

SHARIAH NON-COMPLIANCE RISK MANAGEMENT & REPORTING FOR ISLAMIC BANKING & FINANCE



16th August 2016, DoubleTree by Hilton, KUALA LUMPUR
SIDC CPE - accredited: 10 CPE Points

Shariah non-compliance risk has been defined as 'The risk that arises from the bank's failure to comply with the Shariah rules and principles determined by the relevant Shariah regulatory councils.' (Islamic Financial Services Board, IFSB)

By offering Islamic banking, investment and risk-management and protection products, Shariah non-compliance is a fundamental, inherent and key risk for Islamic financial institutions of all kinds. The concept of non-compliance, and the onus it creates has recently become more significant by being explicitly tied to important Islamic banking legislation, such as Islamic Financial Services Act 2013. Indeed, Section 28 (3) of IFSA 2013 sets out clearly the obligations and responsibilities of a financial institution in the case Shariah non-compliance, and the subsequent reporting and disclosure process. Penalties and consequences of not following Shariah non-compliance reporting procedures can be severe.

This timely one day course sets out Shariah compliance and governance requirements under Malaysian law. It also discusses the role of compliance and Shariah compliance functions, as well as specifically the obligations, procedures, disclosure and reporting requirements and rectification options in the case of Shariah non-compliance.

HIGHLIGHTS

- Shariah Compliance and Governance Requirements within an IFI
- Regulatory Issues of Shariah Governance and Shariah Non-Compliance Reporting
- Procedures, Obligations and Responsibilities of Shariah Non Compliance Reporting (SNC)
- Rectification Options in the Situation of SNC

KEY OUTCOMES

- Assessing the execution of Shariah risk, governance and compliance functions across banking products and businesses
- Understanding standards and the legal framework for Shariah non-compliance reporting (SNC), and identify legal obligations and responsibilities
- Defining the course of action at the point of identification of SNC, and the rectification plans and options available to the bank at that point

AGENDA

9.15am – 10.30am

Session 1: Review of Shariah Compliance for Islamic Financial Institutions and Introduction of Shariah Non Compliance (SNC)

- Review of Islamic Finance and Shariah compliance
- The framework of Shariah compliance
- Types and common examples of Shariah risks inherent in Islamic financial institutions: product flaws in documentation or structure, GAP between Islamic Banks' practices & regulatory requirement and potential flashpoints
- Introducing important concepts of Shariah non-compliance
- The significance of the Shariah Governance Framework (SGF) on Shariah non-compliance risk management and reporting

Associate Professor Dr Rusni Hassan — *Deputy Dean, IIUM Institute of Islamic Banking and Finance*

10.30 – 11.00 Coffee

11.00 – 12.00

Session 2: Shariah Compliance and Governance Requirements for Shariah Non-Compliance Risk Management and Reporting

- Examining regulatory requirements on Shariah compliance and Shariah non-compliance reporting under the following:
 - Central Bank Act 2009
 - Islamic Financial Services Act 2013
 - AAOIFI
 - IFSB
- Implications of each for Shariah audit and Shariah risk management functions and Shariah non-compliance reporting within an Islamic financial institution
- Obligations, responsibilities of boards and directors and senior bank management, and penalties for Shariah non-compliance infringement

Prof. Dr. Mohamad Akram Laldin — *Executive Director, International Shari'ah Research Academy for Islamic Finance (ISRA)*

12.00 – 12.45

Session 3: Examining the Role of Compliance & Shariah Compliance Unit in Islamic Financial Institutions

- Analysing product endorsement and approval procedures

- Systems, procedure and documentation processes
- Disclosure and reporting requirements in Malaysia: Practical issues with Shariah non-compliance reporting within Islamic Banks
- Undertaking and building effective risk assessment and management practices
- Rectification options and procedure, non-halal income management and purification
- Hot spot areas or activities which will trigger Shariah non-compliant risk in Islamic banks

Muhd Ramadhan Fitri Ellias — *Executive Vice-President and Head of Product, Maybank Islamic*

12.30 – 2.00 Lunch

2.00 – 3.00

Session 4: Assessing Procedures, Obligations and Responsibilities of Shariah Non-Compliance Reporting

- Identifying the obligations of Islamic Financial Institutions for Shariah non-compliance reporting
- Practical issues and procedures for SNC reporting
- Information disclosure requirements for SNC
- Rectification measures: options open to an Islamic financial institution
- Effects and consequences of failure to report SNC

Ahmad 'Arif Mohd Arshad — *Head of Shariah Compliance, RHB Bank Berhad (RHBB)*

3.00 – 4.00

Session 5: Managing Shariah Non-Compliance Risk as Part of an Overall Risk Management Programme for Islamic Banks

- Review of common risks Islamic financial institutions are exposed to: rate of return risk, displaced commercial risk, credit, market, liquidity and operational risk
- Where and how Shariah risk and Shariah non-compliance specifically fits into operational risk management systems
- Risk identification, risk reporting and management in Islamic financial institutions: role of Shariah audit and internal audit
- Examples of specific risks in Islamic finance products

Ahmad 'Arif Mohd Arshad — *Head of Shariah Compliance, RHB Bank Berhad (RHBB)*

4.00 Coffee and Networking

Who Will Benefit?

