

Funds@Work[®]

THE INVESTMENT INDUSTRY'S STRATEGY CONSULTANT

**7 years of pioneering work,
over 80 projects in 14 countries,
unique insights based on more than
24,000 hours of systematic
and model based research**

Shariah Scholars in the GCC – A Network Analytic Perspective



About Funds@Work AG

- We are a research based strategy consultant with strong implementation skills and have completed more than 100 projects in 14 countries over the last 7 years.
- Having consistently applied our scientific screening model to the individual countries in Europe, the Gulf and beyond, for 7 years, we have accumulated a wealth of insights that is unparalleled in the industry.
- We use dynamic network and social network analysis techniques and visualize entire ecosystems and their market participants such as investors across our core and strategic markets. We are in a position to “virtually” see details that remain uncovered for others and update our images of the markets and their participants on a daily basis.
- Ecosystem maps enable us to navigate our clients visually through the complexities of individual markets, a methodology that is unique and reflects the clear differentiation of our organisation, that is strongly committed to scientific work in order to drive innovation which is relevant for our industry.



Goal of our research

- The aim of our work is to shed more light on the Shariah landscape and give insights into Shariah scholars' engagements in institutions in the Gulf Cooperation Council and beyond
- We use network analysis techniques in order to highlight existing relations
- Our research involved screening all relevant institutions across the GCC and beyond and their involvement in Sharia related activities
- We hereby analyse existing documents to get insights into Sharia boards and their members as well as their links to institutions across the region. By mapping existing relationships we get a solid overview of their involvement. Our 7 year exposure to the GCC and related project experience form the basis for our understanding of the Shariah market
- As Corporate Governance related topics will most likely play a more dominant role in the Shariah market in the future, especially in the GCC, we would like to highlight the structural situation in the current market in order to give industry participants unique insights into the existing web of relationships (as of 31 December 2008).

Shariah scholars' engagement in financial services organisations

Our analysis covered the following number of players and countries:

- **131** companies from Bahrain, Dubai, Kuwait, Qatar, Saudi Arabia and Abu Dhabi have been screened on their **498** Shariah Board positions
- **121** Scholars from **19** different countries (Bahrain, Dubai, Kuwait, Qatar, Saudi Arabia, UAE/Abu Dhabi, Malaysia, Sudan, Iran, Pakistan, Yemen, Jordan, Tunisia, Lebanon, Turkey, South Africa, Indonesia, and the UK) were identified based on legal documents and other information highlighting their involvement in Shariah Boards of various service and product providers as well as industry bodies.
- In the following presentation and because of our focus on the GCC only scholars from Bahrain, Dubai, Kuwait, Qatar, Saudi Arabia and Abu Dhabi were taken into account plus Dr Daud Bakar from Malaysia (22 board positions in the GCC) and Sheikh Muhammad Taqi Al Usmani from Pakistan (8 board positions in the GCC) because of their relevant positions



Shariah scholars' engagement in financial services organisations contd.

Our analysis covered the following number of players and countries:

- This selection process leaves **94** scholars on **467** board positions and it leads to an estimated number of **5** board positions per scholar
- Disregarding all scholars with less than 3 actual board positions leaves **400** positions for **38** scholars leading to **10,5** expected board positions per scholar
- Looking at the Top 20 scholars (6 or more board positions) leaves **339** board positions, equaling **17** expected board positions per scholar
- The Top 10 scholars (15 or more positions) share **253** positions leading to **25,3** positions per scholar

Distribution of the board positions between the scholars

- The numbers indicate that about **54,18 (68)%** of all shariah board positions throughout the GCC are shared by only **11 (21) %** of the active scholars if board positions of the Top 10 (Top 20) are summed up.
- Shaikh Nizam Mohammed Saleh Yaquby (Bahrain), Shaikh Dr. Abdul Satar Abdul Karim Abu Ghuddah (Saudi Arabia) and Dr. Mohammed Eid Elgari (Saudi Arabia) alone make up **50%** of the positions of the Top 10 or **26%** of the total amount of board memberships in the GCC
- In the following, we will provide different and profound network analyses on the interdependencies and the linkage between the different companies and scholars within and throughout the relevant countries

Top 20 Scholars

and their Shariah Board memberships at various institutions in the individual countries (including international providers)

Rang	Scholar	Bahrain	Dubai	Kuwait	Qatar	Saudi Arabia	Abu Dhabi	International	Σ
1	Shaikh Nizam Mohammed Saleh Yaquby (B)	19	4	6	2	1	3	11	46
2	Shaikh Dr. Abdul Satar Abdul Karim Abu Ghuddah (S)	9	5	11	2	4	1	13	45
3	Dr. Mohammed Eid Elgari (S)	7	3	5	1	7	0	8	31
4a	Dr. Abdulaziz Khalifa Al Qassar (K)	2	0	18	0	0	1	1	22
4b	Shaikh Dr. Mohd Daud Bakar (M)	6	4	2	1	0	0	9	22
6	Shaikh Abdulla Bin Sulaiman Al Manea(S)	7	2	0	0	9	1	1	20
7	Shaikh Dr. Hussein Hamid Hassan (D)	6	6	0	0	0	3	4	19
8	Shaikh Dr. Ali Mohi Eldinne Al Qaradaghi (S)	4	5	2	3	0	0	3	17
9	Dr. Essa Zaki Essa (K)	1	0	15	0	0	0	1	17
10	Shaikh Ajeel Jasim Al Nashmi (K)	4	4	5	0	0	1	1	15

Top 20 Scholars (cont.)

Rang	Shaikh	Bahrain	Dubai	Kuwait	Qatar	Saudi Arabia	Abu Dhabi	International	Σ
11	Sheikh Dr. Khalid Al Mathkour (K)	2	0	11	0	0	0	1	14
12	Dr. Mohamed Abdul Razzaq Al Tabatabai (K)	0	0	11	0	0	0	1	12
13a	Mr. Abdul Sattar Ali Al Qattan (K)	1	2	4	1	0	0	1	9
13b	Sheikh Ahmed Bazie Al Yassen (K)	1	0	7	0	0	0	1	9
15a	Shaikh Esam Mohammed Ishaq (B)	4	1	1	0	0	0	2	8
15b	Shaikh Yusuf Talal De Lorenzo (S)	1	3	1	0	0	0	3	8
15c	Sheikh Muhammad Taqi Al Usmani (P)	4	0	0	0	0	1	3	8
18	Sheikh Dr. Mohammad Fawzi Faidullah (K)	1	0	5	0	0	0	1	7
19a	Sheikh Dr. Issam Khalaf Al Inzi (K)	1	0	4	0	0	0	1	6
19b	Dr Abdullah bin Muhammad Al Mutlaq (S)	0	0	0	0	5	0	1	6
	# Companies	27	14	37	5	10	6	17	120

