



ISLAMIC & ETHICAL FINANCE CONFERENCE

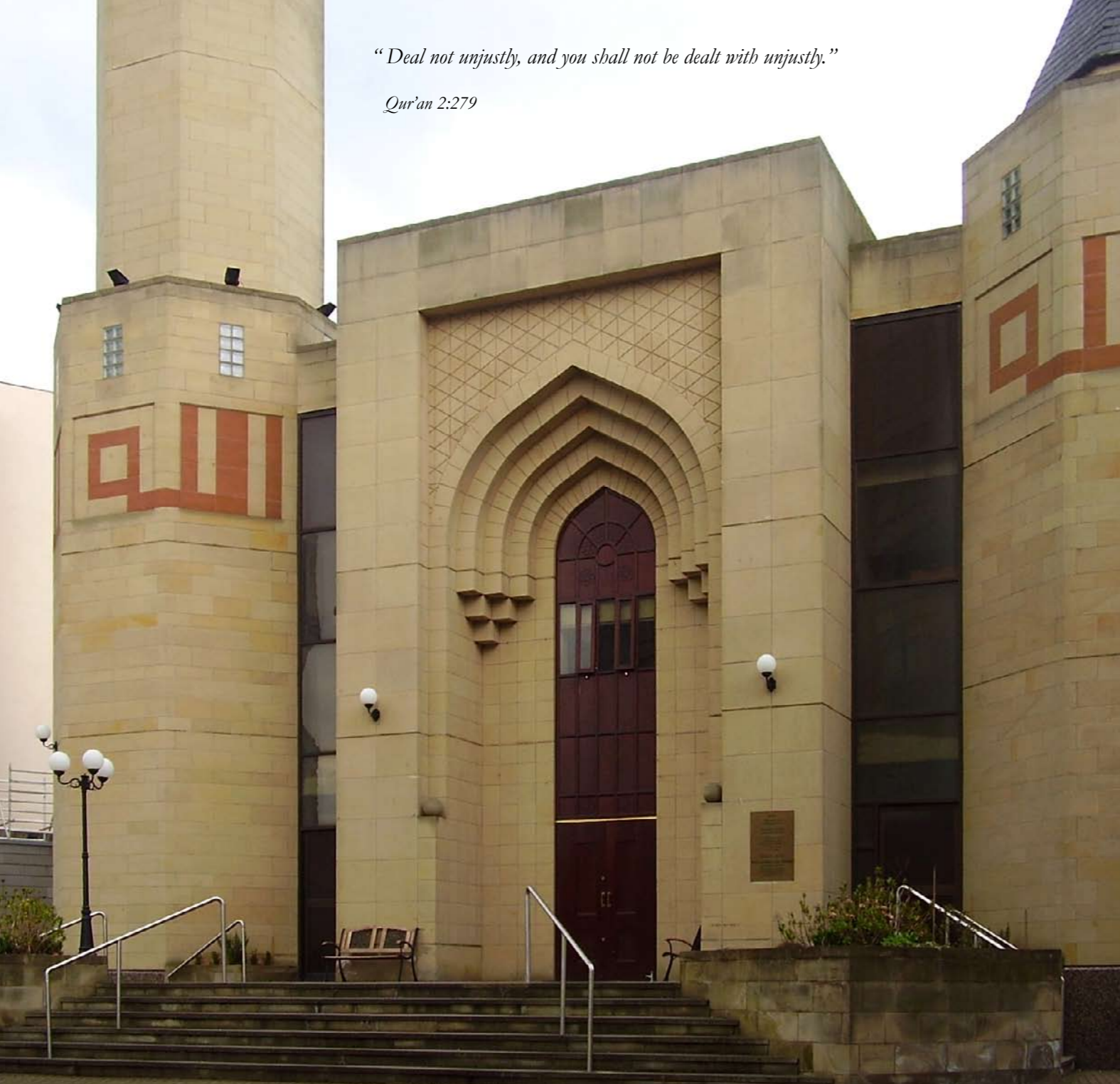
29 APRIL 2010

ISLAMIC FINANCE COUNCIL UK

SCOTLAND

“Deal not unjustly, and you shall not be dealt with unjustly.”

Qur’an 2:279



Edinburgh Central Mosque

WELCOME WORDS

“Real synergies exist between Islamic and Ethical Finance”



I'm delighted to welcome the 2010 Islamic and Ethical Finance Conference to Edinburgh.

I am very proud of the achievements of the Scottish financial services industry. However, I am also acutely aware that the industry has experienced a period of significant change and uncertainty over the past two years. Despite this challenging period, Scotland's financial services sector remains in a strong position and it is crucial that we do not allow recent events to overshadow or diminish the proud legacy and reputation of Scotland's financial management sector. It is therefore essential that we seek out new opportunities to diversify our financial services industry, such as those presented by Islamic finance, so that the industry can continue to prosper and grow.

Despite the difficulties in the banking sector of 2008 and 2009, Scotland's financial services industry remains in a strong position and many of its components continue to grow. Scotland is a renowned centre of excellence in investment management with total assets under management estimated at around £750bn. Our general insurance, life assurance and pensions sector has a strong reputation and with over 1% of the working population employed in the insurance industry, Scotland remains a significant centre for insurance.

Whilst we explore new opportunities, we should learn from those elements which formed the cornerstone of the Financial Services industry in Scotland in its early development. This Conference meets almost exactly 200 years from the foundation of the savings bank movement, when on the 10th of May 1810, the Reverend Henry Duncan of the Church of Scotland – with which the Islamic Finance Council has recently had discussions on economic justice – opened the ledgers of the first self supporting savings bank in Ruthwell, Dumfriesshire with the aim of enabling the poor to save.

It is this ethical background, which I believe we should reignite and promote to a global audience and to use as the inspiration and guidance when developing innovative Financial Services products and services for the future. Real synergies exist between Islamic and Ethical Finance and these are to be encouraged. It will not only help the thousands of Muslims in Scotland but it will also provide significant benefits for the Scottish economy.

I would like to wish the IFC and its delegates a very enjoyable and a very successful conference.

Rt Hon Alex Salmond MSP
First Minister of Scotland

WELCOME WORDS

“... a key objective of this unique conference is to explore Scotland’s proud heritage in ethical and faith based finance”



It is my pleasure to welcome you to the first Islamic Finance Council (IFC) conference focused on opportunities within the Islamic and ethical finance arenas.

The IFC’s aim is to promote and increase awareness of the commercial opportunities the growing Islamic finance sector presents. A helpful approach to understanding Islamic finance is to see it as a sub-sector of ethical finance. It presents high growth commercial potential, providing access to alternative forms of liquidity, but also offers a values based alternative to the ‘greed driven’ banking paradigm of recent years, an attitude which has adversely affected all too many stakeholders in the current financial crisis.