- Internal Shariah auditors
- Shariah department managers and key staff
- Accountants & auditors
- Compliance managers
- Product development managers
- Regulators and supervisors
- Credit & risk management professionals
- Consultants

SPEAKERS



**Associate Professor Dr.
Rusni Hassan**
**Member, Shariah Advisory
Council,**
Bank Negara Malaysia
Deputy Dean
*IIUM Institute of Islamic
Banking and Finance*

Dr Rusni Hassan is an associate professor and the deputy dean at the IIUM Institute of Islamic Banking and Finance, International Islamic University Malaysia (IIUM). She graduated with a Bachelor of Laws degree (Honors), a Bachelor of Laws degree (Shariah) (First Class), a Master of Comparative Laws degree and a PhD in law. She is a member of the following: Shariah Advisory Council for Bank Negara Malaysia, Association of Islamic Banking Institutions Malaysia, Shariah Committee for HDFC and HDC Maldives. She is a registered Shariah advisor with the Securities Commission Malaysia and is the secretary for the Association of Shariah Advisors in Islamic Finance Malaysia and the International Council of Islamic Finance Educators.

Dr Rusni has spoken extensively in seminars, workshops, conferences and trainings on various Islamic finance issues. Her publications include books on Islamic banking and Takaful, Islamic banking under Malaysian law, corporate governance of Islamic financial institutions and many articles in local and international journals. She has received awards such as 'Promising Researcher' at IIUM in 2012. Her works and contribution to Islamic finance have also been recognized internationally when she was listed among the 'Top 10 Women in Islamic Finance' by CPI Financial in 2013. She also received the award of 'Most Talented Women Professional in Islamic Banking' at the Asia Islamic Banking Excellence Awards, CMO Asia in 2014.



**Ahmad 'Arif Mohd
Arshad**
**Head, Group Shariah
Business Compliance,
Group Risk, Compliance &
Credit Management**
RHB Islamic

Ahmad 'Arif bin Mohd Arshad has been Head of Shariah Compliance of RHB Bank Berhad (RHHB) in Kuala Lumpur since 2014, prior to assuming his new role as Head of Group Shariah Business Compliance of RHHB in Jan 2016. He is a Shariah expert practitioner with more than ten years of experience in Islamic banking and finance. Formerly, he served the industry as the Head of Shariah Supervision at Al-Rajhi Bank (Malaysia), Acting Head of Shariah at HSBC Amanah (Malaysia) and Head of Syariah Advisory at Bank Islam Malaysia Berhad. As an expert in his field, Ahmad 'Arif had involved in multiple roles of Shariah functions and obtained numbers of achievements. This included his critical role in the development of innovative Shariah solutions for RHB Islamic Bank, Al Rajhi Bank (Malaysia), HSBC Amanah (Malaysia) and Bank Islam Malaysia Berhad. He is also experienced in conducting Shariah compliance review and Shariah risk assessments; experienced in Shariah businesses product developments, operations and other support divisions including the enhancement and assessment of operating manuals; he assisted various business units with risk mitigation strategies and practical solutions especially in rectifying Shariah audit findings involving financial impacts arising from Shariah non-compliance incidences; apart from various other involvements and achievements. Ahmad 'Arif pursued his studies in Islamic Law and Jurisprudence at Al-Azhar University, before pursuing his master's coursework in Fiqh and Usul Fiqh at the International Islamic University of Malaysia.



**Prof. Dr. Mohamad
Akram Laldin**
Executive Director
*International Shari'ah
Research Academy for
Islamic Finance (ISRA)*

