



# Islamic Risk Management MasterClass

IRMMC 2010



4 day course

## Who should attend ?

Anyone intending or already offering Islamic banking, investment or finance products including:

- Accountants
- Lawyers
- Consultants
- Bankers
- Capital Market Regulators
- Sales Development Executives
- Marketing Executives
- Product Dev. Managers / Executives
- Managers
- Auditors
- Pension fund administrators
- Financial Market Regulators
- Mortgage Institutions

## Risk Management & Corporate Governance for Islamic Financial Institutions - Masterclass

This expert four-day course will cover:

**JOHANNESBURG**

- Islamic Banking Supervision
- Introduction to Islamic economics and Islamic banking principles
- Introduction to Corporate Governance & Risk Management at IFIs
- Risk and Contract Structuring in Islamic Finance
- Preparing to identify risk in Islamic Finance and Investment Techniques
- IFSB Risk Management & Capital Adequacy Standards
- Analysing the Risk profile of Diminishing Musharaka
- Corporate Governance at Islamic Financial Institutions
- Investment Funds and Risk
- Treasury Risk Management
- Takaful Risk Management
- Shariah Compliance Process

Course Director: Sheikh Ziyaad Mohammad

### DATE:

Monday 8th - Thursday 11th February, 2010

### VENUE:

The Micheal Angelo Hotel, Johannesburg, South Africa.

Be the first to attend  
this new Course in  
**JOHANNESBURG**



Enquire or register your interest today!  
web: [www.themetskillsltd.com](http://www.themetskillsltd.com)

The Metropolitan Skills Ltd Abuja in partnership with  
The Islamic Finance Institute of Southern Africa, Johannesburg

# Agenda



### Course Objectives

The management of risk and Islamic Banking Supervision focus on understanding the primary constituents of Islamic banking and investments, thereby providing a strong foundation for product development. It will also assist executives that are considering the offering of Islamic Finance in developing a business case by understanding the requirements and dynamics of the sector. It also gives valuable insight into the Regulatory Framework for the Regulation of Islamic Finance around the world.

### Course Methodology

The course will be organised into one-hour sessions over four days where speakers will highlight concerned issues.

### Topics covered will include

- Islamic Banking Supervision
- Introduction to Islamic economics and Islamic banking principles
- Introduction to Corporate Governance & Risk Management at IFIs
- Risk and Contract Structuring in Islamic Finance
- Preparing to identify risk in Islamic Finance and
- Investment Techniques
- IFSB Risk Management & Capital Adequacy Standards
- Analysing the Risk profile of Diminishing Musharaka
- Corporate Governance at Islamic Financial Institutions
- Investment Funds and Risk
- Treasury Risk Management
- Takaful Risk Management
- Shariah Compliance Process

## Day 1

### Introduction to Islamic Finance & Risk

#### Introduction to Islamic economics and Islamic banking principles

- The Islamic Finance Framework:
  - Debt vs Equity
  - Fundamental Differences in Islamic Finance
- Legal maxims in Islamic banking and finance

#### Introduction to Corporate Governance & Risk Management at IFIs

- The concept of risk in Islam
- The methodology of analyzing risk in IFI transactions
- Source of Risk Management & Corporate Governance guidelines in Islamic Finance
- The role & structure of the IFSB Standards

#### Risk and Contract Structuring in Islamic Finance

- Legal Commercial Islamic Contracts
- Selecting appropriate classical contracts
- Managing risk through commitments
- Risks in Shariah Contracts under non-Islamic jurisdiction

#### Preparing to identify risk in Islamic Finance and Investment Techniques

- A review of Shariah investment and deposit products
  - Mudaraba, Wadia, Amanah
- Shariah Financing Products
  - Murabaha, Ijara, Musharaka, Salam, Istisna

## Day 2

### IFSB Risk Management & Capital Adequacy Standards

- **Reviewing IFSB 1: Risk Management Standard**
  - Guiding Principles
  - Risk Areas in Islamic Finance
- **Reviewing IFSB 2: Capital Adequacy Standard**
  - Basel vs IFSB 2
  - The capital adequacy ratio

#### Analysing Risk Profiles in Equity-based instruments

#### Practical Exercise : Detecting risk in Mudaraba, Wadia and Amanah products

- Comparing Mudaraba-based products with conventional products
- Identifying the risks in Mudaraba structuring
- Risk weighting for Mudaraba structures

#### Managing the risk

- Identify key methods of risk management for Mudaraba
- Disclosure of equity-based instruments in the AACIFI Financial Statements
- Reserve management as a method of risk mitigation:
  - Investment Risk Reserve vs Profit Equalisation Reserve

#### Analysing the Risk profile of Diminishing Musharaka

#### Practical Exercise : Detecting risk in Diminishing Musharaka

- Reviewing the structures of Diminishing Musharaka
- Risk profile of Diminishing Musharaka
- Managing the risk in Diminishing Musharaka

#### Analysing Risk Profiles in Sale-based instruments

#### Practical Exercise : Detecting risk in Murabaha

- Advanced Murabaha application and structuring
  - Murabaha to the Purchase Orderer
  - Commodity Murabaha