Along with explaining Islamic finance a key objective of this unique conference is to explore Scotland’s proud heritage in ethical and faith based finance. Indeed this year sees the 200th anniversary of the foundation of the world’s first commercial savings bank, the Trustee Savings Bank (now part of Lloyds Banking Group), by the “Father of Savings Banks”, the Rev. Henry Duncan. Let us see what the contemporary ethical and Islamic finance worlds can learn and synergise from each other.

Through our educational and awareness work the IFC has travelled to many countries and worked with people from a remarkable diversity of faiths and communities. Whatever one’s faith, we can all recognise

the major challenges facing the world. Balancing economic growth to counter global poverty, whilst preserving our fragile planet, requires new thinking, practical immediate action, collaboration and enthusiastic energy.

One of the ways to highlight what people have in common is to encourage tolerance and understanding based on a mutual respect and to remind people of the many universal principles which are shared by the great religious traditions but which are often obscured or discarded in the modern age.

Islamic finance and ethics in financial and business dealing share in these crucial principles. Honesty, integrity, transparency and contentment are some of the key principles underlying the Islamic economic philosophy.

Accordingly we are pleased to partner with Tods Murray, a leading Scottish law firm and our hosts for today, to promote this event to increase awareness and ultimately help empower the Scottish financial community to tap into this exciting growth opportunity - one of the few global growth stories in the current climate – and explore where Islamic finance can play a role in re-igniting Scotland’s heritage as global leaders in ethical and faith based finance.

Tariq Masood
Chairman, Islamic Finance Council UK

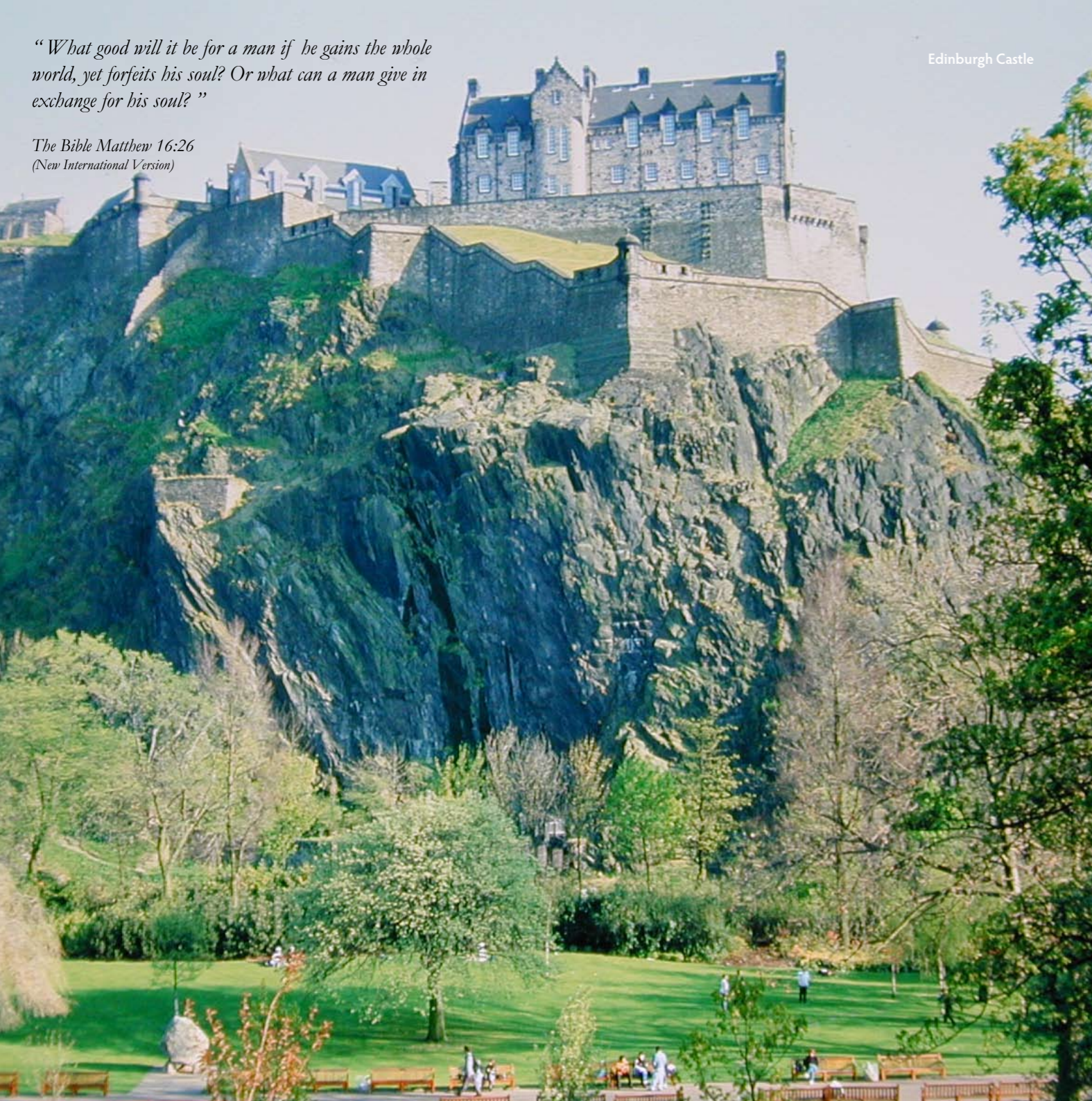
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“What good will it be for a man if he gains the whole world, yet forfeits his soul? Or what can a man give in exchange for his soul?”

The Bible Matthew 16:26
(New International Version)

Edinburgh Castle



ABOUT THE IFC



The Islamic Finance Council UK (“IFC”) is a body set up to promote the Islamic finance industry. Based in Scotland, a country with a proud heritage in ethical finance, the IFC carries out a range of activities to facilitate the creation of an environment where consumers have the choice to run their personal and commercial finances in accordance with their beliefs.

Since its inception the IFC has successfully held a number of educational events and its Board members having lectured at various Universities and Business Schools in the UK and at international forums in Europe, Africa, Middle East and Asia.

The IFC has been appointed to advise on the Islamic finance strategy for various Government bodies, including the Scottish Government, and launched a pioneering global *Scholar Professional Development Programme* endorsed by the UKTI, Central Bank of Malaysia ISRA and now also the Central Bank of Bahrain *Waqf fund*. The initiative, run

jointly with the Chartered Institute of Securities and Investment (CISI), is the only international programme of its type and has received the backing and support of numerous senior global Shariah scholars.

The IFC offers strategy advisory services to Governments and international bodies and is actively involved in lobbying, consultations and advanced research on new concepts shaping the future direction of the global Islamic finance industry.

The IFC is unique in Scotland being the only specialist Islamic finance organisation led by professionals with relevant industry experience. It has been show-cased in the UKTI City brochure and continues to take a leading role in Islamic finance in Scotland, the UK and the international arena.

www.ukifc.com

Become a member of the IFC

Associate membership of the IFC is available to organisations supporting the IFC in its aims of: Engaging in Islamic finance, Developing the local economy, Supporting financial inclusion and Creating consumer choice for ethical consumers.