Top 20 Scholars

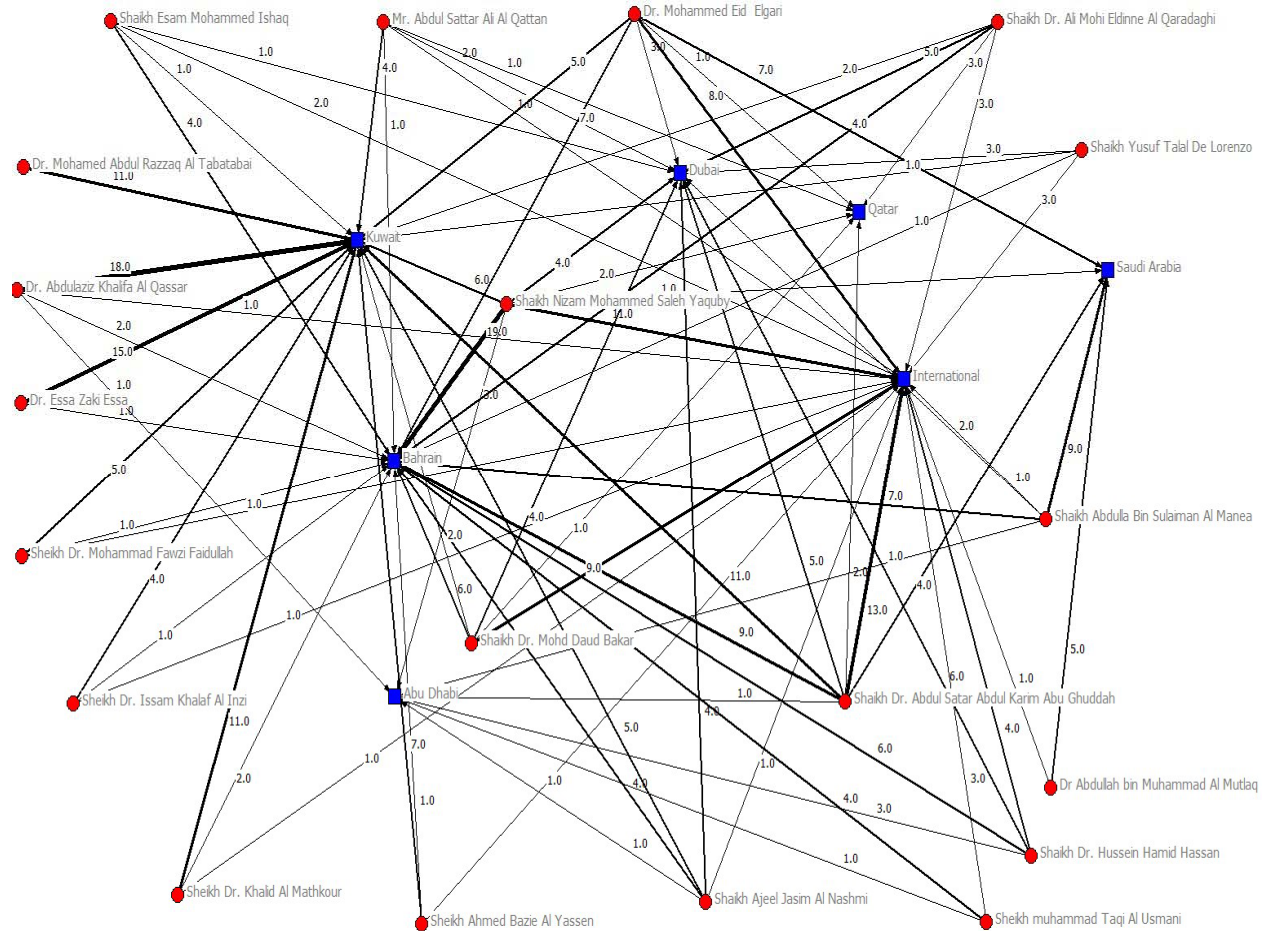
Some major assumptions can be derived from the provided data (graph and table):

1) Local Hero Effect:
Most of the scholars have most of their positions within their country of origin (e.g. Yaquby ~45% of all mandates in Bahrain, Qassar ~82% in Kuwait, etc); The exceptions are Abu Ghuddah (Saudi Arabia) and Qaradaghi (Qatar);

Daud Bakar and Usmani are somewhat special as there was no analysis of Malaysia and Pakistan respectively

This chart is a visual representation of the previous table. The red dots indicate the Shariah scholar linking them to individual countries.

The numbers on the links indicate the amount of positions they pursue with locally registered companies



Top 20 Scholars and their involvement in „international“ entities with origin outside the GCC

