

O ye who believe! Guard your duty to Allah, and speak words straight to the point.

Al – Quran , 33:70

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Dr. Mahmood Ahmed Ghazi... A man of true letters

By Anwar Ahmed Meenai

The sad news of Dr. Mahmood Ahmed Ghazi's death was received on 26th September 2010. It has caused immense grief and sorrow to everyone who knew him.

Dr. Ghazi belonged to a learned family which hailed from U.P., India. He received traditional religious education at Jamiatul-Ulam-e-Islamia, Binnori Town, Karachi and pursued further study, obtaining a Ph.D. Beside Arabic and Persian, he also knew English, German and Spanish languages. For more than 25 years, he remained associated with Islamic Research Institute and International Islamic University, Islamabad. He also remained the Vice-Chancellor of the International Islamic University. During his tenor as the Federal Minister for Religious Affairs, significant progress was made towards the Islamization of economy. Dr. Ghazi also acted as the Chairman of State Bank of Pakistan's Shariah Board and made valuable contributions in promoting Islamic banking in Pakistan.

Dr. Ghazi was a broad minded

scholar, free of any prejudices on the basis of caste or creed or association with a particular school of thought. He always discussed issues in a scholarly manner, stating his viewpoint in a polite way as has been the practice of all true scholars in past generations. Not only would he respect the works of scholars of the past generations, he also admired his contemporaries and acknowledged their works with an open mind.

Beside recognition of his capabilities and works in Pakistan, Dr. Ghazi was a scholar of international fame. About 8 or 9 years ago, there was a one week seminar in Germany of which the topic was, "Is Islam a threat to Western Europe?" The Muslim view point was presented by Dr Ghazi, as a representative of the entire Muslim world.

Dr Ghazi was always keen to learn and acquire knowledge from all possible sources. In this pursuit, he remained in touch with some relatively unknown and unassuming scholars. Moulana Muhammed Ali Siddiqui, who belonged to Sialkot, was one such



Besides recognition of his capabilities and works in Pakistan, Dr. Ghazi was a scholar of international fame

scholar. Dr Ghazi was always full of praise for him and considered Moulana's "Moaalimul Quran" (a Tafseer which Moulana could not complete) as one of the best Tafseers in Urdu language.

In seeking knowledge and doing research on Muslim history, Dr Ghazi was free from any narrow mindedness and acknowledged the scholarly works of any person. For instance, the orientalists have always criticized Islam with reference to the incidence of Jews of Banu Quraizah, a tribe which lived in the neighbourhood of Madinah.

....Continued on page 3

Editor's Message

"To date, the Islamic finance industry has been quick to acknowledge the inherent shortcomings of an emerging industry: a shortage of talent, lack of standards and lack of availability."

Excerpt from The Banker magazine, November 2010.

I being the representative of international media in Pakistan, I get my hand over a number of financial publications every month. I have noticed that now more and more articles, analysis and research reports are published in foreign magazines that shows how seriously Islamic finance is been taken all over the globe. In the latest edition, The Banker magazine of UK has published a special supplement on 'Top 500 Islamic Financial Institutions' in which I can see a list of 49 banks either fully Islamic or with Islamic windows, microfinance houses and investment companies from Pakistan. Islamic financial institutions must develop a comprehensive strategic agenda to capitalize on new opportunities as they present themselves. Islamic bankers should target their marketing campaigns more effectively. The need of the time is that Islamic financial institutions in Pakistan must join hands for consolidated stable marketing efforts for the sake of increasing the pie. Certainly the growth is there but at a snail pace.

Happy reading!
Syed Shahjahan Salahuddin

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Let us know, if you know friends or colleagues who, in your view, may benefit from this newsletter. Send us their email addresses at ifp@publicitas.com.pk

A man with wealth of knowledge, wisdom and experience — Dr. Mahmood Ahmed Ghazi

By Mr. Ebrahim Sidat — Member, Shariah Board of the State Bank of Pakistan

When I received the sad news on the sudden and tragic demise of late Dr Mahmood Ahmed Ghazi, my first reaction as a human being was one of disbelief. I repeatedly and with emphasis enquired from Mr. Munir of the SBP who was on the other end of the telephone, is it our Ghazi Saheb you are referring to and he confirmed in the affirmative. As soon as I controlled myself, I was reminded of what the Holy Quran has declared that every soul has to taste the reality of life which is death. May Allah bless Ghazi Saheb's soul with eternal peace and bestow on him His choicest blessings and give fortitude to his family and friends the courage to bear this irreparable loss. Ameen.