Become a member of the IFC and benefit from:

- Access to subject matter specialist information.
- Strategic positioning and profile enhancement.
- Networking.

If you are interested in becoming an associate member contact Saftar Sarwar at saftar@ukifc.com

The next step – Ethical Finance Round Tables

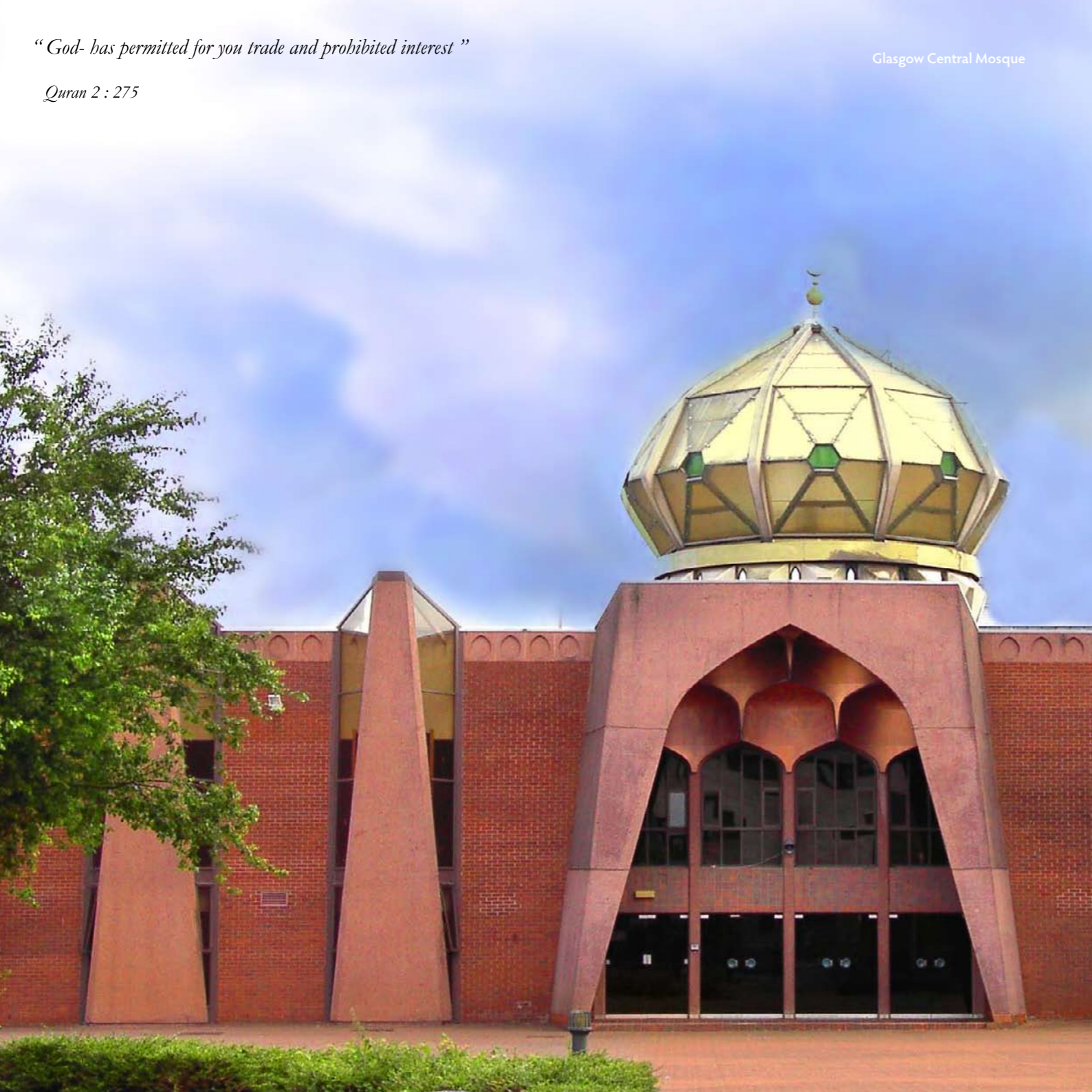
The IFC believes that the various sectors of the ethical finance community can learn much from each other and our hope is that the conference will form the launching pad for an ongoing forum for these exchanges. To initiate this the IFC proposes to host two “Round Tables” for a limited number of participants representing the range of ethical finance activity over the remainder of 2010.

If you or your organisation would like to be included in these events please indicate accordingly on the feedback form included with your conference papers or email info@ukifc.com.

“God- has permitted for you trade and prohibited interest ”

Quran 2 : 275

Glasgow Central Mosque



AGENDA

AGENDA

9:00am – 9:30am	Registration
9:30am – 9:45am	Welcome Address by Tods Murray Managing Partner & IFC Chairman
9:45am – 10:00am	Introduction from Chair Islamic finance, the US\$1 trillion opportunity - Omar Shaikh
10:00am – 10:30am	PART 1 – Keynote Address – Importance of the moral economy – Ann Pettifor
10:30am – 11:00am	PART 2 – Islamic stock screening the ethical dimension - Iqbal Asaria, CBE
11:00am – 11:10am	Q&A: Ann Pettifor & Iqbal Asaria
11:10am – 11:30am	Coffee Break
11:30am – 12:00pm	PART 3 – Ethical finance in Europe – what can the Islamic and ethical finance markets learn from each other? - Alberto Brugnani
12:00pm – 12:30pm	PART 4 – Can Scotland's proud heritage in ethical finance play a key role in the future of Scottish financial services? – Robbie Mochrie, Church of Scotland
12:30pm – 12:40pm	Q&A: Alberto Brugnani & Robbie Mochrie
12:40pm – 1:40pm	Lunch (& prayer break)
1:40pm – 3:00pm	PART 5 – Case Studies 1) David Bell, The Co-operative Bank, 2) Lord Sheikh, Chairman Camberford Law Plc 3) Ian Vose, SWIP
3:00pm – 3:30pm	PART 6 – Q&A - Panel Discussion Panelists: • Ann Pettifor , Advocacy International • Iqbal Asaria , Afkar Consulting Ltd • Graham Burnside , Tods Murray • David Bell , Co-operative Bank • Lord Sheikh , Chairman Camberford LawPlc • Scott Dakers & Ian Vose , SWIP
3.30pm	Closing remarks
5.30pm - 7.00pm	Evening reception in Glasgow City Chambers Hosted by Glasgow City Council Lord Provost, Councillor Bob Winter.

INTEREST, USURY AND ISLAM LESSONS FROM ISLAMIC AND ETHICAL FINANCE

The notion of the moral economy is intrinsic to all the major faiths, each of which has placed ethical boundaries on the behaviour of those active in the market.