- Identifying the risks
- Managing the risks

#### Group Discussion & Presentation :

#### Preparing a risk mitigation framework / strategy for credit-default risk at IFIs

#### Analysing Risk Profiles in Lease-based instruments

#### Practical Exercise : Detecting risk in Ijara

- Reviewing alternative Ijara structures
- Risk profiling of Ijara structures
- Disclosure and management of Ijara according to AACIFI

## Course Director

### Ziyaad Muhammad

Founder and Chief Executive Officer  
Islamic Finance Institute of Southern Africa (IFISA)

Ziyaad Muhammad is the founder and CEO of Islamic Finance Institute of Southern Africa (IFISA), the only dedicated Islamic finance training institute on the African continent and has lectured widely throughout South Africa.

Ziyaad served as National Marketing & Product Development Manager for Albaraka Bank South Africa. He has also been directly involved in the launching of a Shariah Compliant Unit Trust and Islamic Insurance (Takafol) in South Africa.

He holds academic qualification in commerce, strategy and Islamic Law. Ziyaad has authored the study material used for distance learning at the Institute including a booklet on Islamic Insurance and numerous works on mathematics, science and accounting. Ziyaad has frequently contributed to various newspapers and magazines for the last 5 years. He has also presented extensively on radio and international satellite channels on Islamic finance, local & international markets, banking issues and economics for many years.

- Involved in Corporate & Executive training for the last 12 years
- Received certification from Islamic Scholars in the Qur'anic Sciences, Traditions, Exegeses, Jurisprudence of Transactions, and other related Shariah disciplines in South Africa and Egypt.
- Radio personality in Islamic Finance & Economics in South Africa
- Served as National Marketing & Product Development Manager at Albaraka Bank South Africa
- Involved in the development and launch of the first Islamic Insurance/ Takafol model for Takafol South Africa and a successful Shariah Compliant Unit Trust
- Served as Co-ordinator Disaster Recovery & Business Continuity at Albaraka Bank
- Trained & consulted to Central Bank officials in South Africa, Malawi, Kenya, Tanzania & Nigeria
- Lectured, advised and trained Executives, Legal counsel and Shariah Scholars in Austria, Turkey, the Middle East and extensively in East, West & South Africa
- Lectured to more than 2,000 participants in the last 3 years in Islamic Finance
- Studied Bachelor of Commerce at the Rand Afrikaans University
- Studied Islamic Law at the University of Kwazulu Natal & MBA at the Management College of South Africa



## Analysing Risk Profiles in Forward Sale Instruments

- Reviewing alternative Salam and Istisna structures
- Risk profiling of Salam structures
- Risk profiling of Istisna structures
- Disclosure and management according to AAOIFI

## Day 3

### Corporate Governance at Islamic Financial Institutions

- What is Corporate Governance in Islam ?

### Case Study: A typical Corporate Governance structure at an Islamic Bank

#### IFSB 3 : Guiding Principles for Corporate Governance at Islamic Banks

- o Relevant Boards & their responsibilities
- o The Shariah Supervisory Board (SSB)
- o Fit & Proper Requirements & the selection process
- o Internal Shariah Advisor / Officer
- o Roles & Responsibilities
- o Monitoring, reporting and audit structures
- o Assessment of effectiveness
- o Separation of parties (shareholders vs management)

### Effective Supervision of IFIs

#### IFSB 4 : Transparency & Market Discipline

- o A review of disclosure of IAH (restricted and unrestricted)
- o Shariah Governance vs General Governance
- o Treatment of Islamic Banking Windows

#### Supervision by Central Bank : What's important ?

#### IFSB 5 : Guidance on the Supervisory Review Process

- o Risk Management Processes
- o Corporate Governance Processes
- o Audit and Compliance
- o Related party transactions
- o Transparency & Market discipline
- o Islamic banking windows regulation

### Case Study : Reviewing the International Approach to Islamic banking regulation Kuwait, Singapore, London, Pakistan

### Reviewing the 'State Bank of Pakistan's Risk Management Guidelines Summarising the 6 Key Risk Areas

## Day 4

### Investment Funds and Risk

- An analysis of risk elements of investment funds
- The IFSB Corporate Governance Standard on Collective Investment Schemes
- Mitigating risk through third party guarantees

### Treasury Risk Management

- Managing the liquidity mismatch
- Liquidity buffers and Shariah instruments :
  - o Commodity Murabaha
  - o Islamic Hedging Instruments

### Takaful Risk Management

- Determining the approach
- Managing the risk of the Takaful fund
- Reviewing risk within the participation scheme
- Awareness of the IFSB Standard on managing risk for Takaful

### Shariah Compliance Process

- Shariah certification and its significance
- A brief review of the Shariah Audit process
- Shariah reporting guidelines
- Establishing a Shariah Compliance cycle

### Practical Exercise : Sample Shariah Certificates and their issuance

### Group Workshop & Discussion :

#### Methodology for Drafting Risk Management Policies on ::

- Corporate Governance Policies
- Shariah Compliance Framework

### Assessment and Certification

## About us

The Metropolitan Skills Ltd. is a multi service company with one of its core business objective being to provide capacity building programs to individuals and institutions with our target audience being Banks, other Financial Institutions and Lawyers in private practice and or legal counsels to financial institutions.

