

## UK still in lockdown



THE UK

By Dr Scott Levy

**No, this is not another COVID-19 discussion; the UK has been in Shariah product development lockdown since 2014.**

It took seven years from consultation to deliver the first UK sovereign Sukuk (2014), described at the time as the first step for the UK to become the pre-eminent western hub for Islamic finance. Then what? Lockdown has continued since then.

To be fair, UK companies have been successful in building educational and advisory solutions. The UK Islamic Finance Council (UKIFC), for example, is leading the way in bringing together UN Sustainable Development Goals and Shariah law. Birmingham City University's new Bachelor of Science Accounting and Islamic Finance degree will hopefully attract both domestic and international students to build on the UK's depth of advisory experience.

Education and standards are undeniably important but without a supply of products, how much impact will they make? The government's first

Sukuk issuance was supposed to spur some activity; the much-anticipated sophomore issuance is nowhere to be seen despite the cost to the UK Treasury of up to GBP1.5 million (US\$2 million) in fees. Lockdown has not stopped money being spent (online Black Friday deals or in government tenders). Businesses create products not governments. The European market for Halal investing is large and with a shortage of products in the pound sterling (let alone the euro), institutional and retail investors will benefit from new products and new Halal investing platforms.

A new Shariah compliant exchange-traded fund (Almalia) and a Sukuk issuance platform (Al Waseelah) both have benefited from using the UK as a fundamental base for their respective successes; perhaps these will stimulate competition for both equity and debt product launches. There is certainly a lot more happening on the fintech and consumer Halal investing side. New platforms are emerging for alternative banking like Rizq and for consumer access like Islamic Finance Guru and Simply Ethical.

These platforms should encourage more product development as the market

becomes more accessible. Will the UK Islamic banks respond with innovative products? Like conventional banks have seen, new platforms will take market share at lower costs and that can only be good for the domestic market. It is not all bad news but the UK's drive to become a hub for Islamic issuance seems problematic. The knowledge and experience at Islamic Finance Council UK and among the number of Shariah advisory businesses in the UK are world-leading.

However, without new product launches, the UK's role as a think tank for Islamic finance seems more likely than as an Islamic finance full-service industry hub. Even if the government does come out of lockdown and issue another Sukuk, it is not going to assist the management of UK companies who are working hard to develop their own Islamic finance businesses. In that respect, perhaps lockdown is a good thing; let the government navel-gaze, the business of Islamic finance in the UK must carry on regardless. ☺

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## Sberbank's subsidiary, Sberinvest Middle East, in the UAE



RUSSIA

By Dr Ilyas Zaripov

**Sberbank's subsidiary in the UAE, Sberinvest Middle East, is expected to receive its license from the Abu Dhabi Global Market by the end of 2020. The main task of Sberbank Middle East is to become a key partner in investment transactions between investors in Russia and the Middle East.**

The subsidiary will also become a fully licensed Islamic window, allowing the structuring of investment products in accordance with the principles of Shariah as well as engaging in trade financing of exports from Russia to the Middle East.

The chairman of the board of directors of the new company is Oleg Ganeev, the deputy chairman of Sberbank, who

initiated the first Shariah compliant deal for Sberbank in Russia.

The 10<sup>th</sup> Forum of Teachers of Muslim Educational Organizations, held in Kazan, the capital of Tatarstan, with the support of the Spiritual Directorate of Muslims of Tatarstan; Foundation for Support of Islamic Culture, Science and Education; and the Russian Islamic Institute was a unique platform for discussing and finding solutions to the problems in Islamic education.

An online Madrasah project, introduced by Lenar Khammatov from publishing house Khuzur, was among the many educational programs presented during the event using information technology.

The main reason for the creation of the online Madrasah project was the absence of a distant source for students to receive traditional knowledge on

the basics of Islam in Russia. The project, which is a simple, easy and understandable modern digital platform for organizing the educational process for beginners in the Muslim educational system, was approved by the Spiritual Administration of Muslims of Tatarstan.

Some of the disciplines available are Shariah, Fiqh, Quran, Islamic ethics (Akhlaq), Arabic language, Islamic economics and finance. Graduates of the online Madrasah project receive an official state-approved diploma to continue their education at Islamic and public universities. ☺

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