The ten commandments of the Jewish Torah or Christian Old Testament laid down an ethical boundary - or regulation - for work:

“for six days you shall labour and do all your work. But the seventh day is a Sabbath to the Lord your God; you shall not do any work - you, your son or your daughter, your male or female slave, your livestock, or the alien resident in your towns.

The Qu’ran lays down clear ethical boundaries for lending and borrowing, and for trade.

These boundaries have been vital in the maintenance of great civilisations. As Karl Polanyi, the great economic historian argued (in his 1944 book “The Great Transformation”) - the regulation of the conduct of human affairs by law is vital to the maintenance of civilised society, and to the market, because

“robbed of the protective covering of cultural institutions, human beings would perish from the effects of social exposure; they would die as the victims of acute social dislocation through vice, perversion, crime and starvation...neighbourhoods and landscapes defiled, rivers polluted, military safety jeopardized, the power to produce food and raw materials destroyed”.

So one of the great contradictions we in the West face today is this: law - or regulation - needs boundaries, in particular ethical boundaries; but also geographical and political boundaries.

However markets, in particular financial markets, abhor boundaries.

How do we reconcile therefore, the ethical boundaries/regulation advocated by the world's great religions with the resistance of, in particular financial markets, to these boundaries?

That is the great challenge faced today by those who would promote the notion of a moral economy.

One of the most important ethical boundaries set by the Prophet in the Qu’ran has to do with the ‘price’ paid for a loan: the rate of interest. While many would regard the Qu’ran’s strictures on interest rates as antiquated, I would like to argue that they are acutely relevant to today’s financial crisis.

This is because one of the economic characteristics of the period from 1980 to the present day is high real rates of interest (i.e. adjusted for inflation/deflation) paid by borrowers. By this we mean interest rates in the broadest sense: those for short, long, real, risky as well as safe loans. While the Federal Funds or Bank of England rate might seem low, the real rate paid by credit card holders or entrepreneurs taking risks, has for a long period, been much, much higher.

Indeed it is these high rates of interest, that I contend, led to the ‘debtonation’ of the financial system in August, 2007, and the most severe financial crisis in history. For it is high real rates of interest that ultimately made debts unpayable – for sub-prime mortgage borrowers in the US, for the millions that have defaulted on their mortgages and had their homes ‘foreclosed’; for thousands of companies that have been bankrupted by a heavy burden of debt; by semi-states such as Dubai, and now by states such as Iceland, Ireland and perhaps Greece.

Historically the average rate of return on investment has been in the range of 3-5%. Any borrowing above that rate presents repayment difficulties for most entrepreneurs and investors. The post 1977 rates of interest can be described as usurious.

Sidney Homer’s A History of Interest Rates, has been the definitive analysis of the subject since its first edition in 1967. He published a second edition ten years later. Homer died in 1983, and his pupil Richard Sylla was entrusted with the production of a third edition of his work. On the opening page, Sylla warned:

“The spectacular rise in interest rates during the 1970s and early 1980s

pushed many long-term market rates on prime credits up to levels never before approached, much less reached, in modern history. A long view, provided by this history, shows that recent peak yields were far above the highest prime long-term rates reported in the United States since 1800, in England since 1700, or in Holland since 1600. In other words, since modern capital markets came into existence, there have never been such high long-term rates as we recently have had all over the world." (Homer and Sylla, 1991, p. 1)

High rates across the whole architecture of rates – for short and long, safe and risky loans - have prevailed ever since.

Tremendous capital gains have effortlessly been made by those who held assets, lent them on to governments, corporations or individuals, and thereby extracted even greater wealth. This is what has always been understood as usury.

Islam and interest-bearing money

'Those who consume interest shall not rise, except as he rises whom Satan by his touch prostrates [i.e. one who is misled]; that is because they say: "Trade is like interest"; whereas, Allah [God] has permitted trading but forbidden interest.whosoever reverts (to devouring interest) those, they are the inhabitants of the fire, therein dwelling forever.' Qu'ran 2:275

Islam prohibits the taking or giving of interest or riba, regardless of the purpose of the loan, or the rates at which interest is charged. "Riba" includes the whole concept of effortless profit or earnings that comes without work or value added production.

In Islam money can only be used for facilitating trade and commerce – a crucial difference with the world's major Christian religions. This was because Islamic scholars were fully aware that debt-creating money can stratify wealth, and exacerbate exploitation, oppression and the enslavement of those who do not own assets.

The Qur'anic ban on interest does not imply that capital or savings are

without cost in an Islamic system. While Islam recognises capital as a factor of production, it does not allow capital to make a claim on the productive surplus in the form of interest. Instead Islam views profit-sharing as permissible, and a viable alternative. The owner of capital can legitimately share in the gains made by the entrepreneur. That implies that the owner of capital will also share in the losses.

Investors in the Islamic order have no right to demand a fixed rate of return. No one is entitled to any addition to the principal sum if he does not share in the risks involved. Another legitimate mode of financing recognized in Islam is based on equity participation (musharaka) in which partners use their capital jointly to generate a surplus. Profits or losses are shared between partners depending on the equity ratio.

Islamic banking is a risky business compared with conventional banking, for risk-sharing forms the very basis of all Islamic financial transactions.

Global finance, in the shape of un-regulated and unethical capitalism, poses a profound threat to Islam. Because Islam expressly prohibits the concentration of wealth in the hands of the few, i.e. hoarding (kenz) waste (tabthir) extravagant consumption (israf) and miserliness (bukhl) – the excesses of global financial liberalisation are in deep conflict with Muslim values.

Not only Muslim values, but the values of Jews and Christians too.

If we are to return to our roots; if we are to protect both our civilisation, but also our ecosystem, then it is vital that we, as people of faith, once again assert the centrality to society of the moral economy.