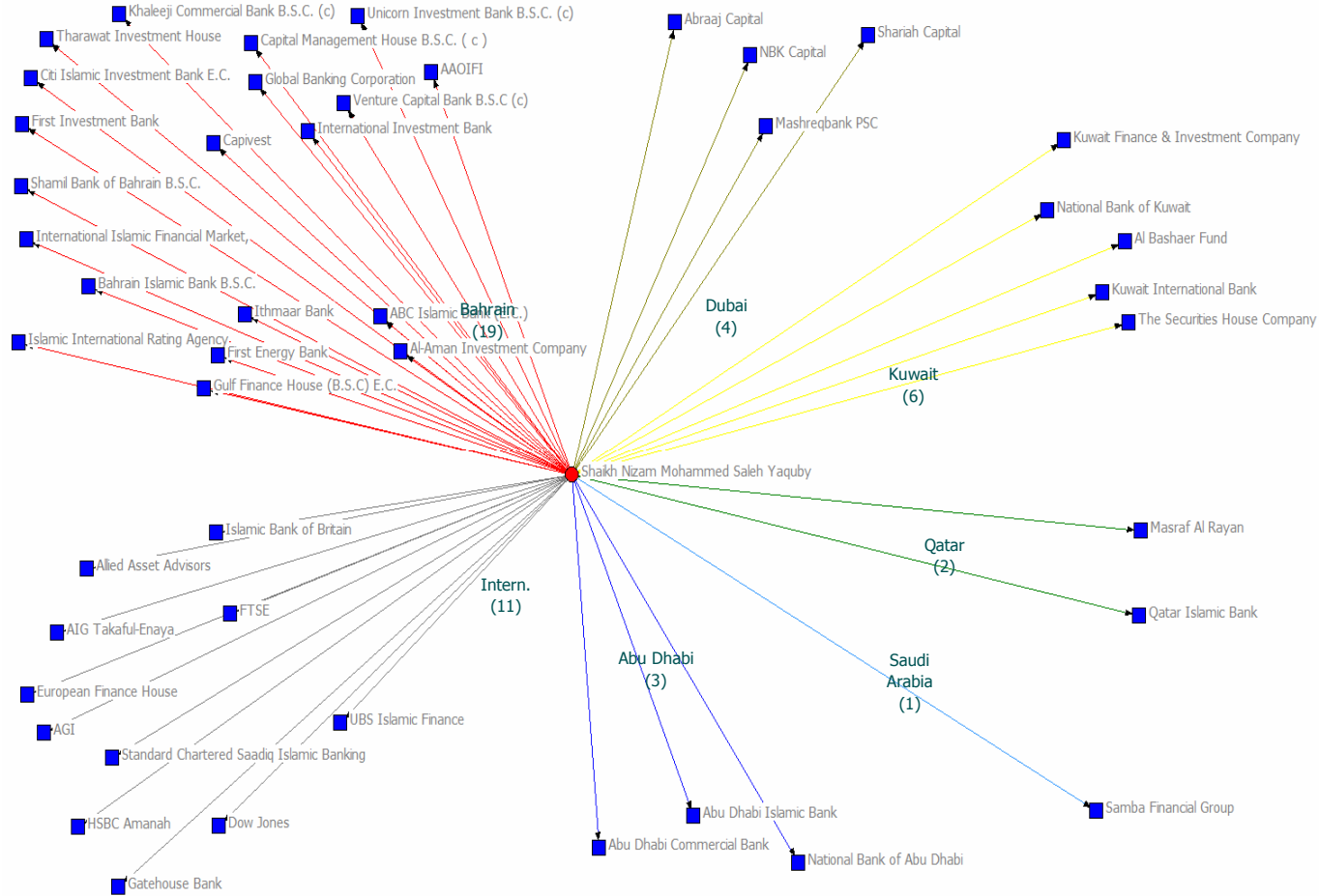
Scholar	Boardpositions (∑20 Companies)	% of companies serving
Shaikh Nizam Mohammed Saleh Yaquby (B)	11	55,00%
Shaikh Dr. Abdul Satar Abdul Karim Abu Ghuddah (S)	13	65,00%
Dr. Mohammed Eid Elgari (S)	8	40,00%
Dr. Abdulaziz Khalifa Al Qassar (K)	1	5,00%
Shaikh Dr. Mohd Daud Bakar (M)	9	45,00%
Shaikh Abdulla Bin Sulaiman Al Manea (S)	1	5,00%
Shaikh Dr. Hussein Hamid Hassan (D)	4	20,00%
Shaikh Dr. Ali Mohi Eldinne Al Qaradaghi (Q)	3	15,00%
Dr. Essa Zaki Essa (K)	0	0,00%
Shaikh Ajeel Jasim Al Nashmi (K)	1	5,00%

Top 20 Scholars and their involvement in „international“ entities with origin outside the GCC, contd.

Scholar	Boardpositions (∑20 Companies)	% of companies serving
Sheikh Dr. Khalid Al Mathkour (K)	1	5,00%
Dr. Mohamed Abdul Razzaq Al Tabatabai (K)	1	5,00%
Mr. Abdul Sattar Ali Al Qattan (K)	1	5,00%
Sheikh Ahmed Bazie Al Yassen (K)	1	5,00%
Shaikh Esam Mohammed Ishaq (B)	2	10,00%
Shaikh Yusuf Talal De Lorenzo (S)	3	15,00%
Sheikh Muhammad Taqi Al Usmani (P)	3	15,00%
Sheikh Dr. Mohammad Fawzi Faidullah (K)	1	5,00%
Sheikh Dr. Issam Khalaf Al Inzi (K)	1	5,00%
Dr Abdullah bin Muhammad Al Mutlaq (S)	1	5,00%
∑ Positions	66	

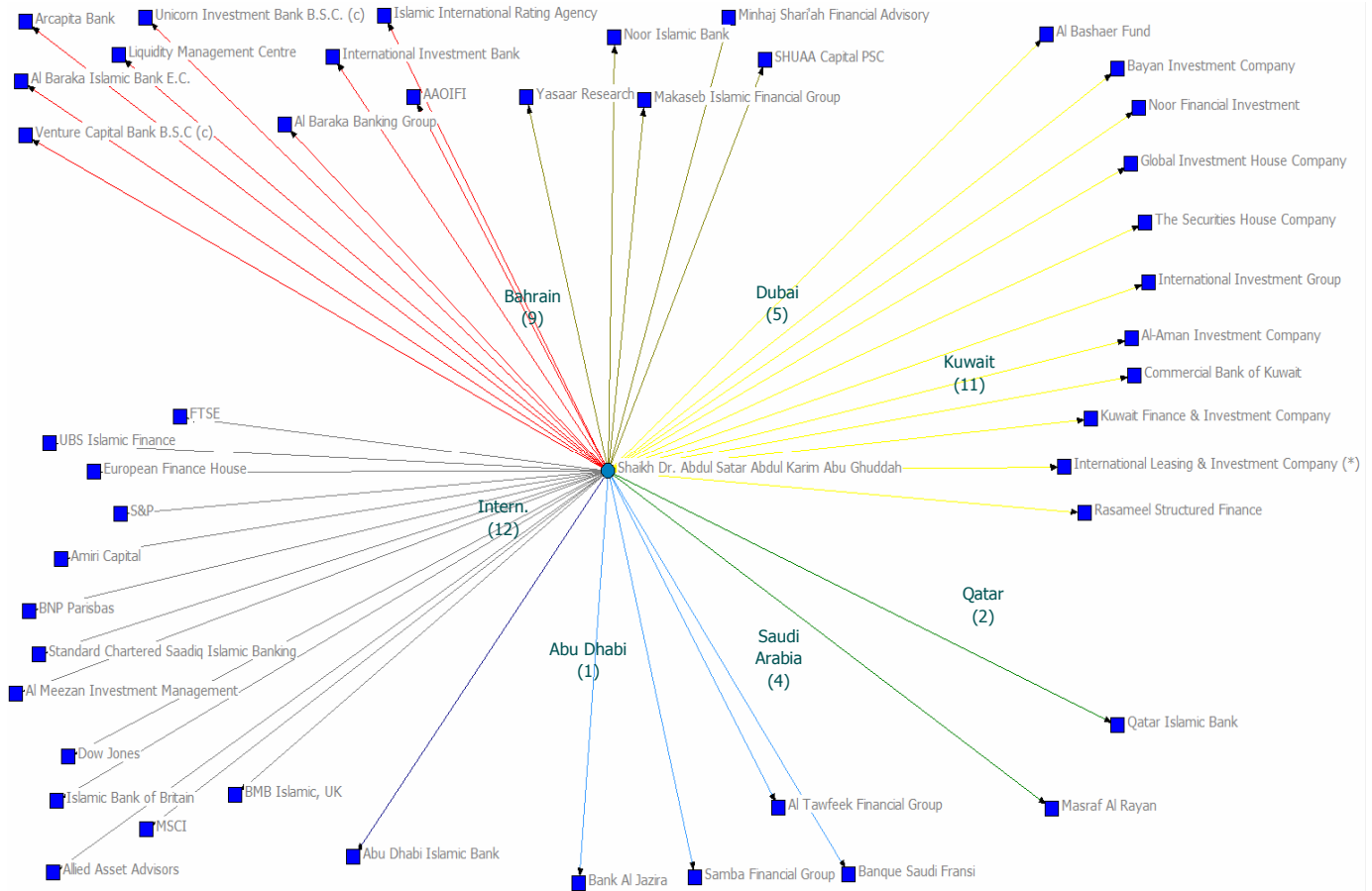
Shaikh Nizam Yacuby

The following network analysis shows his involvement in the individual companies across the GCC and internationally, mentioning also the names of the organisations. The numbers in brackets show the overall positions in the relevant country



