

The Landscape of Opportunity

Defining the Driving Forces of Growth for Islamic Finance in Europe

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Key Facts

- Total Muslim population 1.5 billion. A Muslim population in Europe, excluding Turkey, estimated at only 1% but shifted from an “immigrant profile” to “full fledged” European citizens.
- Islamic Assets currently valued in excess of USD 700 billion, heading towards 1 Trillion by end of 2010. The industry remains fragmented and will require “sizeable” institutions to keep growing at the same pace in the future.
- Europe Islamic Finance development has been restricted to the UK so far but continental Europe (Especially France and Germany but also Italy) could be the next growing market.



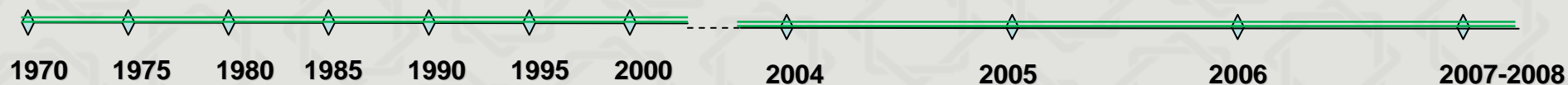
Key Facts (cont'd)

- Islamic Finance booming interest in the GCC coupled with the excess of liquidity from the oil revenue will certainly support tremendous growth of Islamic Assets.
- GCC states earned USD 364 bn in 2007. Projected revenue for 2007 and 2008 together is USD 1.3 Trillion.*
- Despite buoying regional project finance, assets will need to be generated outside the Gulf.
- European IFIs should focus on sourcing deal outside the GCC.

* Source : Al Shall Economic Consultant of Kuwait



Pioneering Islamic Financing development in Europe



Mid 1970's

Establishment of Islamic Banks in the GCC countries. Including Kuwait Finance House in 1977.

1988

First Islamic Mortgage in Europe.

1997

UBK provides Murabaha and Ijarah home finance in UK

2004

- First Retail Islamic Bank in Europe (IBB).
- Saxony Anhalt (Germany) Euro 100 million Sukuk Ijarah. KFH co-lead manager

2005-2006

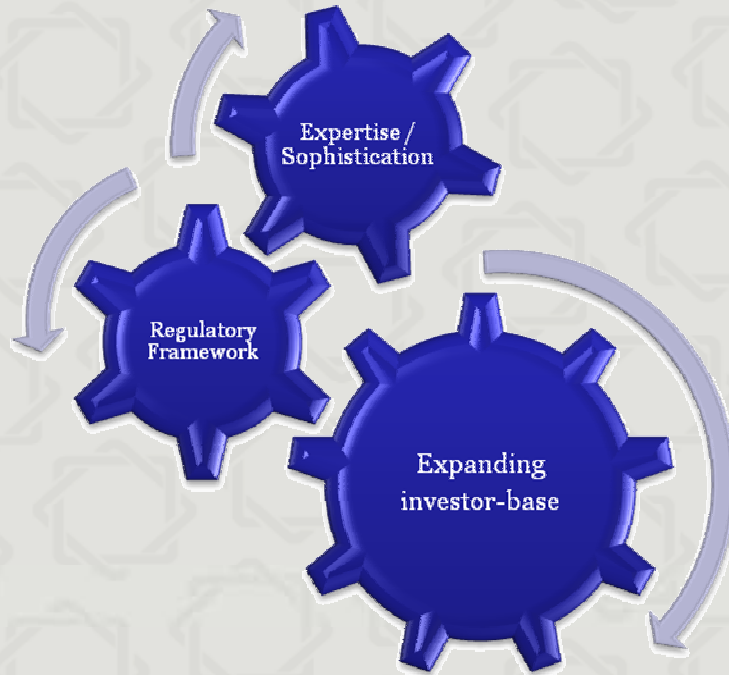
- UK's Finance Law 2005, changes related to taxation of Islamic products
- EIIB set-up as the first Islamic Investment Bank in Europe.

2007-2008

- Three new wholesale Islamic Banks setting up in London (BLME, EFH, Gatehouse).
- LloydsTSB first Islamic Business & corporate Account
- UK Sovereign sukuk under study.
- In France, the Senate organized round tables on Islamic Finance.
- AMF, French Financial Markets regulatory body, announced the possibility to list and trade sukuku in Paris.



Three main factors driving European contribution to the Islamic finance industry



- London Metal Exchange - liquidity management services.
- European Bank's expertise in Asset Management, Structure Finance, Derivatives.
- Geneva – wealth management.

- 2005 Finance Act facilitating Islamic Finance Development in UK.

- Significant need for GCC liquidity
- GCC investors likely to diversify their portfolio (in terms of asset classes / geographical strategy)



Challenges

- Regulatory Framework.
- Political willingness.
- Standardization.
- Education.



Thank You.

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