My acquaintance with Ghazi Saheb dates back to over almost two decades. I had the fortunate privilege of appearing before him when he was one of the members of the Religious Board under the Modaraba law and occasionally also met him informally at various points of time. The informal discussions have always been very enlightening and beneficial. The most important event when I saw him in action was the famous Riba Case proceedings of the Shariat Appellate Bench of the Supreme Court of Pakistan where I was called and had the honor to submit my humble views before the Honorable Judges of the said Court.

During the course of the proceedings, I found him to be a very keen listener who gave due attention to all what was being said and interjected only when necessary for seeking clarification. My interaction with Ghazi Saheb as the Chairman of the Shariah Board of the SBP ever since it was constituted has been a great opportunity for me to learn more about his personality and of course the wealth of his knowledge, wisdom and experience in dealing with a variety of ticklish issues which were placed before the Board for consideration and decision.

I must pay utmost tribute to him particularly for his patience and consideration which he used to give to diverse viewpoints on the subject and never ever let the discussion fettered in any manner. It has been an immensely rewarding learning experience for me as a humble member of this esteemed Board which has very high responsibilities to discharge in furtherance of riba-free banking and finance. I am sure all other members of the Shariah Board and the SBP officials dealing with the subject would miss him and would be deprived of his great qualities of head and heart. May Allah SWT bless the departed soul. Ameen.

....Continued from page 1

In the case of Banu Quraizah, the Muslim army killed all their men who were capable of fighting a battle, and their women and children were taken as slaves.

On this topic, Dr Ghazi highly appreciated the book, "Mohammed and the Jews of Madinah" by Mr. Barkaat Ahmed Qadiyani, an Indian author who also served as India's ambassador. In one of his writings, Dr. Ghazi has praised the book and mentioned that a detailed chapter is devoted to the issue of Banu Quraizah

in which the Islamic viewpoint and the rationale behind the incident has been very ably presented.

The year 2002 was declared as year of Dr Sir Allama Mohammad Iqbal. Many scholarly books covering the poetry and philosophical thoughts of the late poet were published. Dr Ghazi also contributed a valuable work titled "Muhkamat-e-Aalam-e-Qurani in the eyes of Allama Iqbal." This is based on Allama Iqbal's famous 'Javed Nama'.

This brief write up can do no justice to the services rendered by late Dr Hafiz Mahmood Ahmed Ghazi. To be

honest, it is a subject of voluminous book. We pray to Allah Almighty to have mercy on the departed soul and reward him the best of rewards. May Allah also make a source of inspiration for others, the accomplishments of Dr. Ghazi and give others the ability to continue the academic pursuits.

(The material for this article is obtained from an article published in Daily Jasarat. The writer and IFP team is very thankful to Daily Jasarat for the same.)

Messages on sad demise of Dr. Ghazi

"A thorough gentleman, learned scholar with pragmatic views. A humble, comfortable to be with person who would always adhere to norms of decency and forbearance. A pillar of strength to promoters of Islamic Banking."

That is how I will remember him always. May God grant him a special place in heaven.

*Pervez Said
CEO*

Dawood Islamic Bank Ltd.

"On behalf of HBL Islamic Banking, we learned with immense grief and sadness about the loss of respected Dr. Mehmood Ahmed Ghazi. His contributions towards the growth of Islamic Banking industry will always be remembered in golden words. Loss of scholars like Dr. Mehmood Ghazi is a national loss. Our thoughts & prayers are with the bereaved family. We pray to God Almighty to rest the departed soul in eternal peace and give the bereaved family the courage to bear this irreparable loss. Amin"

*Mohammad Aslam
Head of Islamic Banking
Habib Bank Ltd.*

Moves and Promotions

♦ *Mr. Jahanzeb Saeed has moved to HBL as **Head, Business Development**. He was previously Team leader, Retail Banking at BankIslami Pakistan Limited.*

♦ *Mr. Shahid Sattar has moved to NIB as **Deputy CEO**. He was previously working as Head, Retail banking at Bank Al Balad.*

♦ *Mr. Muhammad Idrees has been promoted as **Head, Islamic Banking** at Soneri Bank Ltd. He was formerly the Chief manager, Islamic Banking branch.*

Moving ahead?