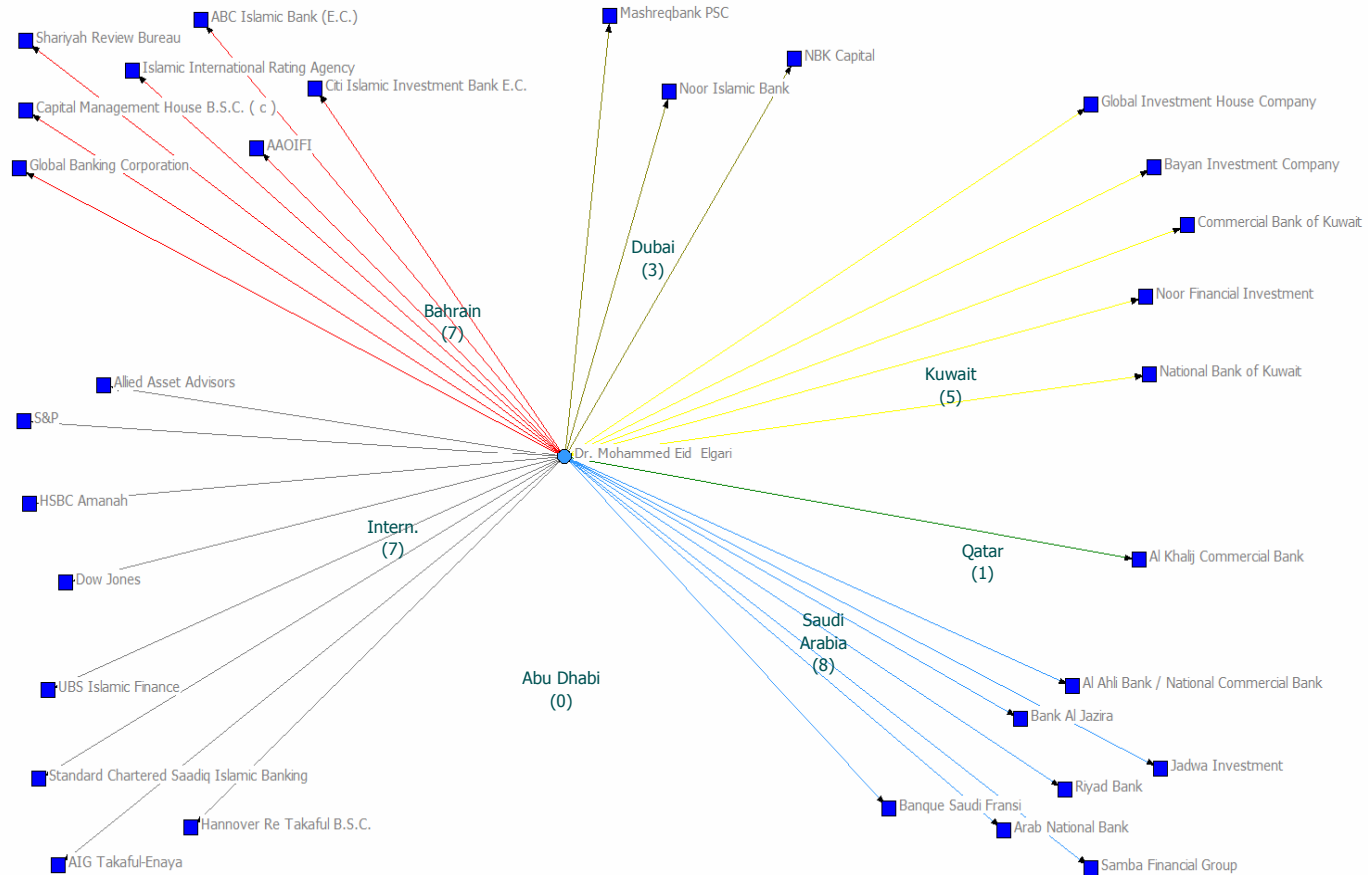
Shaikh Dr Abdul Satar Abu Guddah

The following network analysis shows his involvement in the individual companies across the GCC and internationally, mentioning also the names of the organisations. The numbers in brackets show the overall positions in the relevant country



