>
<td>197.21</td>
<td>▲ 2.36</td>
<td>1.12</td>
</tr>
<tr>
<td>Singapore</td>
<td>236.01</td>
<td>▲ 1.37</td>
<td>0.95</td>
</tr>
<tr>
<td>Indonesia</td>
<td>275.78</td>
<td>▲ 1.83</td>
<td>6.18</td>
</tr>
<tr>
<td>Malaysia</td>
<td>274.60</td>
<td>▲ 1.70</td>
<td>1.85</td>
</tr>
<tr>
<td>India</td>
<td>295.81</td>
<td>▲ 5.95</td>
<td>8.25</td>
</tr>
<tr>
<td>China</td>
<td>186.18</td>
<td>▲ 0.76</td>
<td>3.43</td>
</tr>
<tr>
<td>Morocco</td>
<td>200.70</td>
<td>▲ 3.23</td>
<td>4.07</td>
</tr>
<tr>
<td>Italy</td>
<td>362.68</td>
<td>▲ 5.83</td>
<td>4.15</td>
</tr>
<tr>
<td>Portugal</td>
<td>326.94</td>
<td>▲ 3.90</td>
<td>6.65</td>
</tr>
<tr>
<td>Spain</td>
<td>314.97</td>
<td>▲ 6.47</td>
<td>5.00</td>
</tr>
<tr>
<td>France</td>
<td>1083.64</td>
<td>▲ 1.96</td>
<td>1.43</td>
</tr>
<tr>
<td>Germany</td>
<td>831.62</td>
<td>▲ 1.49</td>
<td>0.86</td>
</tr>
<tr>
<td>UK</td>
<td>1053.89</td>
<td>▲ 0.90</td>
<td>1.64</td>
</tr>
</tbody>
</table>

Evolution of Bond Markets in September 2012 relative to the previous month. The table reports the price index on which the MTM Change is calculated (month-to-month) and the Yield of sovereign bond maturities typically between 6 months and 25 years. Data as at 28/9/2012.

### Credit Default Swap Markets

<table>
<thead>
<tr>
<th>Country</th>
<th>CDS Spread (bp)</th>
<th>MTM Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>251.94</td>
<td>▼ -26.46</td>
</tr>
<tr>
<td>Qatar</td>
<td>102.16</td>
<td>▼ -9.13</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>97.09</td>
<td>▼ -7.46</td>
</tr>
<tr>
<td>Dubai</td>
<td>300.33</td>
<td>▼ -6.13</td>
</tr>
<tr>
<td>Abu Dhabi</td>
<td>153.57</td>
<td>▼ -19.20</td>
</tr>
<tr>
<td>Egypt</td>
<td>406.52</td>
<td>▼ -24.77</td>
</tr>
<tr>
<td>Morocco</td>
<td>230.52</td>
<td>▼ -0.69</td>
</tr>
<tr>
<td>Thailand</td>
<td>106.98</td>
<td>▼ -18.50</td>
</tr>
<tr>
<td>Indonesia</td>
<td>145.06</td>
<td>▼ -20.58</td>
</tr>
<tr>
<td>Malaysia</td>
<td>86.99</td>
<td>▼ -19.34</td>
</tr>
<tr>
<td>India</td>
<td>298.54</td>
<td>▼ -16.52</td>
</tr>
<tr>
<td>China</td>
<td>140.29</td>
<td>▼ -28.65</td>
</tr>
<tr>
<td>Singapore</td>
<td>82.99</td>
<td>▼ 0.00</td>
</tr>
<tr>
<td>Italy</td>
<td>351.93</td>
<td>▼ -26.93</td>
</tr>
<tr>
<td>Portugal</td>
<td>497.62</td>
<td>▼ -24.99</td>
</tr>
<tr>
<td>Spain</td>
<td>386.21</td>
<td>▼ -27.90</td>
</tr>
<tr>
<td>France</td>
<td>111.71</td>
<td>▼ -20.27</td>
</tr>
<tr>
<td>Germany</td>
<td>53.73</td>
<td>▼ -14.21</td>
</tr>
<tr>
<td>UK</td>
<td>50.81</td>
<td>▼ -6.74</td>
</tr>
</tbody>
</table>

Evolution of CDS Spreads in September 2012 relative to the previous month. The index reported here represents the average basis points (bp) of a 5-year CDS for protection against sovereign bonds. Data as at 28/9/2012. MTM Change refers to the change relative to the previous month.