Drop us a line if you or your colleague is getting promoted or moving to an executive position in Islamic banking and finance industry. We value and appreciate every step towards development of Islamic finance in Pakistan.

حافظ ڈاکٹر محمود احمد غازی مرحوم

مصنف : انوار احمد مینائی

عربی زبان کی کہات ہے۔ "موت العالم موت العالم" یعنی عالم کی موت عالم کی موت ہے۔ حافظ ڈاکٹر محمود احمد غازی مرحوم جیسی نابغہ روزگار شخصیت کی وفات حسرت آیات کی اطلاع لی تو معاً یہ کہات ذہن میں آئی۔ مرحوم نے ۲۳ ستمبر ۲۰۱۰ کو داعی اول کو لبیک کہا۔

ڈاکٹر غازی صاحب کا تعلق یوپی کے ایک علمی گھرانے سے تھا۔ انہوں نے روایتی دینی تعلیم جامعۃ العلوم الاسلامیہ، بنوری ٹاؤن، کراچی سے حاصل کی اور تعلیمی سلسلے کو پی ایچ ڈی تک پہنچایا۔ عربی و فارسی کے ساتھ ساتھ آپ کو انگریزی، جرمن اور ہسپانوی زبانوں سے بھی واقفیت تھی۔ ۲۵ سال سے زیادہ عرصہ تک وہ ادارہ تحقیقات اسلامی اور بین الاقوامی اسلامک یونیورسٹی اسلام آباد سے وابستہ رہے۔ موخر الذکر ادارے میں آپ رئیس الجامعہ کے عہدے پر بھی فائز رہے۔ کچھ عرصے تک آپ نے وفاقی وزیر برائے مذہبی امور کے بطور بھی خدمات انجام دیں اور آپ کے دور وزارت کو اسلامی معیشت کی جانب اہم پیشرفت کے حوالے سے ہمیشہ یاد رکھا جائے گا۔ اپنی طالبانہ جستجو اور عالمانہ شان میں آپ نے کبھی مسلکی، ملکی یا گروہی تعصبات کو دخل نہیں دیا۔ ان کی تحریر و تقریر میں جہاں اسلاف کے علمی کارناموں کا اعتراف ہوتا وہیں ہم عصر صاحبان علم و عرفان کا بہ عقیدت ذکر بھی ہوتا۔

مرحوم کی عملیت کا اعتراف صرف اسلامی دنیا ہی نے نہیں بلکہ مغرب نے بھی کیا۔ چنانچہ چند برس پہلے جب جرمنی میں ایک ہفت روزہ اجتماع منعقد ہوا جس کا موضوع "کیا اسلام مغربی یورپ کیلئے خطرہ ہے؟" تھا تو ڈاکٹر صاحب مرحوم نے ہی عالم اسلام کی نمائندگی کی اور اس کے موقف کو پیش کیا۔

کسب فیض کے سلسلے میں ڈاکٹر صاحب پاکستان میں رہنے والے غیر معروف اور کم آمیز صاحبان علم سے بھی رابطہ رکھتے تھے۔ سیالکوٹ سے تعلق رکھنے والے مولانا محمد علی صدیقی ایک ایسے ہی عالم ہیں جن کی علمی فضیلت کے وہ بہت قائل تھے اور مولانا مرحوم کی نامکمل تفسیر "معالم القرآن" کو اردو زبان کی بہترین تفاسیر میں شمار کرتے۔ اسکے علاوہ ڈاکٹر صاحب کسی تنگ نظری کا شکار ہوئے بغیر دشمنان اسلام کی بھی علمی باتوں کا علانیہ اعتراف کرتے۔ یہودی قبیلے بنو قریظہ کے برسر جنگ افراد کے قتل کئے جانے کے واقع کے حوالے سے انہوں نے برکات احمد قادیانی صاحب (جو بھارتی ہیں اور بھارت کے سفیر بھی رہ چکے ہیں) کی کتاب "محمد (صلی اللہ علیہ وسلم) اور یہود مدینہ" کی تعریف کی ہے۔ جس میں انہوں نے بنو قریظہ پر ایک تفصیلی باب لکھا ہے اور وہ دلائل و شواہد بیان کئے ہیں جو اس واقعے کا محرک ہوئے۔