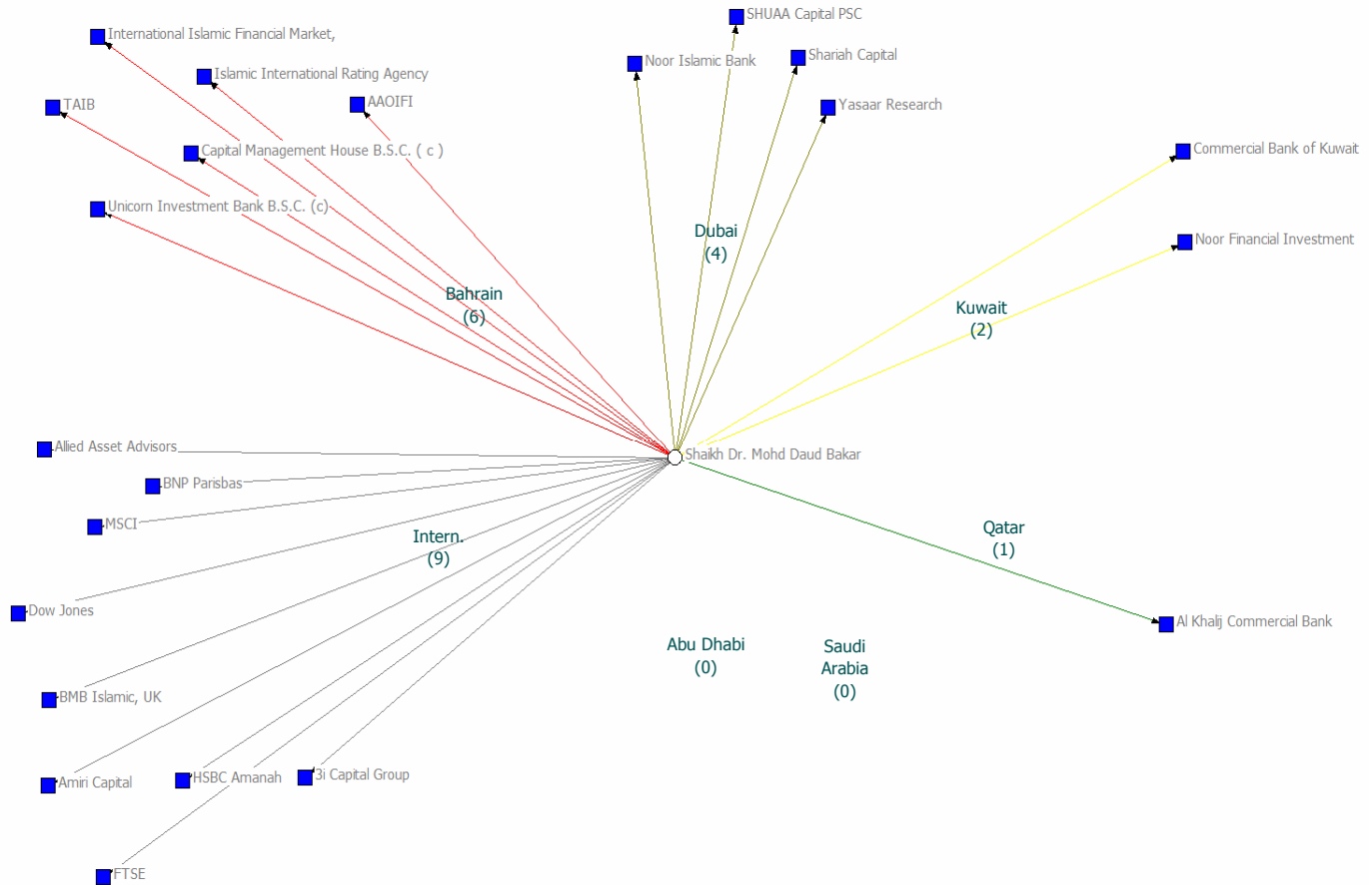
Dr. Mohammed Eid Elgari

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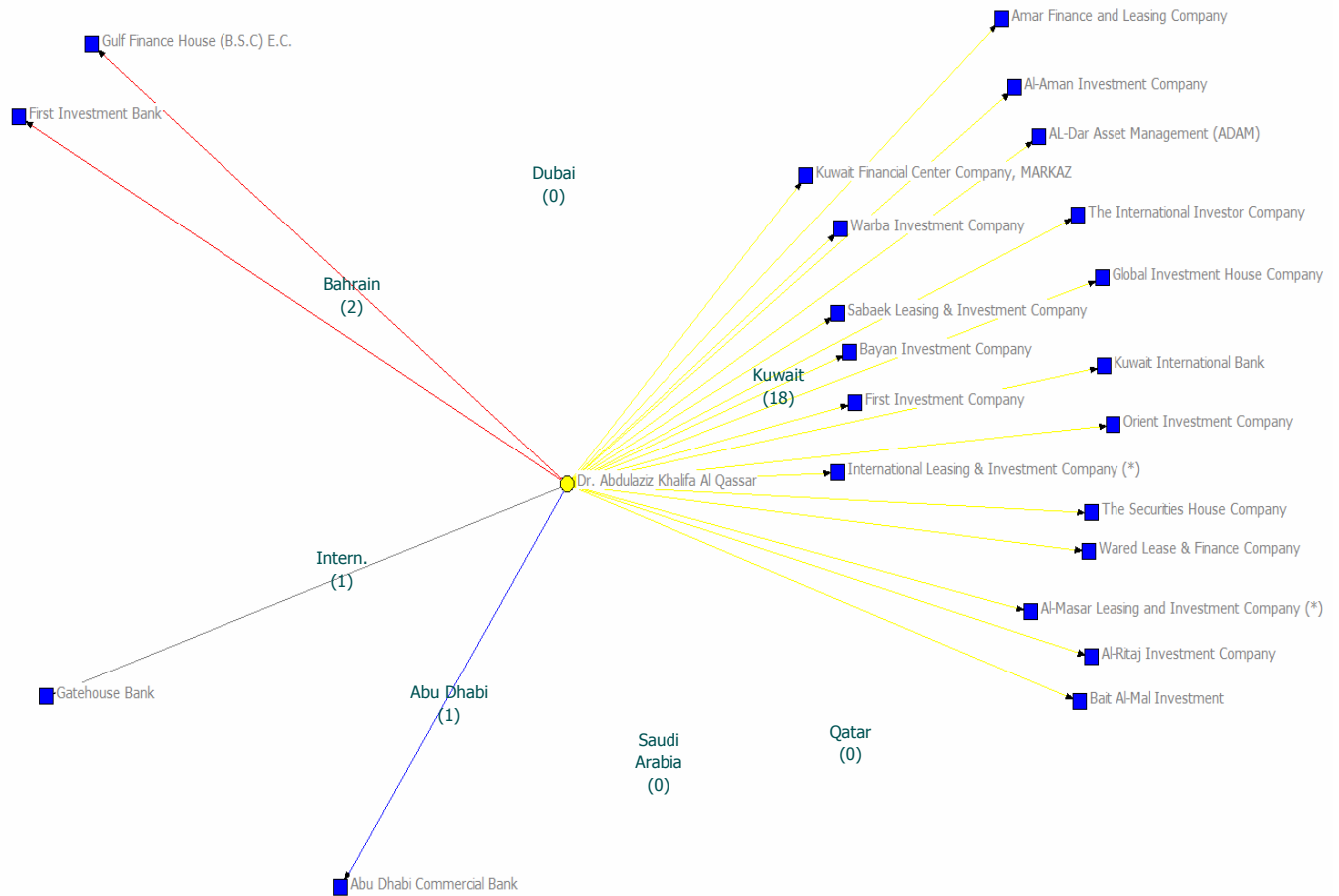
Shaikh Dr Mohd. Daud Baker

The following network analysis shows his involvement in the individual companies across the GCC and internationally, mentioning also the names of the organisations. The numbers in brackets show the overall positions in the relevant country