Prof. Dr. Mohamad Akram is currently the Executive Director of International Shari'ah Research Academy for Islamic Finance (ISRA) and Professor at International Centre for Education in Islamic Finance (INCEIF). Prior to joining ISRA he was an Assistant Professor at the Kulliyah of Islamic Revealed Knowledge and Human Sciences, International Islamic University, Malaysia (IIUM). In the period 2002-2004, he was a Visiting Assistant Professor at the University of Sharjah, Sharjah, United Arab Emirates. At present, he is the Deputy Chairman of Bank Negara Malaysia Shari'ah Advisory Council, Member of Law Harmonisation Committee Bank Negara Malaysia, Member of Shari'ah Board of Employees Provident Fund Malaysia (EPF), Member of Shariah Supervisory Council of Labuan Financial Services Authority (FSA), Member of Shariah Advisory Board ZI Shariah Advisory, Member of Thomson Reuters Islamic Benchmark (IIBR), Member of Shariah Advisor of Dar Al Takaful, Dubai, Member of Shariah Advisory Board, Eco Islamic Bank, Republic of Kyrgyzstan, Member of Shariah Advisory Council International Islamic Financial Market (IIFM), Bahrain, Member of Shariah Advisor of National Takaful Company PSC, Watania, Abu Dhabi, Member Financial Regulation Advisory Council of Experts (FRACE), Central Bank of Nigeria, and other Boards locally and internationally.



**Muhd Ramadhan Fitri
Elias**
**Executive Vice-President
and Head of Product**
Maybank Islamic

Muhd Ramadhan is currently the executive vice-president and the head of product management at Maybank Islamic. Prior to his appointment as the head of product management, he was the head of Shariah management overseeing all Shariah-related matters pertaining to the retail and global banking business within the Maybank Group. He is instrumental in developing Shariah compliance control frameworks and policies for the Islamic banking business of group. He also oversees Maybank Islamic's Zakat and Waqf-based programs. Prior to Maybank Islamic, Muhd Ramadhan served as a senior manager at the Islamic Markets department of Maybank Investment Bank. He also formerly served as a manager in Shariah advisory at RHB Islamic. Muhd Ramadhan started his career as an assistant lecturer of Islamic economy at Universiti Malaya. Muhd Ramadhan has presented several papers at local and international conferences and contributes regularly to Islamic banking columns in a few local newspapers. He also appears on several television programs to talk about various topics related to Islamic finance. Muhd Ramadhan holds a Bachelor's degree in Shariah (Fiqh and Usul) (1st class honors) from the Universiti Malaya and a Master's degree in Fiqh and Usul Fiqh from the International Islamic University Malaysia.

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16th August 2016, DoubleTree by Hilton, Kuala Lumpur**Associate Partner:****RM 17,500**

- Logo on all promotional activities
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- 25% discount on any additional delegate places
- Full coverage on the Seminar website including biography and hyperlinked logo
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- Guaranteed prime session participation
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- Full delegate list within one week post Seminar
- Post-Seminar questionnaire results

Partner:**RM 12,500**

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- Delegate list within one week post Seminar
- Post-Seminar questionnaire results

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BOOKING DETAILS

I am booking:	Price per Delegate	Total Price	Early Bird 15% Discount
<input type="checkbox"/> 1 delegate	RM 2,150	RM 2,150	RM 1,827
<input type="checkbox"/> 2 delegates	RM 1,935 (10%)	RM 3,870	RM 3,289
<input type="checkbox"/> 3 delegates	RM 1,720 (20%)	RM 5,160	RM 4,386
<input type="checkbox"/> 4 delegates	RM 1,505 (30%)	RM 6,020	RM 5,117
<input type="checkbox"/> 5 delegates	RM 1,290 (40%)	RM 6,450	RM 5,482

* Further attractive packages are available for groups of more than five. Please contact us directly.

Online training option: I would like to also enrol for the online course, **Shariah Risk & Governance Framework for Islamic Financial Institutions** for the special price of RM300 per user. Please tick here ☐

Available Discounts

Early Bird: Registrations received on or before 15th July 2016, will receive a 15% discount. No discount shall be given to registrations received after this cut-off date.

Discount for Active Subscribers of Islamic Finance news: If you are a current IFN subscriber, you shall receive a flat 20% discount. Please tick here ☐

Loyalty Program: 50% discount on other seminars attended within a 12-month period and non-transferrable. Please tick here ☐

DELEGATE DETAILS

Name	Job Title	Email address	Telephone
1 _____	/ _____	/ _____	/ _____
2 _____	/ _____	/ _____	/ _____
3 _____	/ _____	/ _____	/ _____
4 _____	/ _____	/ _____	/ _____
5 _____	/ _____	/ _____	/ _____

WHO TO INVOICE AND CONTACT?

Please tell us who we should invoice. It is also helpful for us to have the name of an administrator with whom we can liaise directly.

Contact person for invoicing: _____ Job Title: _____
Email: _____ Tel: _____ Fax: _____
Contact person to send administration details: _____
Job Title: _____ Email: _____ Tel: _____

Payment can be made by cheque or bank transfer. A notification will be sent to you once payment has been received.

I wish to pay by: Cheque/bankers draft ☐ Telegraphic transfer ☐ Credit Card ☐

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Authorizing signature _____ (mandatory)

Yes, I have read and understood the booking and cancellation policy below.

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