۲۰۰۲ء کو جب "اقبال کا سال" قرار دیا گیا تو اقبالیات کے حوالے سے کئی اچھی کتابیں سامنے آئیں لیکن ڈاکٹر محمود احمد غازی مرحوم کی کتاب "محکمات عالم قرآنی علامہ اقبال کی نظر میں" اپنے موضوع پر بہترین کتاب شمار کی گئی۔

ڈاکٹر غازی صاحب کی علمیت اور خدمات کے حوالے سے یہ مختصر سا مضمون نہایت ناکافی ہے۔ فی الواقع یہ موضوع ایک تفصیلی تحریر کا متقاضی ہے۔ اللہ آپ کے درجات کو بلند فرمائے اور امت کو ایسے اصحاب علم عطا کرے جو ڈاکٹر غازی مرحوم کی فکر اور کام کو آگے بڑھائیں۔

(اس مضمون کے لئے مواد روزنامہ جسارت میں شایع ہونے والے ایک مضمون سے لیا گیا ہے، جس کے لئے مصنف اور ادارہ روزنامہ جسارت کے ممنون ہیں۔)

Ask Us!

Is interest/Riba related only to consumption loans or it applies to commercial loans also?

No, Riba is not only related to consumption loans; it applies to commercial loans as well. According to one of the well known hadith quoted by Ali ibn Abi Talib Radiyallahu Anhu, the Holy Prophet Sallallahu Alayhi Wasallam said:

"Every loan that draws interest is Riba."

Similarly the famous Sahabi Fazala Bin Obaid Radiuallahu Anhu has also defined Riba in similar words:

"Every loan that draws profit is one of the forms of Riba".

These Ahadith do not differentiate between consumption and commercial loans and clearly term all kind of riba as haram.

It is well known principle of Shariah that when some thing is prohibited, it is not directed to a particular form of it but it covers every form which comes in its general sense. The changed state does not change the ruling. During the time of Prophet (S.A.A.W.S.) the form and the way of production of liquor (Khimaar) was totally different from that of the present day liquor but the ruling remains unchanged even though

the form has changed. The same applies to interest. Therefore all forms of riba that might erupt in future shall be termed as haram.

Moreover, if we glance through the Islamic and pre Islamic history of Arabia, it will be evident that the commercial interest was in vogue in Arab and Islam prohibited it. To quote some examples:

a) History of the city of Ta'if tells us that it was only second to Makkah in trade (their main exports being liquor, raisins, currants, wheat, wood etc) and industry (major being leather and dyeing). The tribe of 'Saqeef' advanced cash on interest, not only to the natives of Ta'if, but the business community of Makkah as well eg. the tribe of Mughairah who were their permanent customer. This advancement, which was not only restricted to cash but also to commodities between wealthy tribes of Taif and Makkah who were usually traders and businessmen, was only for their commercial purposes and not for their consumption and personal needs. One of the ways of receiving interest was to double the principle amount plus interest in case of non payment of loan and this practice was applied to both cash as well as commodities. They had become accustomed to it.

At the time of signing the peace treaty with the people of Ta'if, the Prophet (S.A.A.W.S.) imposed conditions: i) Total elimination of interest based transactions. ii) Giving up of interest owed to and from them.

b) The practice of making 2 trade trips, one to Yemen in winters and the other to Syria in summer was started by the tribe of Quraish of Makkah. These trips proved to be very profitable especially since being custodians of Kaa'ba, Quraish were looked at with respect, granted special concessions and protected in transit which was a necessity at that time. This way

business & trade became their only means of livelihood. Investment became the order of the day in which women also took part and its circulation flourished and multiplied. With this background in mind, one can easily visualize that the city of Makkah more or less became the clearing house or the banking city and accustomed to their related amenities.

It was only natural that interest was one of them. Since they advanced cash for commercial purposes and charged compound interest in case of default by the traders, and this earning of interest was their trade, they argued when Qura'n rendered interest haram (illegal) that the transaction of interest based loans is a type of trade in which the return on capital can be earned as in the case of rent received from assets. They could not differentiate

"Every loan that draws profit is one of the forms of Riba"

between excess in shape of profit during a trade and excess in the shape of interest at the time of repayment of loan.

These two examples clearly show that borrowing in those days was not only for consumption purposes but for commercial purposes as well, and Quran has prohibited the both.

Very often it is stated that Islamic banking constitutes almost 6% of the Pakistan's banking system. How is this figure determined? Is it on basis of deposits, advances or any other factor?

