



SECP organizes workshop on Islamic financial products

KARACHI, November 21: The Securities and Exchange Commission of Pakistan in collaboration with the Islamic Research and Training Institute (IRTI), Islamic Development Bank, Jeddah, Kingdom of Saudi Arabia held a two day training workshop on Islamic Financial Products and Risk management for Islamic Financial Institutions under the theme “Sharing Knowledge and Experience”.

The overall objective of the training program was to create awareness and share knowledge and experience of the experts from the Islamic finance sector. The specific objective was to assist the market players to meet the technical and Shari’ah related needs of the Islamic finance industry in Pakistan.

Eminent local and international Islamic scholars and professional were invited to share their knowledge and practical experiences of their respective jurisdictions and for providing an exhausted overview of various disciplines of Islamic finance to the participants. A large number of chief executives, directors and professionals comprising of Modarabas, Islamic mutual funds, Islamic pension funds, takaful companies, leasing companies and investment banks participated in the training course. During the two days, substantive interactive sessions and discussions were held, focusing on the practical solutions of the problems encountered by the Islamic finance industry.

Mr. Imtiaz Haider, Commissioner of SECP inaugurated the event and the keynote address was delivered by Mr. Ashraf Mahmood Wathra, Deputy Governor State Bank of Pakistan (SBP). The representative of IRTI and other guests from SBP, the stock exchanges, and Islamic banks also attended the program. Mr. Muhammad Asif Arif, Commissioner Insurance of SECP made a presentation on takaful experience in Pakistan.

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On day one, the speakers touched upon the basic principles of the Islamic economic model and available modes of Islamic products for IFIs. They highlighted the Islamic economic model, role and responsibilities of Modarib and Musharik as ameen in the Islamic finance system. The NBFIs & Modaraba Association of Pakistan provided an overview of the modaraba sector and discussed its performance and positive growth in terms of assets and dividend payouts. The speakers elaborated the role of Islamic indices and threw light on capital market products and Islamic fund management in Pakistan.

For the benefit of takaful players, the speakers discussed the modalities of takaful, re-takaful and its international perspective and highlighted the issues and challenges for the takaful operators in Pakistan. Recent developments in the regulatory framework for takaful companies were also discussed with the audience. Renowned Shari'ah scholar highlighted the importance of risk management in Islamic finance. Various questions and queries of the participants about the kinds of risks and the measures to mitigate the risk in Islamic financial institutions were duly responded by the eminent scholars.

Further, a detailed presentation on sukuk transaction, its various kinds and the process of securitization for a sukuk transaction as well as on Islamic REIT was given to the participants. On day two, an in depth overview of the Islamic futures, derivatives and hedging concept in the Islamic finance and its practicalities was given to the audience. Talking on the Shari'ah governance, compliance and its importance, the speakers deliberated upon the importance of Shari'ah governance and compliance in the Islamic financial institutions. The representative of SBP presented a comprehensive synopsis on the introduction and growth of Islamic banking in Pakistan.

The speakers also rejected the misconceptions about the Islamic finance. Detailed interactive sessions were conducted in which the issues and challenges being faced by the Islamic financial institutions and misconception about the Islamic finance were discussed and the strategy to address such issues was formulated.

The workshop of Islamic finance adding to the knowledge, technical know how and capabilities of the participants would pave the way for further growth and development of Islamic financial system in Pakistan.

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