



BANCA D'ITALIA  
EUROSISTEMA



## SEMINAR ON ISLAMIC FINANCE

ROME, 11 NOVEMBER 2009

**Venue: via Nazionale, 91**

9.00 *Registration*

9.30 *Opening address*

Mario Draghi - *Governor, Banca d'Italia*

9.40 *Keynote speech*

Zeti Akhtar Aziz - *Governor, Central Bank of Malaysia*

10.10 ***First session: Islamic Finance - Global landscape and current trends: opportunities and challenges***

Chair: Ignazio Visco - *Deputy Director General, Banca d'Italia*

Speakers: Rodney Wilson - *Professor, University of Durham, UK*

Shamshad Akhtar - *Vice President, World Bank*

Gian Maria Piccinelli - *Professor, Second University of Naples*

Issues for discussion:

- *Islamic finance industry*: what are the current market trends in the various industry segments? Are relations between conventional and Islamic finance moving towards increased integration?
- *Islamic finance operational models*: how does product innovation in Islamic finance relate to developments in conventional financial systems? What are the implications of such innovation for the sector's efficiency and risk profiles?
- *Islamic finance in Europe*: what are the prospects for the industry in Europe? What business segments (retail banking; fund management; investment banking; securities markets; others) have stronger market potential?
- *Roles of authorities*: what is the role of national and international authorities (e.g. governments, regulators, monetary authorities, international institutions)? What lessons can be drawn from different national experiences?
- *Implications of the current crisis*: what influence can the current crisis exert on Islamic finance? How is the revision of global regulatory standards currently under way going to affect Islamic finance, including in the European context?

General discussion

11.40 *Coffee break*

## 12.00 *Second session: Monetary policy and liquidity management*

Chair: Khalid Hamad Abdul-Rahman Hamad - *Executive Director, Central Bank of Bahrain*

Speakers: Nasser H. Saidi - *Chief Economist, Dubai International Financial Centre*

Bambang P. Brodjonegoro - *Director, Islamic Research and Training Institute, Islamic Development Bank*

Andreas Jobst - *Monetary and Capital Markets Department, International Monetary Fund*

Issues for discussion:

- *Conduct of monetary policy with Islamic banks:* different approaches and challenges faced in applying monetary instruments (OMOs, standing facilities, reserve requirements, etc.). What are the policy implications for the Eurosystem?
- *Liquidity management:* what are the prospects for the development of money market instruments and infrastructures which better fit the need of Islamic banks' liquidity management and the conduct of monetary policy with Islamic banking counterparts?
- *Islamic banking and the payment system:* are Islamic banking practices consistent with the harmonised/standardised rules and contracts governing the main European payments systems? Do Islamic banks need complete integration in this field or might intermediation by other payment systems participants be envisaged?
- *Securities markets:* what is the outlook for sukuk primary markets? What are the prospects for the development of deep secondary markets, in support of monetary policy decision-making and implementation in Islamic financial contexts?

General discussion

13.30 *Lunch*

#### 14.45 *Third session: Regulatory and supervisory issues*

Chair: Annamaria Tarantola - *Deputy Director General, Banca d'Italia*

Speakers: Rifaat Ahmed Abdel Karim - *Secretary General, Islamic Financial Services Board*

Claudio Porzio - *Professor, Parthenope University of Naples*

Muhammed Bin Ibrahim - *Assistant Governor, Central Bank of Malaysia*

Michel Cardona - *Secretary General, Committee for credit institutions and investment firms and Advisory Committee on financial legislation and regulation, Banque de France*

Issues for discussion:

- *Legal and regulatory trends*: how do international standard setters address the main challenges (e.g.: legal uncertainty, shari'ah risk, product standardization, accounting harmonisation, adoption of the international regulations and best practices)? How to address the issue of the relevant jurisdiction(s) for the Islamic institutions' contracts in the European context, and what is the role of shari'ah law?
- *Risk profile of Islamic Financial Institutions (IFIs)*: what are the specific risks faced by IFIs compared to those of conventional intermediaries?
- *Prudential regulation*: capital adequacy requirements for IFIs (IFSB standards and national approaches); treatment of investment accounts and illiquid assets.
- *Transparency and governance of IFIs*: what transparency standards should be applied to the IFIs? What is the IFSB framework for internal governance and compliance? What is the role of the shari'ah board? How to guarantee transparency to accounts holders?
- *Supervision of IFIs in the conventional framework*: Could IFIs operate under a regulatory regime that does not provide special rules/standards for such institutions (e.g.: how can deposit insurance be provided to Islamic accounts holders)?

General discussion

#### 16.30 *Conclusions*

Giorgio Gomel - *Head, International Economic Analysis and Relations Department, Banca d'Italia*