Islamic finance in Pakistan is still in its infancy and growing rapidly day by the day. Islamic banks are capturing more of market share as the days goes by. However, there is no defined way to say the exact figure of the percentage share of the Islamic banking in mainstream banking industry of Pakistan as it is calculated upon a number of factors. Usually, the market share is calculated upon the ratio of total

assets, the ratio of total deposits or the ratio of total financing and investments by the banks.

Another factor that shows the growth of a specific section is the number of branches or operational network it has. Same is true for Islamic banking branches and we see a constant and stable growth in the number of branches, sub branches and window operations by the Islamic banks and the Islamic branches by the conventional banks as well.

Information and data regarding growth and status of Islamic banking branches is periodically published by State Bank of Pakistan. SBP's latest Handbook on Islamic Banking in Pakistan was published in 2009. The handbook contained a detailed insight into the status of Islamic banking as of 31 December 2008 and the status of products and financing

available. The Handbook also had a summary of the relevant percentage share of Islamic banking in the overall banking industry of Pakistan. Few extracts are shown below for your information.

Got some questions in mind? Ask us!

Feel free to write about your concerns and questions about Islamic finance at ifp@publicitas.com.pk
Our panel of experts from the field will reply to your queries. Please note that the queries will be replied only through the newsletter. Our panelists include Mr. Omar Mustafa Ansari, Partner Islamic Financial Services Group, Ernst & Young Ford Rhodes Sidat

Growth and Position as of December 2008 — Values in Billion Rupees

Description	Dec – 03	Dec – 04	Dec – 05	Dec—06	Dec—07	Dec—08
Total Assets	13	44	72	118	276	276
%age of Banking Industry	0.5 %	1.4 %	2.1 %	2.9 %	4.2 %	4.9 %
Deposits	8	30	50	83	202	202
%age of Banking Industry	0.4 %	1.2 %	1.9 %	2.8 %	4.1 %	4.8 %
Financing. & Invest.	10	30	48	72	186	187
%age of Banking Industry	0.5 %	1.3 %	1.8 %	2.4 %	3.6 %	4.4 %
Conventional Banks with Islamic Banking Branches	3	7	9	12	12	12
No. of Branches (Including Sub Branches)	17	48	70	150	289	514

Extracts taken from Islamic Banking Products & Services by State Bank of Pakistan as of Dec 31, 2008

Bulletin Board

CITIBANK ACCEPTS BANKISLAMI'S OFFER

Citibank N.A. has accepted the offer of Bankislami Pak Ltd for acquiring its housing finance business (portfolio) in Pakistan. The said acquisition structure is in accordance with Shariah guidelines provided by Shariah Advisor.

According to a communique sent to Karachi Stock Exchange here on Monday, the bank said the portfolio of housing finance business is worth Rs 1.1 billion.

MERGER OF EMIRATES GLOBAL ISLAMIC BANK AND AL BARAKA ISLAMIC BANK

The merger of Emirates Global Islamic Bank Limited (EGIBL) and Al-Baraka Islamic Bank Pakistan (AIBP) took place last month. The operations have been successfully merged under the name of Al Baraka Bank (Pakistan) Limited (ABPL) and consequently, all branches of AIBP and EGIBL will be re-branded as ABPL.

ABPL has assets in excess of Rs. 50 billion, a workforce of 1400 professionals and a network of 89 branches in 36 cities and towns across Pakistan. After the merger, the total number of branches of Al Baraka Banking Group, including Pakistan exceeds 360 branches.

FLOODS TO AFFECT BANKS' SOLVENCY

The recent floods are likely to influence the performance of the banks in the coming quarters. According to State Bank of Pakistan's Quarterly Performance Review of the Banking System for the last quarter, the heightened credit risk and increased portfolio of NPLs will remain a major challenge for the banking system in the time to come as the floods could cause additional NPLs mainly in agriculture sector and affect credit activities in sectors allied to Kharif crop. Further they are likely to increase the governments demand for bank credit.

The report predicted that the inflow of donations, grants and assistance and expenditures on the rescue of flood affectees and rehabilitation of infrastructure would accelerate the growth of monetary aggregates and banks fund base in short-to-long term.

STATE BANK OF PAKISTAN'S AMENDMENT BILL 2010 PASSED

National Assembly has recently passed a bill to amend the State Bank of Pakistan Act, 1956 (The State Bank of Pakistan (Amendment) Bill, 2010). The Act will be called State Bank of Pakistan's Amendment Act 2010 comes into force at once.