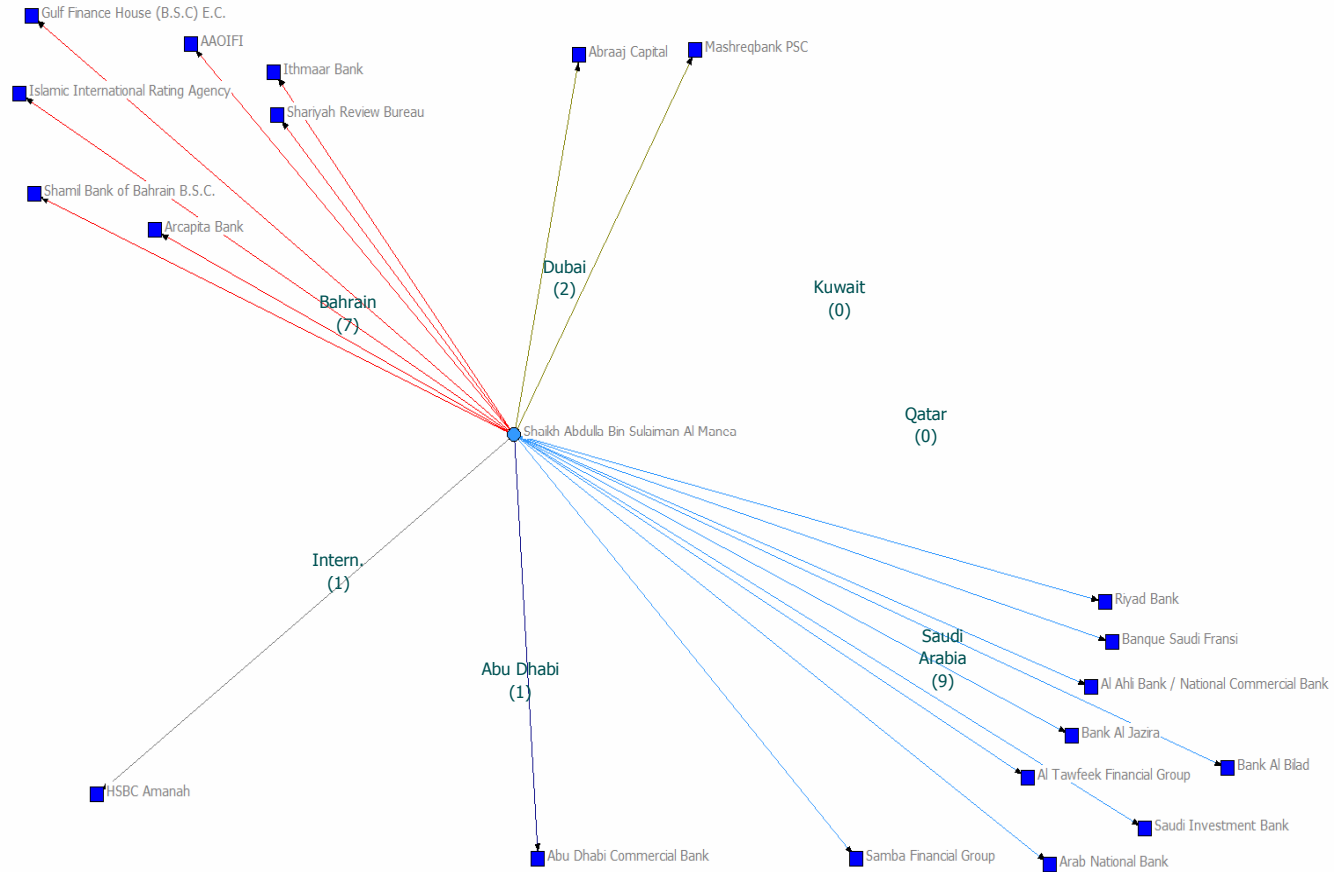
Dr Abdulaziz Khalifa Al Qassar

The following network analysis shows his involvement in the individual companies across the GCC and internationally, mentioning also the names of the organisations. The numbers in brackets show the overall positions in the relevant country



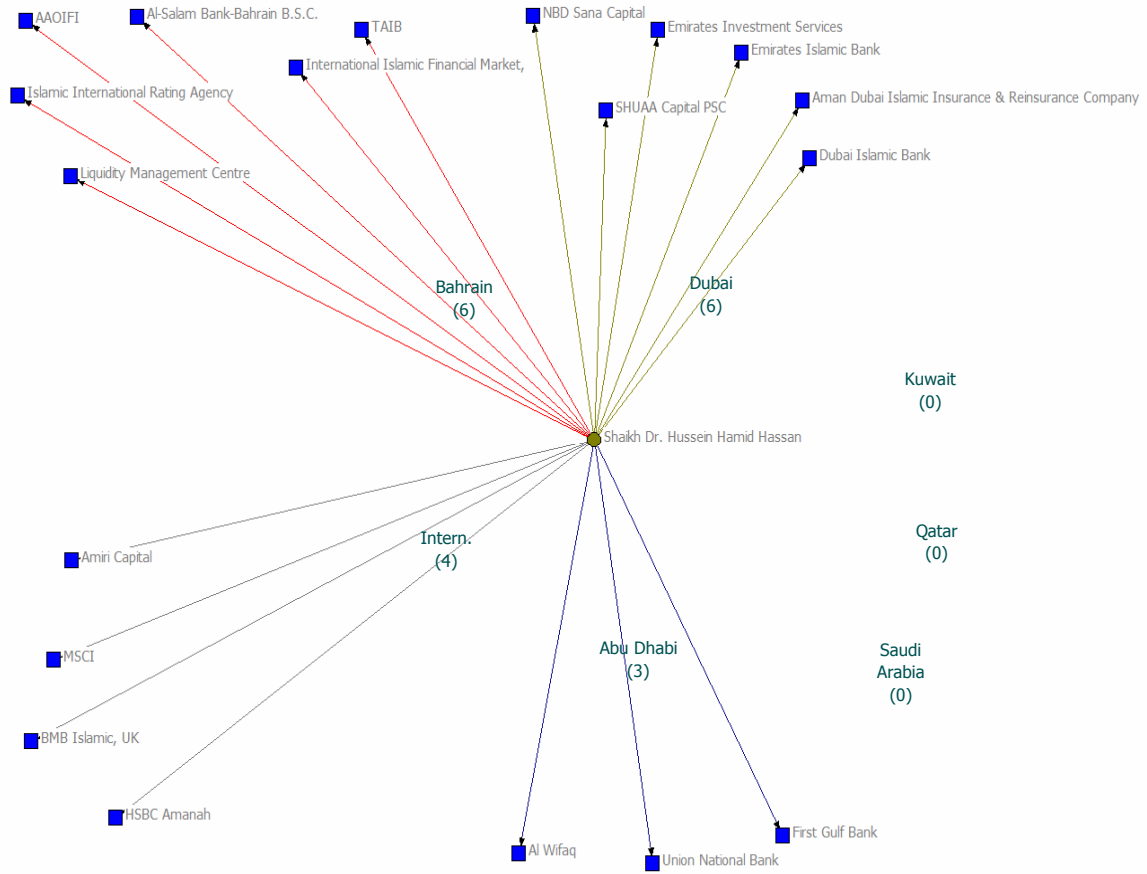
Shaikh Abdula Bin Sulaiman Al Manea

The following network analysis shows his involvement in the individual companies across the GCC and internationally, mentioning also the names of the organisations. The numbers in brackets show the overall positions in the relevant country



