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# ISLAMIC FINANCE WEBINAR SERIES: FUNDAMENTAL PRINCIPLES OF ISLAMIC FINANCE

Presenters:

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# Introduction to Islamic Finance

**Mohammad Shoaib, CFA,**

CEO, Al Meezan Investment Management Limited



# FACTS AND FIGURES

- According to Islamic Financial Services Board Report, Total Islamic Finance universe including Islamic Banking, Islamic Capital markets and Takaful is estimated at USD 2.44 trillion (2Q19)
- Islamic Banking Assets = USD 1.7 trillion
- Islamic Capital Markets worth = USD 645.7 billion
- Takaful Gross contribution = USD 27.07 billion



# Islamic Finance Fundamentals in a Snapshot

**Zeeshan Ahmed, PhD.,**

Dean and an Associate Professor,

Karachi School of Business and Leadership (KSBL) Pakistan



# Assets

**Lease-Based Financing  
(e.g., Vehicles, PPE)**

**House Financing**

**Real  
Assets**

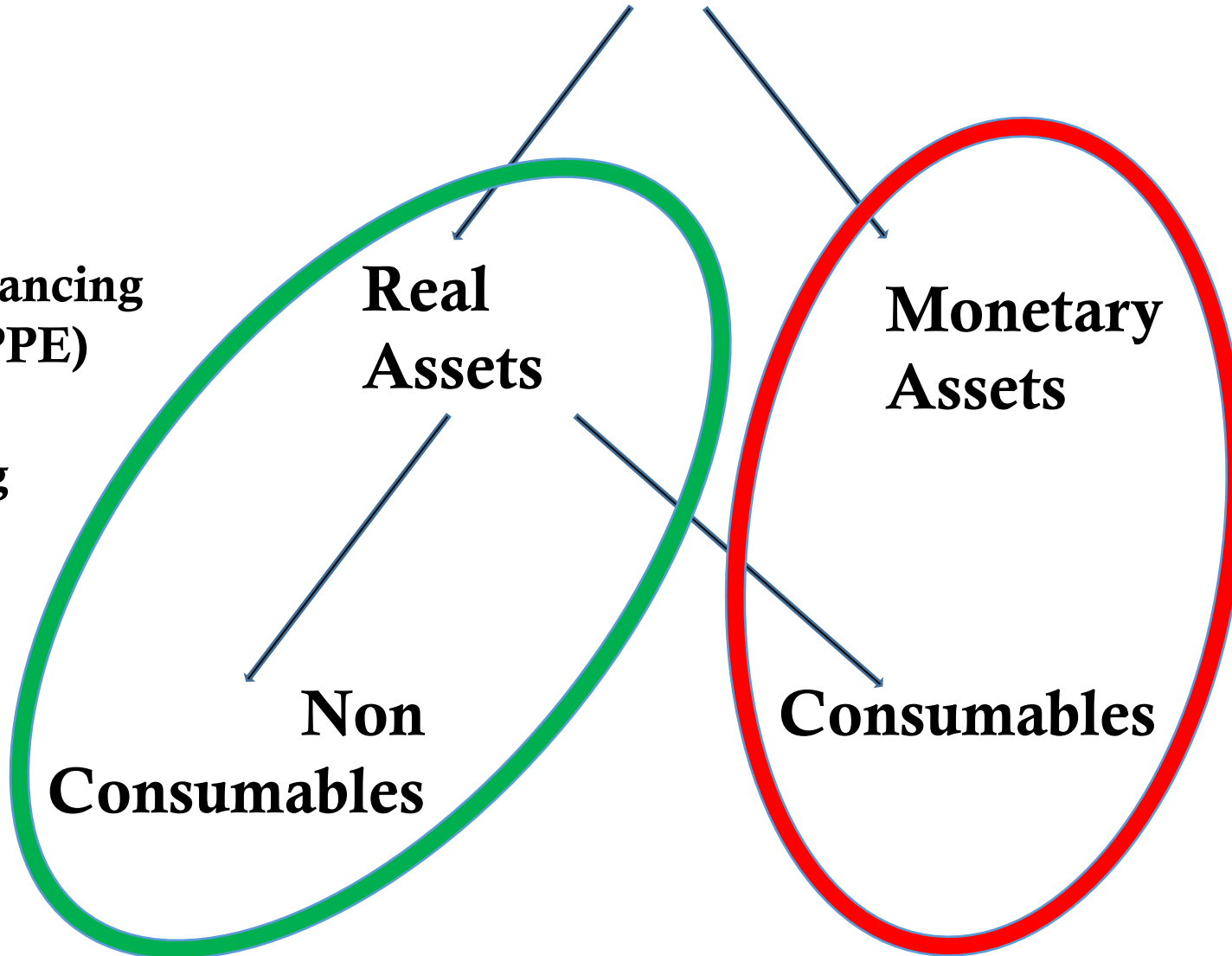
**Non  
Consumables**

**Monetary  
Assets**

**Consumables**

**Participatory  
Financing  
(Sharing  
Profits/Losses)**

**Trade-Based  
Financing  
(Sale of  
commodities etc.)**



# Insurance vs Takaful

**Naila Firdausi Asa, CFA**

Fixed Income Analyst,

PT Manulife Aset Manajemen Indonesia



# INSURANCE VS TAKAFUL

	Insurance	Takaful
Contract	an exchange contract-- sale & purchase of coverage service between insurance company and policy holders (risk transfer)	a combination of Tabarru contract between participants (risk-sharing) and wakalah and/or mudharabah between participants and takaful operator
Responsibility of Policy Holders/ Participants	Policy holders pay premium to insurance company	<ul style="list-style-type: none"> <li>Participants make contributions to scheme/ pool of funds</li> <li>Participants mutually guarantee each other under the scheme</li> </ul>
Liability of insurer/ operator	Insurer is liable to pay the insurance benefits from its assets (insurance funds and shareholders' funds)	<ul style="list-style-type: none"> <li>Takaful operator acts as the administrator of the scheme and pay the takaful benefits from takaful funds/tabarru funds</li> <li>Surplus underwriting is shared among participants; Operator can provide non-interest fund (Qard/Qardh) in case of deficit</li> </ul>
Fund Investments	No special restrictions apart from prudent/regulatory guidelines	<ul style="list-style-type: none"> <li>Additional requirement of investing only in sharia-compliant assets</li> <li>Sharia Supervisory Board</li> </ul>

# PANEL DISCUSSION



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**THANK YOU**