The Bill is said to update the State Bank of Pakistan Act, 1956 and benefit it by bringing it closer to the current emerging functions of a modern central bank and would conform to best international practices.

Main highlights include replacement of Monetary and Fiscal Policies, Coordination Board by Monetary Policy Committee and a restriction on lending to the Government.

Share with us!

Send us the details of latest news, moves and events related to Islamic finance happening in your organization at ifp@publicitas.com.pk

Globe Trotter

UAE'S FIRST 0% PROFIT HAJJ SERVICE LAUNCHED

Sharjah Islamic Bank has launched a zero per cent profit financing service for Hajj, which will enable people faced with "lack of liquidity and difficulties in finding financing sources" to perform pilgrimage and pay back over a year without any profit.

According to SIB, the service is the first-of-its-kind to be offered by an Islamic bank in UAE. The Bank has selected a number of reputed Hajj and Umrah agencies through which the service will be available for clients. These agencies will pay a commission to the bank in return for promotion through the advertising campaign on condition that no additional fees are imposed on clients.

IDB SIGNS \$120 MILLION LOAN BILL WITH EGYPT

The Islamic Development Bank Group and the Egyptian government recently signed three deals in Cairo under which the Jeddah-based bank will offer financial services amounting to \$120 million to Egypt. The funds will be mainly used to launch a combined cycle power generating station in Banha, northwest Cairo, with a capacity of 750 megawatts. The documents also include a Sharia-compliant \$10 million loan to support medium and small enterprises in Egypt.

ECB UNVEILS TOUGHER COLLATERAL RULES FOR BANK LOANS

The European Central Bank (ECB) unveiled new provisions on Saturday regarding key refinancing operations that should tighten some conditions for banks seeking to borrow central bank funds. The changes follow other reforms already proposed for the global financial system that could determine how much credit is available to drive an uncertain economic recovery.

As the ECB tightens guidelines on what it will accept in exchange for loans, banks also have to increase their capital reserves to protect against risky lending under the terms of proposed "Basel III" regulations. Higher minimum capital requirements and higher quality capital are meant to make commercial banks better able to withstand loan defaults. The banks in turn warn that if they have to set aside more capital, then they will inevitably have to reduce the amount of money lent to businesses and households to drive economic growth.

UAE WILL ISSUE ISLAMIC CERTIFICATES OF DEPOSIT

The UAE's Central Bank, in a bid to widen investment options for Islamic lenders, will introduce Shariah-compliant certificates of deposit, or CDs, by year-end, providing banks with more investment options. Initially, the CDs will be available only to fully Islamic banks and then extended to the Islamic banking units of other commercial banks.

The Shariah-compliant instrument, on the lines of Islamic Murabahah transaction will help soak up the excess liquidity in the Islamic money market. According to a banker, Islamic banks with this offering can invest their surplus liquidity in Shariah-compliant certificates of deposit which will also offer them financial gains. Earlier, they could only buy the interest bearing certificates of deposit, which is against the principles of Islamic finance.

Disclaimer: The news included here is on the basis of information obtained from local and international print and electronic media sources and it does not reflect the views of Publicitas (Pvt.) Ltd.

Book in Review

Islamic Microfinance Bank: Mansooba-e- Amal

اسلامی مائیکرو فائنانس بینک - منصوبہ عمل

By Omar Mustafa Ansari

Book review by Mr. Mahmood Shafqat (Additional Director — BPRD — SBP)

The book under review is a valuable addition to the current literature on Islamic Finance, particularly Islamic Microfinance. As a piece of literature, it is unique and appreciable in a lot of ways. The author has tried to present a broad, yet brief, account of the way(s) an Islamic Microfinance Institution can operate. He has presented his arguments with respect to Financial, Economic and Islamic points of view on this subject matter.