By Ann Pettifor, Advocacy International Ltd

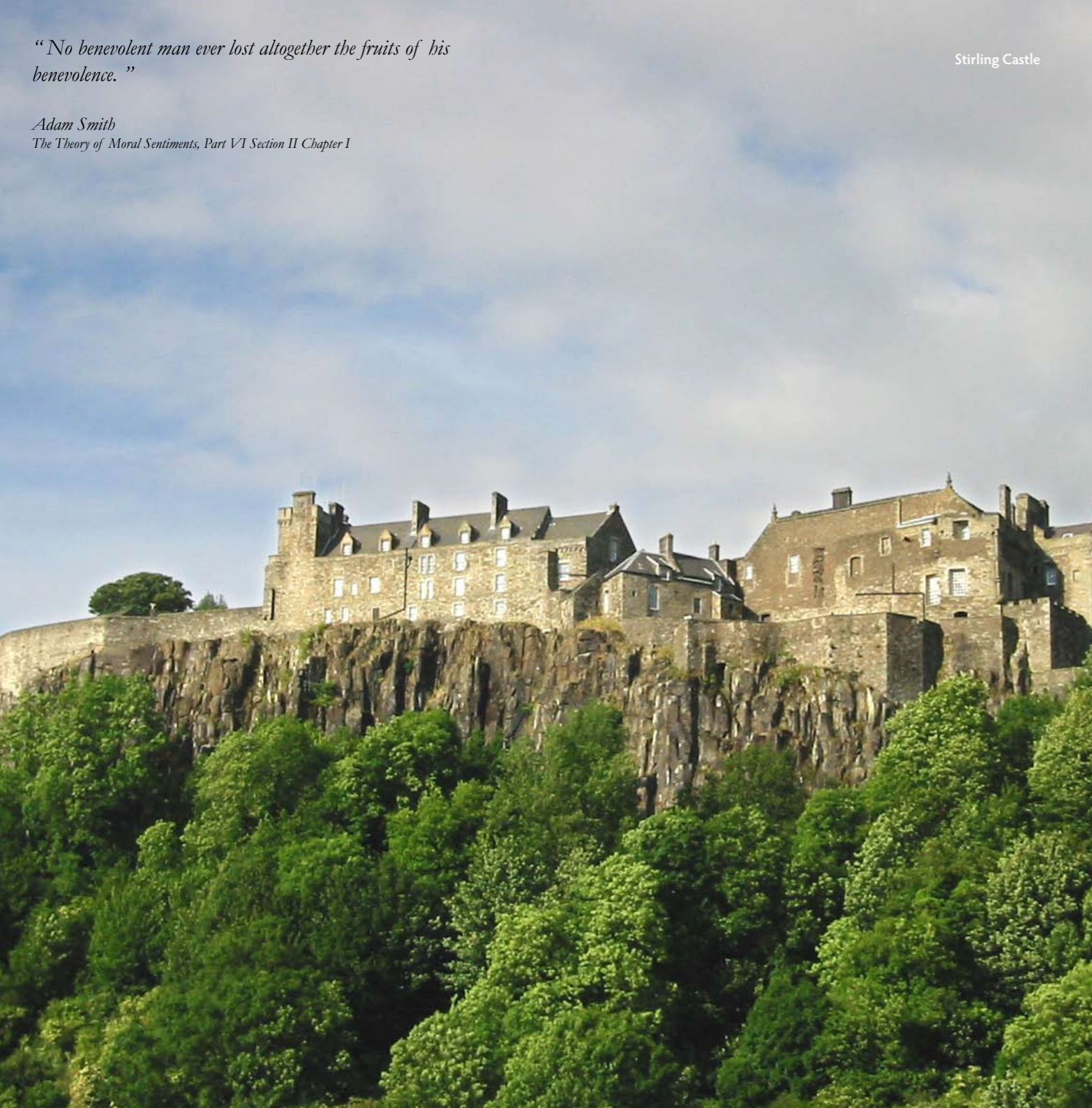
For more information explaining Islamic finance, read various articles and media commentary available from the press room at www.ukifc.com



“No benevolent man ever lost altogether the fruits of his benevolence.”

*Adam Smith
The Theory of Moral Sentiments, Part VI Section II Chapter I*

Stirling Castle



SPEAKERS

SPEAKERS



M IQBAL ASARIA
Associate, Afkar Consultants Ltd
Head of European Operations, Yasaar Ltd
Non-Executive Director, Amiri Capital services Ltd

Mr Iqbal is a trained Economist and Accountant. He has worked as an Investment Analyst in the City of London for several years. For the last ten years he has been involved in consultancy on financial product structuring and niche marketing services to faith and ethnic communities in the UK.

As part of these services Mr Iqbal has advised many banks in the UK on their launch of Islamic financial services. He is also consultant to a number of institutions on structuring and marketing Islamic financial products in the UK.

For four years he was the Chair of the Business and Economics Committee of the Muslim Council of Britain. He is now a Special Adviser on Business and Economic Affairs to the Secretary General of the Muslim Council of Britain. In this capacity, he was a member of the Governor of the Bank of England's working party.

Iqbal is a member of the Islamic Finance sub-committee of the City's Financial Markets Law Committee (FMLC) and an associate of IBFIM. Iqbal is the Head of European operations of Yasaar Group, a consultancy for Shariah solutions for banking and finance.

He was awarded the CBE in 2005 Queen's Honours List for services to international development.



DAVID BELL
Senior Corporate Relationship Manager
The Co-operative Bank plc

David enjoyed a 37 year long career with Bank of Scotland in a variety of positions both north and south of the border, latterly as Area Sales Manager covering South Wales and the South West. On leaving Bank of Scotland he set up a Corporate Office in Bristol on behalf of Alliance + Leicester covering the same region.

In November 2008 he was asked to head up the Co-operative Bank's new Relationship team in Edinburgh, as part of the Bank's planned expansion into the Corporate Banking market.

His interests include rugby, golf films, travel and reading.



ALBERTO G BRUGNANI
Independent Islamic finance adviser

Alberto G Brugnani, a former director with Merrill Lynch Bank, is an independent Islamic finance adviser and a consultant in inclusive financial sector development. Alberto's unique working experience combines Islamic finance with its conventional and ethical counterparts. His practice focuses on the creation of wealth through the full implementation of the 'social capital' and 'territorial added value' concepts. An innovative use of the financial mechanisms and structures applied to ethical monies allows the emergence of new forms of governance that take into account the social, cultural and economic inclusion of all parts of society

He is the founder and Chairman of the Board of ASSAIF (www.assaif.org) a think tank that structures and develops Shariah-compliant products and instruments with particular emphasis on home financing, Takaful and microfinance. In the mid 1980's he pioneered some of the firsts murabaha transactions and participatory investment schemes (mudharaba) ever done in Europe. In 1997 he released 'Pilot Project Genoardo,' a seminal study for the establishment of a Mediterranean development bank based on Shariah compliant principles. In 2004-2007 he authored and managed on behalf of the European Commission "New Life Styles" a ground-breaking projects on ethical and social finance Alberto regularly chairs some of the major Islamic finance forums worldwide and gives presentations in Italian, French, Arabic and English

SPEAKERS



GRAHAM BURNSIDE
Partner, Tods Murray LLP

Graham heads the Banking & Capital Markets Department at Tods Murray. He is recognised as an expert in banking and finance law and specialises in commercial lending, debt trading and in particular structured and asset-backed finance. He was involved in the earliest securitisation transactions involving Scottish assets and developed (with Tods Murray partner Hamish Patrick) the structures now generally used to securitise assets in Scotland. Graham also advises on the operation of Islamic finance products in Scotland, and devised the first Shari'a-compliant mortgage documentation for the Scottish market. He advised HM Treasury in relation to the stamp duty treatment of Islamic mortgages in Scotland, leading to the provisions in the Finance Act 2005 giving equality with conventional products. He is a member of the Executive Board of the Islamic Finance Council UK.

