
“Revolutionary Changes in Global Islamic Finance Ecosystem: Need for Governance, Standardization and Regulatory Support”

Sunday & Monday 6 - 7 Rabi Al-Awwal 1441H, 3-4 November 2019, Gulf Hotel, Kingdom of Bahrain

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The global financial industry has witnessed fluctuations and changes post the financial crisis which hit hard over a decade ago, the stability and growth of the industry has been affected by various factors and many practitioners are of the view that there is a dire need for more effective regulation, prudential rules, and stricter policies to safeguard the industry from another turmoil.

The recent developments in FinTech, including but not limited to cryptocurrencies, blockchain technology, smart contracts, crowd-funding and artificial intelligence introduce new risks to the whole industry. While the benefits of cost saving and efficiency appeal to many market players and new entrant alike, these technologies require effective mechanisms to govern their applications.

While the Islamic finance industry is keen to keep pace with the recent development, additional layers of challenges and obstacles exist in terms of Shari’ah and governance. The question is how can the players take the industry to the next level of development and growth without risking its stability in this dynamic age?

In this regard, the 14th edition of AAOIFI-World Bank Conference sheds light on the need for regulations, governance and standardization in the industry from different angles through the lenses of a host of leading experts and scholars, representatives of central banks and regulatory and supervisory authorities, and practitioners.

Day 1
Sunday, 3 November 2019

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 - 9:00</td>
<td>Registration</td>
</tr>
<tr>
<td>9:00 – 10:30</td>
<td><strong>Opening ceremony and keynote addresses</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Reciting verses from the Holy Quran</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Welcome remarks:</strong> Mr. Omar Mustafa Ansari, Secretary General, AAOIFI</td>
</tr>
<tr>
<td></td>
<td><strong>Keynote address:</strong> H. E. Shaikh Ebrahim Bin Khalifa Al Khalifa, Chairman of Board of Trustees, AAOIFI.</td>
</tr>
<tr>
<td></td>
<td><strong>Welcoming remarks:</strong> H. E. Mr. Abayomi Alawode, Head of Islamic Finance, World Bank (Tentatively).</td>
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<tr>
<td></td>
<td><strong>Conference patron’s keynote address:</strong> H. E. Mr. Rasheed Mohammed Al Maraj, Governor, Central Bank of Bahrain</td>
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<td><strong>Guest of honour’s keynote address:</strong> H. E. Dr. Bandar M. H. Hajjar, President, Islamic Development Bank</td>
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<tr>
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<td><strong>Guest of honour’s keynote address:</strong> H. E. Mr. Mohammed Abdullah Al Kuwaiz, Chairman, CMA – Saudi Arabia</td>
</tr>
</tbody>
</table>
Day 1 (Continued)
Sunday, 3 November 2019

<table>
<thead>
<tr>
<th>Time</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:30 – 11:00</td>
<td>Honouring the guests of honour of the conference and sponsors of the conference</td>
</tr>
<tr>
<td>11:00 – 11:30</td>
<td>Coffee break and exhibition</td>
</tr>
</tbody>
</table>
| 11:30 – 13:00 | **Session 1: Overcoming regulatory challenges posed by technology disruptions and technology based unregulated financial intermediation**

Capitalizing on the potential efficiencies, cost-savings, and new market opportunities created by low-margin disruptive technologies has become a new normal in today’s dynamic financial industry. As technology matures, gains a larger audience and market share and threatens the status quo, finding a right combination of these will not only lift the Islamic finance industry to greater heights, but also will reinforce it’s position with the unique propositions it has to offer to the global financial industry.

A right mix of technology, aided by prudent regulatory support in a challenging macroeconomic environment will hold the key to sustainable success.

Distinguished panellist will provide expert inputs to guide the Islamic finance industry to ride the technology wave and overcome challenges faced by the industry.

**Main topics:**
- Key trends shaped by disruptive technologies and business models including technology based financial intermediation.
- Important developments fundamental to businesses around the world.
- Current regulatory practices for financial technology supervision.
- Manoeuvring through macroeconomic conditions for sustainable growth.
- Blending technology with Shari’ah precepts. Is there is a conflict?
- Identifying building blocks for mass market and mixed reality

**Moderator:**
- Dr. Humayon Dar, Director General of Cambridge Institute of Islamic Finance

**Panellists:**
- H. E. Dr. Maher “Sheikh Hasan”, Deputy Governor, Central Bank of Jordan
- Mr. Ghiath Shabsigh, Assistant Director, Monetary and Capital Markets Department, IMF, USA.
- Mr. Abdulla Mohammed Al Awar, CEO, Dubai Islamic Economy Development Center, UAE.
- Dr. Bello Lawal Danbatta, Secretary General, Islamic Financial Services Board (IFSB), Malaysia; Member, Accounting Board, AAOIFI.