A Credit Default Swap (CDS) is designed to transfer the credit exposure of fixed income products between parties. A CDS is also referred to as a credit derivative contract, where the purchaser of the swap makes payments up until the maturity date of a contract. The buyer of the CDS makes a series of payments (the CDS “fee” or “spread” quoted in basis points) to the seller and, in exchange, receives a payoff if the loan defaults. Riskier economies will have higher CDS “spreads”. The CDS spread can be more informative on the risk of the country as the CDS market is more liquid than the bond market.
World’s first global Islamic wealth and asset management brand

The Investor for Securities Company launched Safa Investment Services on October 8th, as the world’s first global Islamic asset manager in the GCC. Investor for Securities will be offering this exclusive investment service in Saudi Arabia, the world’s first independent Islamic wealth and asset management brand. There is no bank or investment company that insures an independent selection of “best of class” Shariah-compliant assets. “SAFA” is intended to offer purity, and invents a way to convert the underlying assets in the active Murabaha investments, offering low-risk returns. Safa is the result of a general agreement between The Investor for Securities and the Geneva-based investment company Islamic Wealth & Asset Management S.A. (“IWAMSA”).

Professionally-managed assets worldwide are now around $80 trillion, with Muslims owning at least $3 trillion. Unfortunately, a large amount has been invested in the types of securities that actually accelerated the global financial crisis. The Investor for Securities Company is a regulated investment company based in Riyadh with SR200m paid-in capital. Over the last two years The Investor has become the most profitable investment company in Saudi Arabia, with now over $1bn in total Assets Under Management (AUM).

Source: AMEinfo.com, 9th October

New regulatory rules issuance of sukuk in Pakistan

The number of individual sukuk issues in Pakistan has shrunk in recent years, despite the massive growth of issuance globally. In response to this decline, Pakistan has brought a first draft of new regulatory measures for governing Islamic bonds. These rules are structured to comply with standards of the Bahrain-based Accounting and Auditing Organisation for Islamic Finance Institutions (AAOIFI). AAOIFI standards indicate how Islamic financial products should be structured. The draft rules cover the disclosure of information about the issuers, also requiring them to appoint Islamic scholars to vet sukuk structures.

During 2011 the Pakistani sukuk market was led by three sovereign issues which raised a combined 163.6 billion rupees ($1.72 billion), according to securities commission data. In addition, three corporate sukuk raised a combined 5.4 billion rupees. This compares with 21 sukuk in 2007, most of which were corporate, raising a combined 49.3 billion rupees.

GOLCER thinks that this initiative for new rules might increase the interest of foreign investors in investing in Pakistani sukuk. Pakistan this year has undertaken some positive initiatives in an attempt to increase its market share in the global Islamic finance industry. This September the central bank developed a five-year plan for the sector. Furthermore, the country is introducing new rules for takaful (Islamic insurance).

Source: Reuters, 5th October
Perspective

Bridging the gap between financial reality and academic enquiry

by Andrew Shouler

For someone versed more in the milieu of banking than the apparent rigours of university life, a certain cynicism becomes second nature.

It’s plain enough, for instance, that conferences are essentially about networking, rather than a neutral brainstorming over whatever lessons the world, or simply the financial sector, might learn from events.

What might be taken away in terms of the stated subject confronting the delegates – such as where regulation might productively direct its efforts – may be very slight indeed.

From this observer’s standpoint, therefore, the recent JEBO conference on Islamic finance organized by Aston University was something very different.

There was an apparent purity of purpose about the proceedings, though with a palpable undertone of competition in respect of potential publication.