SPEAKERS



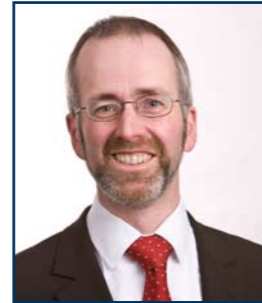
ANN PETTIFOR
Author and Fellow of the new
economics foundation

Ann Pettifor is a fellow of the new economics foundation (nef) and co-author of 'The Green New Deal'. She lectures widely on international finance and sovereign debt; and on the need to devise new economic policies to deal with the 'triple crunch' of the financial crisis; peak oil and climate change. She is also executive director of Advocacy International Ltd.

She blogs at her website: www.debtonation.org and also the Huffington Post www.huffingtonpost.com and has contributed articles to a range of journals, the Guardian and the New Statesman on the current financial crisis.

She is editor of 'The real world economic outlook' (Palgrave 2003) which in 2003 accurately predicted "a seismic crisis" - the bursting of the credit bubble "in America, not Argentina". (Cover of the New Statesman 1st September, 2003.) In 2006 she authored 'The coming first world debt crisis' (Palgrave 2006).

She has worked for more than fourteen years in the field of international debt and finance, and led the global 'Drop the Debt' campaign for the cancellation of the debts of 42 of the poorest countries – Jubilee 2000.



ROBERT I. MOCHRIE
Senior Lecturer in Economics,
Heriot-Watt University

Convener,
Economics Working Group,
Church of Scotland

After a few years working for Bank of Scotland, Robbie completed his doctorate at Warwick University. His theory examined the limitations of rationality in human decision making. Through work with Jubilee Scotland, he began research on the ethical basis of economics, and he has a particular interest in the emergence of economic theology in thirteenth century Western thought.

More recently, he has analysed church growth in nineteenth century Scotland as an economic phenomenon, considering the role of the churches in providing society with an understanding of the ethical nature of commercial activity. He has recently concluded work for the Church of Scotland drafting the remit for a Commission on the Purposes of Economic Activity. Over the next two years, the Commission will develop both a statement of connections between moral values and economic measures of success and report on the extent to which Church of Scotland congregations initiate, support and enable economic development, ensuring that this public ministry is designed to meet the needs of the present time.

SPEAKERS



LORD MOHAMED SHEIKH
Chairman of Camberford
Law PLC and Chairman of
Conservative Muslim Forum

Lord Mohamed Sheikh was trained by and commenced his business career with Sun Alliance Insurance Group in London. He is a Fellow of the Chartered Insurance Institute.

He is the Chairman of Camberford Law Plc. Camberford Law Plc are Lloyd's brokers who are held in great esteem by the Industry and over a period of three years the company were either the winners or were highly commended on twelve major Insurance Awards which is indeed a record. Lord Sheikh has also received a number of personal awards. He has a long connection with the City of London and holds Freedom of the City.

Lord Sheikh was for many years a visiting lecturer on Insurance and Financial Services subjects, he has written educational material as well as being a frequent contributor to the Insurance Publications. Lord Sheikh has held high positions including Presidency and Chairmanship of The Chartered Insurance Institute and British Insurance Brokers Association.

Lord Sheikh was elevated to The House of Lords in 2006 and was in fact the first Muslim to be appointed a Peer by the Conservative Party. He is Chairman of the Conservative Muslim Forum. Lord Sheikh takes an active role in the proceedings of the House of Lords and has spoken on a variety of subjects including Insurance and Financial Services matters.



OMAR SHAIKH
Islamic Finance Council,
Executive Board Member

Omar sits on the UK Treasury and UKTI Islamic Finance Advisory Sub-Committees and is an Executive Board Member of the Islamic Finance Council, UK ('IFC'), a not-for-profit body established to promote the Islamic finance industry. The IFC is actively involved in education and awareness seminars and provides strategy advisory to government bodies and has been appointed to advise on the Scottish Government strategy for Islamic finance. Internationally the IFC, in conjunction with the Securities and Investment Institute, have pioneered an exclusive conventional markets training programme for Shariah scholars that has received endorsement from the UKTI and Central Bank of Malaysia body ISRA.

Omar's background includes working with Ernst & Young UK where he was recognised as the firm's Subject Matter Expert for Islamic finance and successfully lead the build out of the UK Islamic financial services across multiple sector teams. In addition he has worked with the Ernst & Young UK Private Equity team providing financial due diligence and the multi-award winning Ernst & Young Islamic Financial Services Group in Bahrain. Working in EY Bahrain he worked on creating operational frameworks for new Islamic banks and managing the conversion of existing conventional banks into Islamic financial institutions.

Omar has trained as an auditor and received his CA qualification from ICAS, and a Bachelor in Accounting and Finance from the University of Glasgow, UK.

SPEAKERS



IAN VOSE
Head of Global Developed
Markets, SWIP

Years Experience: 26

Years at SWIP: 3

Ian is head of global developed markets at SWIP, responsible for driving performance across SWIP's Global, Japanese and US equity funds.

Ian has a strong track record and wealth of experience in international equities. He previously worked at Allianz Global Investors (formerly Dresdner RCM) where he was responsible for EAFE portfolios. His experience also includes global and European research.

Prior to this, Ian was chief investment officer at GFM International Investors.

Ian also spent 7 years at Morgan Grenfell running Far East (inc Japan) portfolios.

Ian holds a MA (Hons) from Oxford University.

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Scottish Widows Investment Partnership (SWIP) is one of Europe's largest asset management companies, managing over £83 billion worth of assets. We are the investment arm for Scottish Widows and Lloyds Banking Group and invest across all the major asset classes for a wide range of clients, including pension schemes, insurance companies and financial advisers. We offer a comprehensive product range designed to meet investors' needs and count UK and European high alpha equities, fixed interest, multi-manager and shariah compliant funds among our core competencies. Our reputation is built on innovation, insight and teamwork; essential elements in our relentless pursuit of consistent, strong performance



SCOTT DAKERS
Head of Strategic Alliances, SWIP
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Tel: 0131 655 8500

Scott is responsible for SWIP's strategic partnerships, including Scottish Widows' main group and the retail supermarket and distribution platforms. Scott is also responsible for the sales and marketing of SWIP's Islamic capabilities.

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The Chartered Institute of Management Accountants, founded in 1919, is the world's leading and largest professional body of management accountants, with 172,000 members and students operating at the heart of business in 165 countries. CIMA works closely with employers and sponsors leading-edge research, constantly updating its qualification, professional experience requirements and continuing professional development to ensure it remains the most relevant international accountancy qualification for business.

CIMA is committed to upholding the highest ethical and professional standards of members and students, and maintaining public confidence in management accountancy. CIMA is proud to be the first professional accounting body to offer a truly global product in the fast moving area of Islamic Finance.