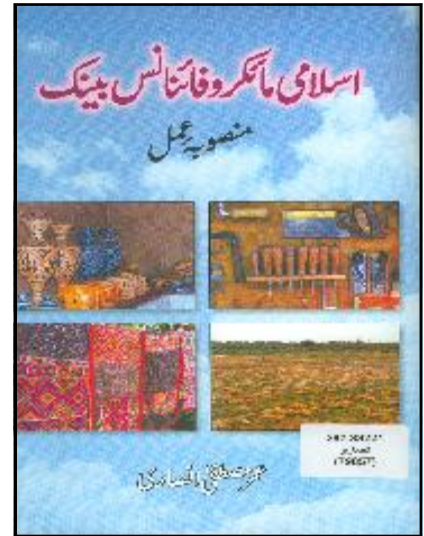
Where only a few reports and articles constitute the total universe of Islamic Microfinance literature in English; the book is *sui generis* in Urdu language. No matching account of the subject matter is currently available in Urdu. Another remarkable feature of the title is its emphasis on the dialectic, which shows that the Socratic question-and-answer method is still quite popular. Chapters are mostly titled as questions and their answers form the text.

In Foreword to this book, it has been stated that the first practicable idea of Islamic Bank based on Shariah principles was presented by Hazrat Allama Ahmad Raza Khan in 1912, which is available in a booklet named "Tadbir e Falah O Nijat". The book begins with an introduction to Islam and quickly moves to the central themes of Islamic Economics. An all encompassing account of Islamic Economics by detailing its pillars viz. Zakat and Ushr, Sadaqa and Khairat, Qard-e-Hasna, Bukhl, Riba and Law

of Inheritance is also given. The first section also contains the author's take on various other issues like self-interest based rationality of modern capitalism and contrasts it with Islam's emphasis of business and commerce based on fairness.

Another valuable addition is a brief account of history of Islamic Banking in Pakistan. Efforts to promote an Islamic Banking System have been analyzed and their merits and demerits discussed in detail with a lot of sincerity. However, at some places there exists room for debate. The author exhibits how the Islamic Banks operating today in Pakistan are different from the banks that were (supposedly) Islamized in the 1980s. He appreciates the efforts of the stakeholders involved in making the current practice of Islamic Banking in Pakistan possible. A few pages are reserved for a discussion on the need for Islamic Banking, its socio-economic impact and its limitations.

The next section deals with microfinance and its Islamic version. It begins with a brief on microfinance and proceeds to give an outline of the Consultative Group to Assist the Poorest (CGAP) Principles. Various models of microfinance viz. the Grameen Bank Model, the Village



Bank Model, the Credit Union Model and the Self-Help group have been discussed. Of particular focus is the Grameen Bank Model, firstly, due to its pioneering role and secondly due to its success and international recognition.

The focus of the next section is the proposed Islamic Microfinance Bank model. It begins with an analysis of the relationship between borrowing and self-sufficiency.

The author narrates some traditions of the Holy Prophet (S.A.A.W.S), where borrowing to

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Spotlight

Al Baraka Bank (Pakistan) Limited — The first merger of two Islamic banks in Pakistan

The first merger in the history of Islamic banking sector of Pakistan recently took place with the merger of Emirates Global Islamic Bank Limited (EGIBL) and Al-Baraka Islamic Bank Pakistan (AIBP) with the operations being successfully merged under the name of Al Baraka Bank (Pakistan) Limited (ABPL). Consequently, all branches of AIBP and EGIBL will be re-branded as ABPL.

In 2007, EGIBL started its operations in Pakistan with Emirates Investment Group (through Emirates Financial Holding Company) and Al Rajhi Investment Group (through Mal Al Khaleej Investment Company) as the principal shareholders. EGIBL had a 60 branch network located in 31 cities and towns across Pakistan at the time of merger.

Al Baraka Islamic Bank is a subsidiary banking unit of Al Baraka Banking Group (ABG), a Bahrain Joint Stock Company listed on Bahrain and NASDAQ Dubai stock exchanges. It is a leading international Islamic bank with Standard & Poor's long and short-term credit ratings of BBB- and A-3 respectively and offers retail, corporate and investment banking, and treasury services strictly in line with the principles of Islamic Shariah. The authorized capital of ABG is US\$ 1.5 billion, asset base of US\$ 15 billion and total equity is US\$ 1.7 billion with the network spread across Jordan, Bahrain, Algeria, Sudan, South Africa, Lebanon, Tunisia, Egypt, Turkey, Syria and a



representative office in Indonesia. AIBP commenced its operations in 1991 and it had 29 branches across Pakistan, an asset base of Rs. 31 billion and profit before tax of Rs.168 million at the time of merger.