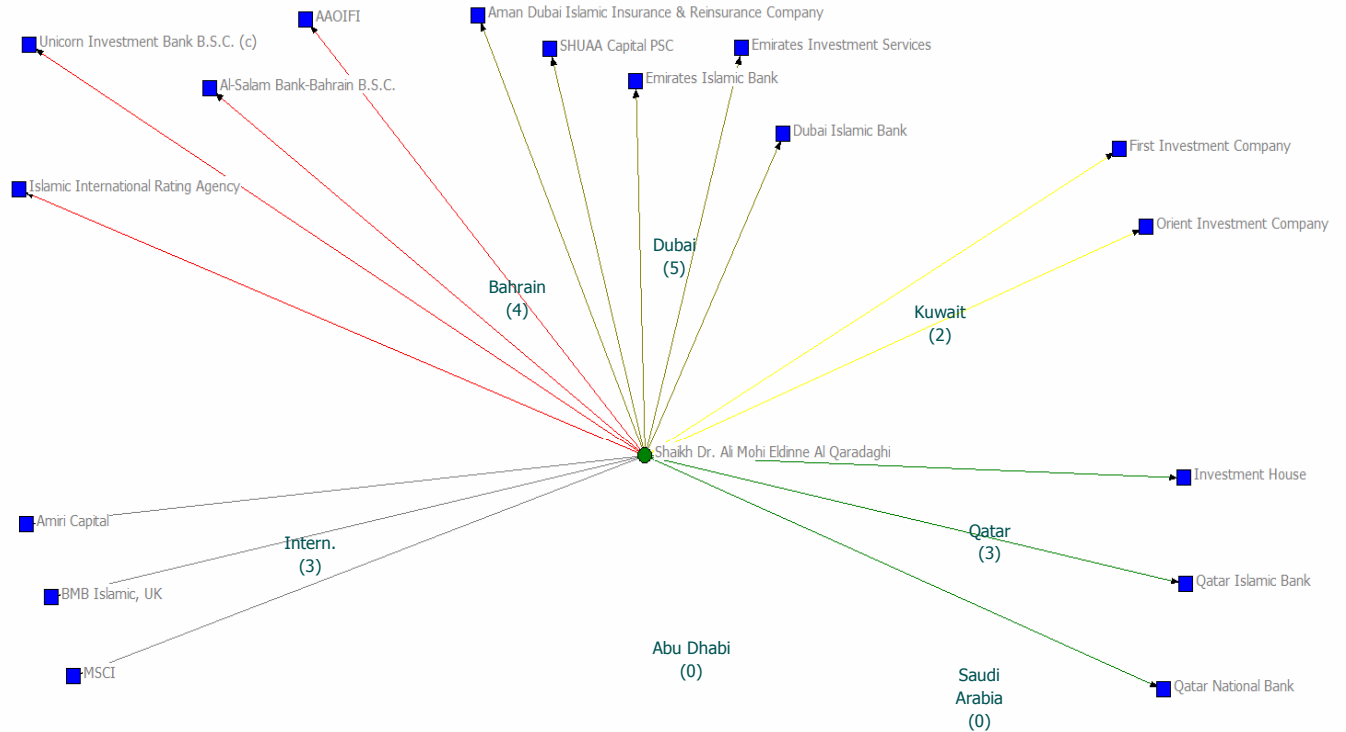
Shaikh Dr Hussein Hamad Hassan

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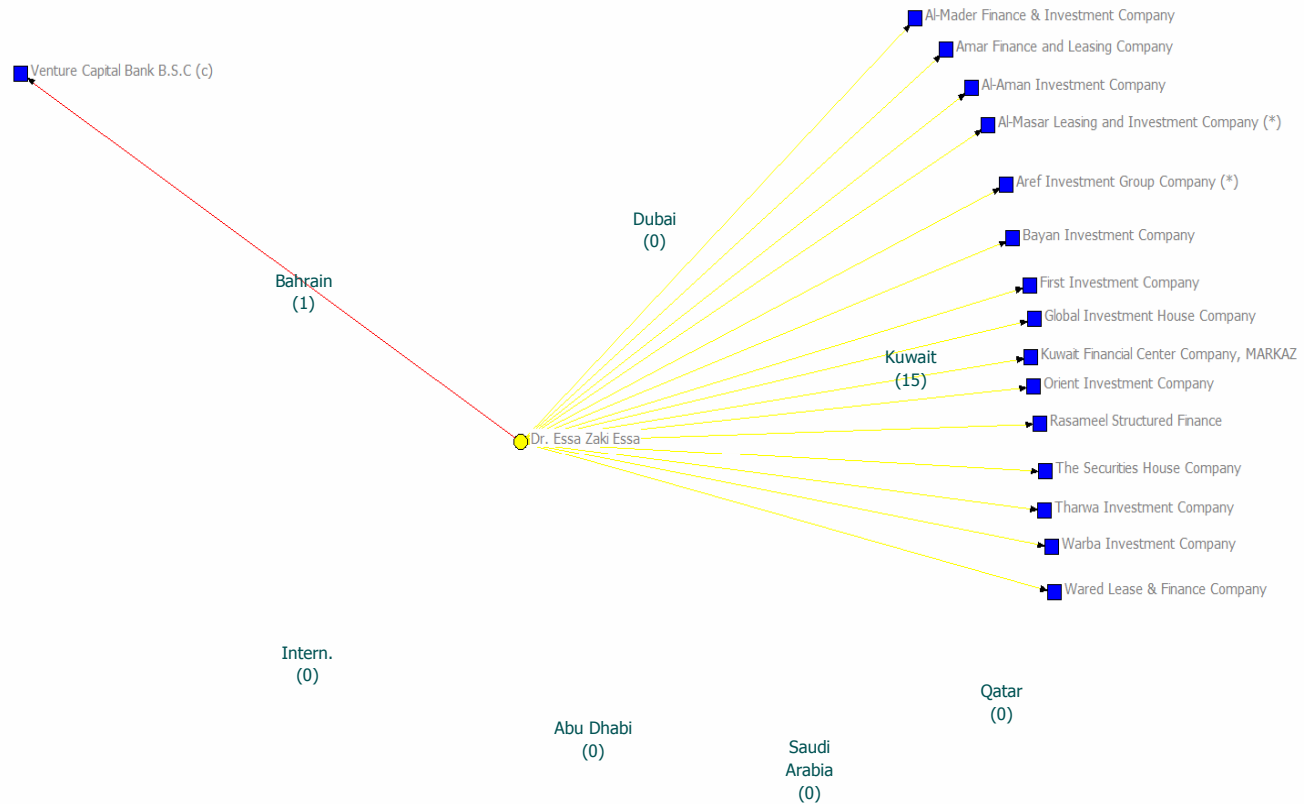
Shaikh Dr. Ali Mohi Eldinne Al Qaradaghi