E. cert.if@cimaglobal.com

www.cimaglobal.com/islamicfinance



The School of Accounting & Finance is pleased to sponsor the Islamic & Ethical Finance Conference, organised by the Islamic Financial Council UK on 29 April 2010 in Edinburgh.

To address the significant shortfall in skills brought about by the rapid global expansion of interest in Islamic banking in recent years, the School will be launching a new programme, MSc in Accounting and Finance, in September 2010 aimed at developing highly trained staff with a knowledge of Islamic accounting and finance practices and theories. This unique programme will focus on a combination of accounting and financial knowledge so that graduates will be able to bridge the gap between accounting and financial knowledge and how it relates to Islamic law. The programme will include an introductory element to the main issues, coverage of the most popular products and how they relate to Sharia law, and how conventional banks compare with the practices of Islamic banks. The MSc also includes a dissertation where students will be able to develop a deeper knowledge of a particular aspect of Islamic finance and accounting. Students will also focus on issues relating to ethical and social justice in Islamic finance as an ethical alternative to traditional banking, particularly since the crisis in conventional banking. The challenges facing Islamic banking will also be explored.

The new programme will be led by Dr Rania Kamla who has considerable experience and research in the area of Islamic accounting and finance.

For more information on the new course visit: <http://www.dundee.ac.uk/accountancy/prospstuds/postgraduate/isacc.htm>

SPONSORS



Delivering qualifications and membership, the CISI is the largest and most widely respected professional body for those who work in the securities and investment industry in the UK and in a growing number of major financial centres round the world.

Since 2005, the organisation has been actively involved in Islamic finance, providing seminars and master classes and delivering the ground-breaking Islamic Finance Qualification. This was launched in 2007 to provide staff working in Islamic finance institutions and supporting professional firms, such as lawyers and accountants, with the first international benchmark qualification to cover Islamic finance from both a technical and a sharia'a perspective.

The syllabus, exam and workbook have all been approved by the Advisory Council for Islamic Finance (ACIF), a panel of experts which has representatives from many jurisdictions across the Gulf and Asia.

The syllabus is wide ranging, covering the Islamic law of contracts, corporate governance, asset and fund management, sukuk and takaful. The IFQ is currently available in English; an Arabic version is being developed and will be launched this year.

More detail on the qualification? Visit cisi.org/ifq

For details on other qualifications, membership and how to keep up to date with industry changes through our CPD scheme and programme of professional events please visit cisi.org

The Co-operative Financial Services (CFS) is the name for the group of businesses consisting of The Co-operative Bank, including Britannia and smile, The Co-operative Insurance, The Co-operative Asset Management and The Co-operative Investments.

CFS is part of The Co-operative Group, which is the world's largest consumer co-operative with around five million members, over £14 billion turnover, and core business interests in financial services, food, travel, pharmacy and funeral care. The Co-operative Group has 5,000 retail trading outlets.

Following the merger with Britannia Building Society in August 2009, the new organisation is one of the largest and well diversified mutual businesses operating in both retail and corporate markets.

As part of The Co-operative Group, the new business will be characterised by its unique ethical and member reward policies and very high levels of customer advocacy.

The combined business has £70 billion in assets, 12,000 staff and nine million customers. It has over 300 high street branches, 20 corporate banking centres and a major presence in Manchester, London, Leek, Bristol, Plymouth, Skelmersdale and Stockport. There are also 1,000 face-to-face financial advisers throughout the UK.

It is the only mutual organisation that enables its members to earn financial rewards for the products they hold, as well as giving them the opportunity to have a say in how the business is ran.

SPONSORS



BUILDING AN ALTERNATIVE FINANCIAL SYSTEM
NOT JUST FOR MUSLIMS

The London based Institute of Islamic Banking and Insurance (IIBI) is a pioneering not-for-profit organisation founded in 1990 to establish a wider base of knowledge and understanding of the principles of Islamic banking and Islamic insurance promoting the goal of socio-economic justice and inclusiveness that is capable of transforming the Western conventional interest-based system for the benefit of mankind. The most common obstacle in achieving the goal is overcoming the prejudice of bankers and financial experts trained in the conventional framework against adopting any ideas associated with Islamic belief. An examination of the Islamic parameters with an open mind will show that these provide the solutions for most of the financial ills of the present time. Equally, Muslims could learn useful lessons from the financial developments in the West. IIBI has entered in to an agreement with SII (now the Chartered Institute for Securities and Investment) to promote London as the hub of Islamic finance. The key activities of IIBI are:

Professional Education: IIBI is offering a range of courses with a Post Graduate Diploma (PGD) in Islamic Banking and Insurance and a Diploma in Islamic Banking. The PGD is recognised by the Durham University as an entry as an entry qualification for its postgraduate degrees in Islamic Finance (including the MA & MSc in Islamic Finance and the Research MA). IIBI will also be offering a Diploma and a Certificate course in Islamic insurance followed by advanced professional diploma modules offering the opportunity to specialise in specific subjects.

For more information, please visit www.islamic-banking.com



Tods Murray LLP is a leading independent Scottish law firm, dedicated to providing first rate, innovative and commercially aware specialist legal advice to companies, institutions and organisations, within both the public and private sectors, and to families, individuals and charities. The firm provides a wide range of services across 20+ practice areas and sector based teams including the highly rated Banking & Finance teams which are headed by Graham Burnside. Graham has been at the forefront of Islamic finance developments in Scotland since 2004 and is also an executive board member of the Islamic Finance Council UK. In 2005, he created the first Islamic mortgage for Scotland and has subsequently worked on other Shari'a compliant financial products. Graham Burnside is described by the 2009 Chambers & Partners Guide to the Legal Profession as "absolutely superb" in securitisation and structured finance, with sources labelling him the Scottish securitisation guru. He also offers expertise in more specialist areas such as debt trading, mortgage book finance and Islamic finance."