The fact that each presentation was subject to immediate dissection in terms of its methodologies and findings was a revelation. At the same time, however, there was a sense in some cases of undue isolation from the observations and qualifications that might be brought by practitioners in the field.

Where the topic concerned was of narrow, niche interest, that perhaps didn’t seem to matter, as both the motivation and the outcomes from the study might be of limited applicability.

But where the issue was of much greater and general relevance – such as the comparative performance over time of Islamic and conventional investment portfolios, or even the conceptual sequencing of political stability and stock market volatility – the need for rarified research to embrace with everyday truths, operational plausibility and sheer experience certainly suggested itself.

Taking an example, the submission by Laurent Gheerart of the Universite Libre de Bruxelles, which proposed that the presence of a higher degree of Islamic banking promotes a generally higher level of financial sector development, seemed thoroughly grounded as a worthy endeavour. The ramifications were that Islamic and conventional finance might, in effect, be complementary rather than rivalrous.

The point of some other presentations was arguably legitimate but comparatively obscure. In fact, as discussants openly stated, they might have been driven by the availability of the data to be tested rather than the urgent need to establish a causative relationship or a meaningful idea.

A keynote speech given by Dr Mabid Al Jarhi, however, carried the weight of direct knowledge. Visiting professor of the Qatar Foundation and member of the Shariah board of the Dubai Financial Market, he put Islamic finance in broader perspective, identifying seven areas where both scholars and operators would need to think again.

“Somewhere along the way some of us forgot that pure models are tools … rather than paradigms”, he said.

Even central banks, he professed, faced persistent methodological and definitional issues. Most notably, sukuk instruments, an outrider for the ways and means of Islamic finance, required reassessment, and the adoption of new standards so as to avoid the charge of imitating conventional bond finance.

From someone evidently immersed in the industry, it was a wake-up call that did indeed span the two worlds that don’t collide very much.

That intervention only reinforced the notions that could be drawn from the overall occasion.

On the one hand, the devotion of the speakers to what the trialling of statistical data appeared to say seemed sound. Discussion was preoccupied as much with the robustness of scientific technique as with the interpreted result.

On the other, the same separation might well detract from the impact or credibility of the deductions, especially where they appear divorced from intuition or likelihood.

Certainly, the impression I had was that bankers and academics might engage more with each other on some kind of middle ground. For banking is not without valid, insightful criticism, and dispassionate research could benefit from moderation, by reality checks, to make its messages heard.
Diary of Events

February: 14-15, 2013
Kuala Lumpur, Malaysia
ICIBFC 2013: International Conference on Islamic Banking, Finance and Commerce

The XXXIV International Conference on Islamic Banking, Finance and Commerce aims to bring together leading academic scientists, researchers and scholars to exchange and share their experiences and research results about all aspects of Islamic Banking, Finance and Commerce, and discuss the practical challenges encountered and the solutions adopted.


March: 11-12, 2013
Lahore, Pakistan
Global Forum on Islamic Finance (GFIF) 2013:

COMSATS Institute of Information Technology Lahore, Pakistan is hosting Global Forum on Islamic Finance with the collaboration of Lancaster University UK to provide an opportunity to share latest developments among scholars from around the globe in the field of Islamic finance. The theme of the Conference is “Islamic Finance: New Realities, New Challenges”. The GFIF will consider the political and socio-economic developments and their likely effects on Islamic financial institutions.

Contact: Dr. Yahya Rashid
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islamicfinance@ciillahore.edu.pk


March: 17-18, 2013
Muscat, Oman
Oman Second Islamic Banking and Finance Conference:

Oman Second Islamic Banking & Finance Conference is to take place on the 17th & 18th of March 2013 at the Bustan Hotel in Muscat, to shed light on latest developments in the banking industry of the Sultanate and explore outlook and challenges of implementing Islamic banking.

Contact: OIBF@iktissad.com
More Information: http://www.iktissadevents.com/events/OIBF/2

Training Courses:
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