## In-house Training

Our in-house courses offer a highly cost effective training option for you and your clients. We can deliver all of our programs in your chosen location at a time which is convenient for you. For further information, please contact Tel: +234 805 7200 075  
Email: [inhouse@themetskillsltd.com](mailto:inhouse@themetskillsltd.com)

## Venue:

All of our training courses are held in 4-5 star centrally located venues. The training venues are selected by both their location and training and refreshment facilities, this ensures that you will only learn in comfortable and convenient environments. Due to the variation of delegate numbers, confirmation of the venue, full address and details of how to get there can only be sent to you approximately three weeks prior to the course start.

## Accommodation:

If you require accommodation for the duration of the course, metropolitan skills ltd will make hotel reservation of your choice. We strongly advice you make hotel reservation early. For contact  
Tel: +234 803 787 0069  
Email: [inhouse@themetskillsltd.com](mailto:inhouse@themetskillsltd.com)

## COURSE BACKGROUND

At an estimated value of \$900 billion, Islamic Finance and its principles are fast becoming popular in every region of the global financial sphere. As banks in Japan, China and even South America delve into the Islamic Financial space, information dissemination has become a priority.

Coupled with education is regulation that stands to protect all industry players with a focus on consumers. With the recent collapse of most major financial markets primarily due to a lack of sufficient regulation on specific investment instruments, risk management and regulatory policy has become priority.

Now, more than ever before, risk control procedures, corporate governance, central bank regulation and supervision have all become essential to Islamic Financial Service Structuring.

This intensive training course serves as both an introduction to Islamic Banking, Finance and Investment Risk as well as regulation

as set by the Islamic Financial Services Board, the leading authority in Corporate Governance for Islamic Financial institutions. The course trainer takes participants through an easy-to-follow explanation, demystifying risk and its management for Islamic Financial Institutions. Use of case studies, visual aids and group discussions are used to deliver an unforgettable training experience. A thorough understanding of the technicalities of the Islamic finance will keep the participants updated and fully informed of the latest developments in the industry. The programme will also assist executives that are considering the offering of Islamic Finance in developing a business case by understanding the requirements and dynamics of the sector. It will also assist those that are saddled with regulating business in this industry to be up to speed with the ways to carry out their responsibilities properly.



An intensive four-day course



# Islamic Risk Management MasterClass

IRMMC 2010



4 day course

The Metropolitan Skills Ltd., Abuja  
Plot 785, Samuel Ademulegun Street, CBD,  
Abuja, Nigeria  
Telephone: +234 803 787 0069  
Email: [info@themetropolitanskillsLtd.com](mailto:info@themetropolitanskillsLtd.com)  
Web: [www.themetskillsLtd.com](http://www.themetskillsLtd.com)

## Risk Management & Corporate Governance for Islamic Financial Institutions - Masterclass

DATE: Monday 8th - Thursday 11th February, 2010  
VENUE: The Micheal Angelo Hotel, Johannesburg, South Africa.

### Registration Form

To reserve a place please complete this form and Send payment details to:

**Gboyega Agunbiade**, Director Conferences  
The Metropolitan Skills Ltd. at address below

Complete in BLOCK CAPITALS  
Please photocopy for multiple registrations, and/or pass to colleagues with interests in this area.

#### Delegate details

Surname \_\_\_\_\_ Mr/Mrs/Ms

First Name \_\_\_\_\_

Position \_\_\_\_\_ Department \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Email \_\_\_\_\_

I have read and understood the booking terms and conditions

Signature \_\_\_\_\_ Date \_\_\_\_\_

#### Fees

Fees include tuition documentation, lunch and refreshments.  
Delegates are responsible for their own accommodation and transportation.

An invoice will be sent upon receipt of registration form  
Please note, payment must be received prior to course start

#### Payment details

Payment is required with registration and must be received prior to the programme start date to guarantee a place.

**CHEQUE ENCLOSED:**  
**BANK TRANSFER:**

**BANK DETAILS:**  
The Metropolitan Skills Ltd  
Guaranty Trust Bank, Area 3  
Acct No.: 2437473110  
Soft Code: 058083215

#### Sponsor details I wish to register the delegate indicated

Surname \_\_\_\_\_ Mr/Mrs/Ms

First Name \_\_\_\_\_

Position \_\_\_\_\_ Department \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

#### Course Fee

**Standard Rate: \$2500**  
Tax Exclusive

#### Programme

It may be necessary to change speakers and for the timing and contents of the programme if warranted by circumstances beyond control.

#### Cancellations & Transfers

If you are unable to attend, a substitute delegate is welcome at no extra charge provided full details are advised at least 2 days before start date. A full refund less 10% administration charge will be made for cancellation received at least 21 days before the start date. A full set of documentation and 50% refund will be given for later cancellation received upto 7 days prior to start date. No refund can be given for cancellations received less than 7 days prior to start date.

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