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<tr>
<th>Time</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:00 – 14:00</td>
<td>Lunch and prayers break (sponsored by Central Bank of Bahrain)</td>
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<tr>
<td>14:00 – 15:30</td>
<td><strong>Session 2: Blockchain based smart contracts: the need for Shari’ah rules and governance mechanism</strong></td>
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</table>

Blockchain technology has emerged to save cost and increase efficiency by allowing untrusted entities to interact with each other in a distributed manner without the involvement of a trusted third party. An appealing application that can be deployed on top of blockchain is smart contracts. There has been an increasing trend towards the use of smart contracts which can be applied in areas ranging from financial services, healthcare to energy resources and voting. A smart contract is executable code that runs on top of the blockchain to facilitate, execute and enforce an agreement between untrusted parties without the involvement of a trusted third party. However, since smart contracts are still in early stage of development, legal and regulatory challenges are there in front of the users and developers. This session will provide a broader perspective on their problems and possible solutions.
Session 2 (continued):

Main Topics
- Unlocking the potential of Blockchain technology.
- How do smart contracts work?
- What are the benefits and characteristics of smart contracts?
- Associated risks and Shari'ah perspective on smart contracts.
- Application of smart contract in Islamic finance including present practices.

Chairman:
- Mr. Ijlal Ahmed Alvi, Chief Executive Officer, International Islamic Financial Market (IIFM), Bahrain.

Speakers:
- Mr. Sharjil Ahmed, Managing Director, Nexxus Investments, UK.
- Dr. Ziyaad Mahomed, Assistant Professor, INCEIF, Malaysia.

Commentators:
- Dr. Shaher Abbas, Executive Director at IFAAS & Executive Director IFIN Services.
- Dr. Hurriyah El Islamy, Executive Board Director, Badan Pelksana, Indonesia.
- Dr. Hatem Masri, Dean, College of Business Administration, University of Bahrain.

15:30 – 17:00

Session 3: “Islamic crowdfunding: opportunities and challenges”

Growth in crowdfunding and peer to peer lending platforms is exploding and blooming worldwide as the crowdfunding industry is projected to grow to over $300 billion by 2025. Crowdfunding allowed people around the world to raise funds for various projects and causes. Countless businesses have started and thousands of jobs created, thanks to the power of crowdfunding. Crowdfunding has become a popular alternative to traditional funding. For the Islamic finance industry, it is a new development and has the potential to change the whole business model, accordingly, it is crucial to shed light on opportunities and challenges it will offer to Islamic finance. This session consists of 2 papers presented by industry experts. After the presentations the floor will be open for the audience for further discussion.

Main Topics
- The role of crowdfunding in promoting the growth of economy.
- How can crowdfunding help in financial inclusion?
- Crowdfunding effect in raising the operational efficiency and lowering costs.
- Risks of fraud in crowdfunding and potential controls to avoid such risks.
- What are the possible governance gaps /traps in crowdfunding?
- The need for clear rules governing and regulating the crowdfunding platforms.
- What are the mechanisms that should govern crowdfunding?
- What are the implications of crowdfunding expansion on banks business models?

Chairman:
- Honorable Sh. Prof. Dr. Mohamed Al Qari, Chairman and Member of IFIs’ Shari’ah Supervisory Boards; Member, Board of Trustees, AAOIFI.

Speakers:
- Mr. Umer Munshi, Co-Founder & Managing Director at Ethis Ventures Malaysia and Chairman at Islamic Fintech Alliance.
- Mr. Ashar Nazim, Group Chief Executive Officer, AION Digital, Bahrain.

Commentators:
- Mr. Khalid Saad, CEO, Bahrain FinTech Bay.
- Ms. Yasmeen Al Sharaf, Head of the Fintech Unit, Central Bank of Bahrain.

17:00
End of Day 1 proceedings
9:00 – 10:30  
**Session 4: Shari'ah decision making process**

Shari'ah decision making is a cumulative and consultative exercise conducted by Islamic finance professionals in order to find a Shari'ah compliant and economically viable solution for an existing problem in the organization or an approval of a product or service proposal. The AAOIFI Governance and Ethics Board (AGEB) in February 2019 felt a need for a standard in this area with regard to methodology/process of obtaining fatwa and other decisions. This will help to comprehend the issues and avoid hidden traps in Shari'ah decision making.

**Main Topics**
- Overview of the Shari'ah decision making process.
- Dimensions of Shari'ah decision making in Islamic finance.
- Consideration of social development goals (SDGs) in the Shari'ah decision making.
- The importance of critical Shari'ah analysis.
- Independence and conflict of interest issue.
- How to mitigate the risks in Shari'ah decision making?
- The role of good governance practices in avoiding hidden traps.