The following network analysis shows his involvement in the individual companies across the GCC and internationally, mentioning also the names of the organisations. The numbers in brackets show the overall positions in the relevant country



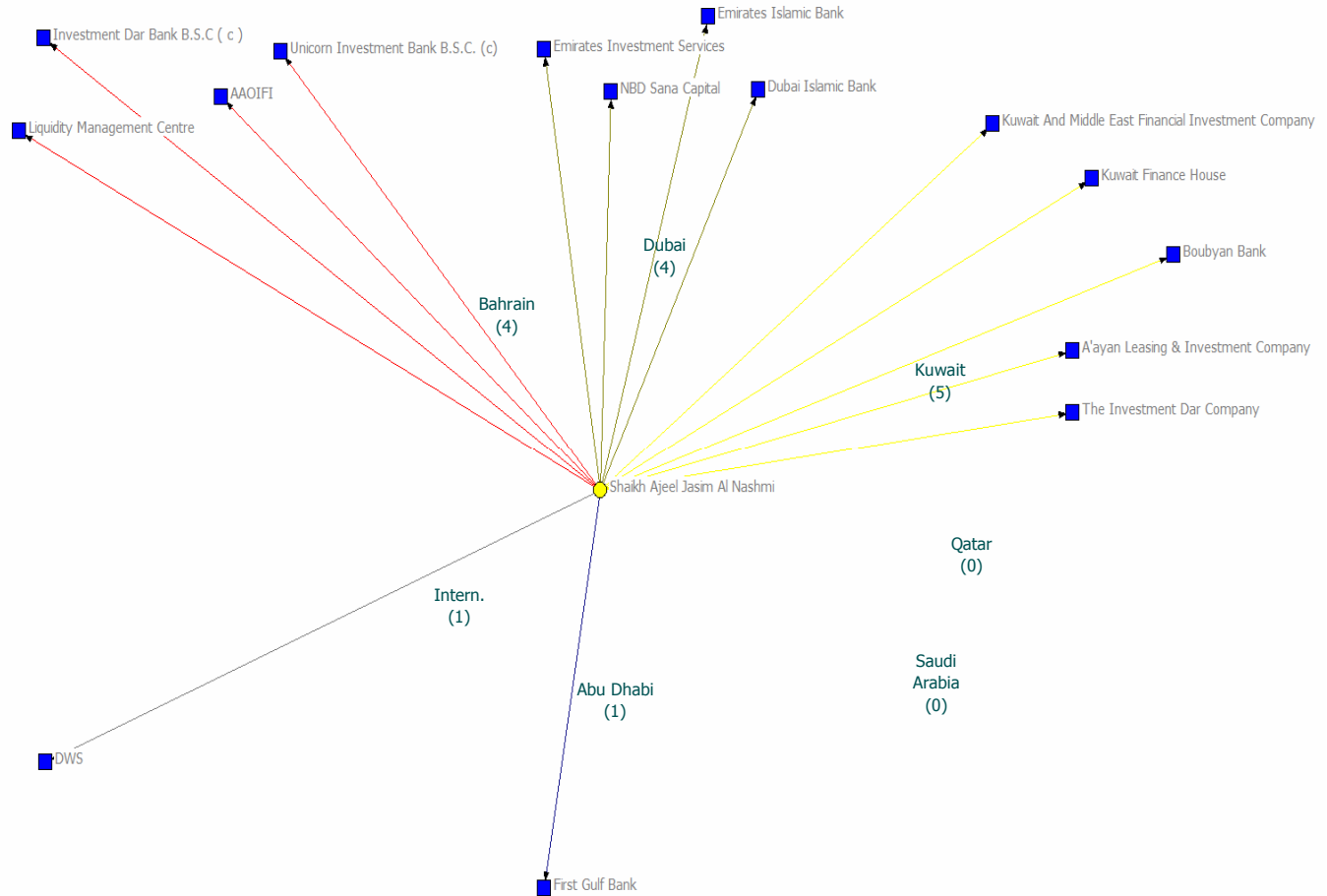
Dr Essa Zaki Essa

The following network analysis shows his involvement in the individual companies across the GCC and internationally, mentioning also the names of the organisations. The numbers in brackets show the overall positions in the relevant country



Shaikh Ajeel Jasim Al Nashmi

The following network analysis shows his involvement in the individual companies across the GCC and internationally, mentioning also the names of the organisations. The numbers in brackets show the overall positions in the relevant country





Summary

- Network Analysis and proper research of the individual scholars' involvements provides very interesting insights into the Shariah landscape
- In this paper we have only focussed on selected information and have not dwelled into the myriad of network related information such as commonalities of board memberships of individual Shariah Scholars
- Although we only focus on snapshots of information we are convinced that the enclosed information can be of help in getting a solid idea of the Shariah landscape in the GCC and beyond and help in formulating future Governance standards to assist the industry to thrive to the next level of development.
- Thanks for your interest

Authors



Murat Ünal studied Business Administration and graduated from the University of Adelaide/Australia (with research in Asia/Pacific) with a Bachelors Degree in Commerce (**B.Com**).

He worked for an international management consulting firm after his studies and joined the mutual fund/financial services business in 1998 acting finally as a Management Committee member for a local Asset Manager where he was mainly responsible for integrated marketing, sales and PR.

As Head of Investment Marketing and Sales within Citibank Northern Europe (focusing on Belgium & France) in Brussels he managed the third party fund business (CitiChoice) and brokerage activities.

Before Murat founded Funds@Work at the end of 2001, which he now represents as the responsible board member, he took over the bank marketing business at Fidelity Investments for a short period of time.

Murat has a Master of Business Administration degree (**M.B.A**) from the Kellogg School of Management/USA in joint cooperation with WHU/Germany and its network programs at Tel Aviv University/Israel and Hong Kong University of Science and Technology/China).

Murat also holds a Master of Laws (**LL.M.**) degree from the School of Law at Northwestern University (NLaw) in Chicago. As part of his **Doctoral studies** at Instituto de Empresa (IE) in Madrid he is further working on the model-based market intelligence which makes Funds@Work so unique. The dissertation's focus will be on combining "Social Network Analysis" as well as "Network Analysis" with the "Ecosystems" view applied to the investment industry.



Christopher Ley has been studying Business Administration since October 2004 focussing on Finance and International Accounting/Auditing at Johannes Gutenberg-University in Mainz.

He has also completed his Master of Business Administration (**M.B.A**) studies as a full time 1-year exchange student at Colorado State University-Pueblo in the US.

At Funds@Work he is involved as a researcher in our strategic markets and assists his team members focussing on the core-markets.



Disclaimer

The information in this document has been derived from sources (e.g. websites of providers, legal documentation of Shariah funds and solutions) believed to be accurate as of 31 December 2008. It should not be considered as a comprehensive statement on any matter and should not be relied upon as such.

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