The Islamic finance industry of Pakistan has already witnessed remarkable growth over the last 5 years. ABPL now has the opportunity to perform a key part in further promoting the growth of this industry due to substantial capital resources, combined with a nationwide branch network at its disposal. This will enable the Bank to provide a full range of Islamic banking services, supported by the experience and expertise of its parent company, Al Baraka Banking Group (ABG).

The Bank offers a wide range of banking products and services, fully complying with Shariah principles, to meet the needs of business entities, falling in the Corporate SME and Consumer categories, that is, Import

Financing, Export Financing, Working Capital Financing, Infrastructure Financing, Project Financing and financing of other business needs. All financing/investment facilities comply with Shariah-compliant modes of financing, such as Murabahah (Sale/Purchase/Trading), Musharaka (Partnership), Ijarah (similar to Leasing), Consumer Financing, Car Financing and Housing Finance.

After the merger, the total number of branches of the Al Baraka Banking Group, including Pakistan exceeds 360 branches. ABPL has assets in excess of Rs. 50 billion, a workforce of 1400 professionals and a network of 89 branches in 36 cities and towns across Pakistan.

UPCOMING EVENT

8 & 9 February 2011

International Conference on

'Islamic Business & Finance in Pakistan: The Present State and the Way Forward'

A two day international conference on 'Islamic Business and Finance: The Present State and the Way Forward' will be held on February, 8 & 9, 2011 by The Riphah Centre of Islamic Business (RCIB) in collaboration with the regulatory, finance and business institutions of Pakistan. The Conference will provide an excellent platform for coming together of the professional and intellectuals from the field to discuss the achievements, the challenges and issues faced, future potential available in the fields of Islamic business, banking and finance in Pakistan.

So far, globally renowned scholars including Dr. Abbas Mirakhor, Dr. Monzer Kahf, Dr. Anas Zarqa, Dr. Mabid Ali Al Jarhi, Dr. Salman Syed Ali, Dr. Tariqullah Khan and Mr. Rustam M. Idrees (BNM) will be delivering key note addresses and present their papers in the Conference. Similarly many scholars and practitioners from within the country have shown their interest in the same.

Papers, presentations and performance reports regarding various aspects of Islamic Finance will be presented in the conference by the professionals from the field. Management Schools are encouraged to present papers for the Best Student Paper competition award. You may send your consent and outline / abstract of the topic by email to: icbf2011@riphah.edu.pk; or muhammad.ayub@riphah.edu.pk

For further details, please contact:

Muhammad Ayub (Conference Secretary General)

Riphah Centre of Islamic Business, Riphah International University

Al-Mizan IIMCT Complex, 274-Peshawar Road, Rawalpindi, Pakistan .

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attain self-sufficiency is encouraged. In light of these traditions, the author's claim that an Islamic Microfinance Bank is inevitable for Muslim societies seems to be a valid proposition. He emphasizes that helping needy Muslims is a 'Fard-e-Kifaya'. The discussion then proceeds to the differences between an Islamic Microfinance Bank and a conventional one. The main areas of difference are the Shariah-compliant investments and the institution's orientation of creating balance between business and charitable lending. A list of possible areas of financing is also given. Conditions of the business modes of financing are detailed and contrasted with that of a conventional microfinance bank. Another valuable addition is the concept of Zakat fund that will

operate as a trust with Zakat contributions of the depositors and investors. The author also details the products that may be offered for business-financing before proceeding to give an account of its operational mechanism. In the model of an Islamic Microfinance Bank, he proposes an institution that is not only commercially viable but socially responsible and Shariah compliant as well.

At the end of this section, the discussion is devoted to a model for Islamic Micro-takaful. Takaful is the Islamic variant for conventional insurance and Micro-takaful is Takaful for the vulnerable sections of the society. The author argues that Micro-Takaful is essential to build a society based on welfare of the common man. Since, the well-to-do classes of the society have assets to fall on in times of distress, it is the poor sections of the society that are

vulnerable to financial shocks due to their lack or unavailability of assets. Therefore, their wellbeing should include some sense of security in times of need. Micro-takaful is the most important way to address such concerns. Operational modalities of Micro-takaful are then discussed along with a comparison with conventional insurance.

In the end, an extremely useful glossary of various terms used in Islamic Finance is given. Also notable is the inclusion of model agreements for Islamic Microfinance.

Let us pray that Allah (S.W.T) may make it a leading light for all present and future Islamic Microfinance Institutions and practitioners and turn this model into reality.