**Chairman:**  
Shaikh Dr. Osaid Kailani, Global Head of Shari'ah, Abu Dhabi Islamic Bank.

**Speakers:**
- Dr. Ahcene Lahasna, Chief Executive Officer, Salihin Shariah Advisory Services, Malaysia.
- Dr. AbdulBari Mashal, Managing Partner of Raqaba, USA, Member of Governance and Ethics Board, AAOIFI.

**Commentators:**
- Mr. Hamza Bawazir, Executive Vice President, Head of Shariah Division at the National Commercial Bank (NCB), KSA.
- Dr. Yahia Abdul Rahman, Founder & Resident Shari’aa Supervisor, LARIBA Banking Group.

10:30 – 11:00  
**Refreshment break**

11:00 – 12:30  
**Session 5: Investment screening issues and purification of capital gains**

An Islamic equity market is an integral part of Islamic capital market that has developed throughout the years with its basis well grounded into the Shari’ah principles and rules. It offers a dynamic platform for investors to access capital and acquire ownership in companies.

Many regulatory and Shari’ah authorities, standard-setting bodies, Islamic financial Institutions and individual scholars have deliberated on these issues and proposed viable solutions for its development and increased acceptability.

With rapid growth of Islamic capital market, operational issues regarding the implementation of Shariah aspects might pose a challenge. There are more screening issues unearthing with the expansion of Islamic finance as well. This session identifies issues and their solutions regarding the purification of investment income and the implementation of the purification process.

**Main Topics**
- Comparison of entity screening criteria by AAOIFI and different screening services provided by other market players.
- Critical issues relating to the Shariah screening process for investments.
Session 5 (continued):

- Shari’ah basis for purification.
- Methods of purification of income.
- Purification practices across jurisdictions.

Chairman:
- Honorable Sh. Esam Ishaq, Deputy Chairman, Discover Islam; Member - High Council for Islamic Affairs; Chairman and Member of IFIs’ Shari’ah Supervisory Boards Around the World; Deputy Chairman, Governance and Ethics Board, AAOIFI.

Speakers:
- Mr. Mohamed Donia, Chief Executive Officer, IdealRatings, USA.
- Muhammad Farhan ul Haq Usmani, Executive Vice President & Head of Shariah Audit & Advisory, Meezan Bank Limited, Pakistan.

Commentators:
- Mr. Majid Siddique Dawood, Chief Executive Officer, Al Yasaar Research, UAE.
- Mr. Yasser Dahlawi, Chief Executive Officer, Shariyah Review Bureau, KSA.

12:30 – 13:30
- Prayers and lunch break (sponsored by AAOIFI).

13:30 – 15:00
- Session 6: Revision of AAOIFI’s financial accounting standards project

Present-day Shari’ah-compliant products and services have come to cover a wide spectrum of banking, capital markets, asset management and insurance (takaful) business, among others. This challenge is especially pressing for AAOIFI in light of expanding to more diverse international stakeholders and extensive financial reporting requirements.

In response to this rapid growth and expansion and to keep up with best practices, AAOIFI initiated a project to review and revise all of its existing financial accounting standards (FASs) and provide recommendations in this regard.

The exercise included a detailed analysis of each standard and also benchmarking against other comparable standards and other global best practices to identify and recommend areas of improvement. This session consists of panel discussion by industry experts, who will describe the implications of the changes in global accounting standards on Islamic finance and its institutions, after the presentations the floor will be open for the audience to comment and further discuss.

Main Topics
- AAOIFI’s current standards revision strategy.
- What are the perceived gaps in FAS compared to other global acceptable accounting practices?
- What more is needed to ensure adoption of FAS and what are we missing?
- What new areas of accounting should be addressed by FAS?
- Do FAS need to address areas in accounting that don’t contravene Shari’ah?

Chairman:
- Prof. Dr. Necdet Sensoy, Board Member, Central Bank of the Republic of Turkey; Member, Board of Trustees, AAOIFI.

Speakers:
- Mr. Irshad Mahmood, Partner, Audit and Assurance, Deloitte, Bahrain.
- Mr. Mahesh Balasubramanian, Partner, Financial Services, KPMG, Bahrain (Tentatively).

Commentators:
- Mr. Firas Hamdan, Executive Director of Human Resources Department and Chairman of Islamic Banking Regulatory Committee / Banque Du Liban (the Central Bank of Lebanon).
- Ms. Fazeela Gopalani, Head of Middle East, ACCA, UAE.

15:00
- Conclusion

15:00 – 15:15
- AGM