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GLOSSARY OF ARABIC TERMS



Courtesy of New Horizons

al-wakala:	Absolute power of attorney.
amanah / amana	Lit: reliability, trustworthiness, loyalty, honesty. Technically, an important value of Islamic society in mutual dealings. It also refers to deposits in trust. A person may hold property in trust for another, sometimes by implication of a contract.
arboun / arbun	A non-refundable down payment for attaining the right to buy goods at a certain time and certain price in future; if the right is exercised, it becomes part of the purchase price.
awqaf / awqaf	A religious foundation set up for the benefit of the poor.
bai al-ina	This refers to the selling of an asset by the bank to the customer on a deferred payments basis, then buying back the asset at a lower price, and paying the customer in cash terms. Generally not an accepted principle in the Gulf, but is allowed by shariah scholars in Malaysia. This represents one of the key differences in the shariah opinion between the two regions.
fatwa / fatwah	A ruling made by a competent Shari'ah scholar on a particular issue, where fiqh (Islamic jurisprudence) is unclear. It is an opinion, and is not legally binding.
gharar	Lit: uncertainty, hazard, chance or risk. Technically, sale of a thing which is not present at hand; or the sale of a thing whose consequence or outcome is not known; or a sale involving risk or hazard in which one does not know whether it will come to be or not.
Hadith	A record of the sayings, deeds or tacit approval of the Prophet Muhammad (PBUH).
halal	Activities which are permissible according to Shari'ah. The concept of halal has spiritual overtones. In Islam there are activities, professions, contracts and transactions which are explicitly prohibited (haram) by the Quran or the Sunnah. Barring them, all other activities, professions, contracts, and transactions etc. are halal. This is one of the distinctive features of Islamic economics vis-à-vis Western economics where no such concept exists. In Western economics, all activities are judged on the touchstone of economic utility. In Islamic economics, other factors, mostly spiritual and moral are also involved. An activity may be economically sound but may not be allowed in the Islamic society if it is not permitted by the Shari'ah.
haram	Activities which are prohibited according to Shari'ah.
ijara / ijarah	A leasing contract under which a bank purchases and leases out a building or equipment or any other facility required by its client for a rental fee. The duration of the lease and rental fees are agreed in advance. Ownership of the equipment remains in the hands of the bank.

istisna	A contract of acquisition of goods by specification or order, where the price is fixed in advance, but the goods are manufactured and delivered at a later date. Normally, the price is paid progressively in accordance with the progress of the job.
maysir / maisir	Gambling – a prohibited activity, as it is a zero-sum game just transferring the wealth not creating new wealth.
mudarah / mudaraba / modarah / modaraba	A form of business contract in which one party brings capital and the other personal effort. The proportionate share in profit is determined by mutual agreement at the start. But the loss, if any, is borne only by the owner of the capital, in which case the entrepreneur gets nothing for his labour.
mudarib	In a mudarah contract, the person or party who acts as the entrepreneur.
mufti	An Islamic scholar, who interprets or expounds Islamic law and gives fatwa.
murabaha / murabahah / morabaha	A contract of sale between the bank and its client for the sale of goods at a price plus an agreed profit margin for the bank. The contract involves the purchase of goods by the bank which then sells them to the client at an agreed mark-up. Repayment is usually in instalments.
murabaha, commodity	A murabaha contract using certain specified commodities, through a metal exchange.
musharakah / musharaka	An agreement under which the Islamic bank provides funds which are mingled with the funds of the business enterprise and others. All providers of capital are entitled to participate in the management but not necessarily required to do so. The profit is distributed among the partners in predetermined ratios, while the loss is borne by each partner in proportion to his contribution.
musharakah, diminishing	An agreement which allows equity participation and sharing of profit on a pro rata basis, but also provides a method through which the bank keeps on reducing its equity in the project and ultimately transfers the ownership of the asset to the participants.
qard hasan / qard al hasana / quard hasana / quard al hassan	An interest-free loan given for either welfare purposes or for fulfilling short-term funding requirements. The borrower is only obligated to pay back the principal amount of the loan.

GLOSSARY OF ARABIC TERMS

rab-al-maal	In a mudarah contract the person who invests the capital.
retakaful	Reinsurance based on Islamic principles. It is a mechanism used by direct insurance companies to protect their retained business by achieving geographic spread and obtaining protection, above certain threshold values, from larger, specialist reinsurance companies and pools.
riba	Lit: increase or addition. Technically it denotes any increase or addition to capital obtained by the lender as a condition of the loan. Any risk-free or 'guaranteed' rate of return on a loan or investment is riba. Riba, in all forms, is prohibited in Islam. Usually, riba and interest are used interchangeably.
riba al-buyu	A sale transaction in which a commodity is exchanged for the same commodity but unequal in amount and the delivery of at least one commodity is postponed. To avoid riba al-buyu, the exchange of commodities from both sides should be equal and instant. Riba al-buyu was prohibited by the Prophet Muhammad to forestall riba (interest) from creeping into the economy from the back door.
riba al-diyun	Usury of debt.
riba al-fadl	Usury of trade. It is an alternative term for riba al-buyu.
riba al-nasiah	Increment on the principal of a loan payable by the borrower. It refers to the practice of lending money for any length of time on the understanding that the borrower would return to the lender at the end of this period the amount originally lent together with an increment in consideration of the lender having granted him time to pay. The increment was known as riba al-nasiah. It was in vogue in Arabia in the days of the Prophet Muhammad.
salam / bai al-salam / bai salam / bai'salam	Salam means a contract in which advance payment is made for goods to be delivered later on.
Shari'ah / Sharia / Shariah / Syaria / Syari'ah / Syar'a	Refers to the laws contained in or derived from the Quran and the Sunnah (practice and traditions of the Prophet Muhammad (PBUH)).
Shari'ah board	An authority appointed by an Islamic financial institution, which supervises and ensures the Shari'ah compliance of new product development as well as existing operations.
shirkah	A contract between two or more persons who launch a business or financial enterprise to make profit.
shirkatulaqd	A contract between two or more persons who launch a business or financial enterprise to make profit. Generally it is termed as 'shirkah'.

shirkatulmilk	Partnership by ownership, which could be automatic as in the case of inheritance by eg two brothers, or optional such as two persons purchasing a property jointly (not for a commercial purpose).
sukuk	Similar characteristics to that of a conventional bond with the key difference being that they are asset backed; a sukuk represents proportionate beneficial ownership in the underlying asset. The asset will be leased to the client to yield the return on the sukuk.
Sunnah	It refers to the sayings and actions attributed to Prophet Muhammad (PBUH).
ta'awuni	A principle of mutual assistance.
tabarru	A donation covenant in which the participants agree to mutually help each other by contributing financially.
takaful	A form of Islamic insurance based on the Quranic principle of mutual assistance (ta'awuni). It provides mutual protection of assets and property and offers joint risk sharing in the event of a loss by one of its members.
tawaruq / tawarruq	A sale of a commodity to the customer by a bank on deferred payment at cost plus profit. The customer then sells the commodities to a third party on a spot basis and gets instant cash.
wa'ad	A promise to buy or sell certain goods in a certain quantity at a certain time in future at a certain price. It is not a legally binding agreement.
wakala / wakalah	A contract of agency in which one person appoints someone else to perform a certain task on his behalf, usually against a certain fee. The agent (wakil) is allowed to generate an income for himself in excess of the minimum agreed upon returns as agreed with rab-al-maal (investor of the capital).
wakil	In a wakala contract, a representative (agent), who acts on behalf of the principal/investor.
waqf / wakf	An appropriation or tying-up of a property in perpetuity so that no propriety rights can be exercised over the usufruct. The waqf property can neither be sold nor inherited nor donated to anyone.
zakat / zakah	An obligation on Muslims to pay a prescribed percentage of their wealth to specified categories in their society, when their wealth exceeds a certain limit. Zakat purifies wealth. The objective is to take away a part of the wealth of the well-to-do and to distribute it among the poor and the needy.

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