

IFN Indonesia Forum 2012

16th – 17th April 2012

Jakarta, Indonesia



MALDIVES: A SMALL ISLAND NATION

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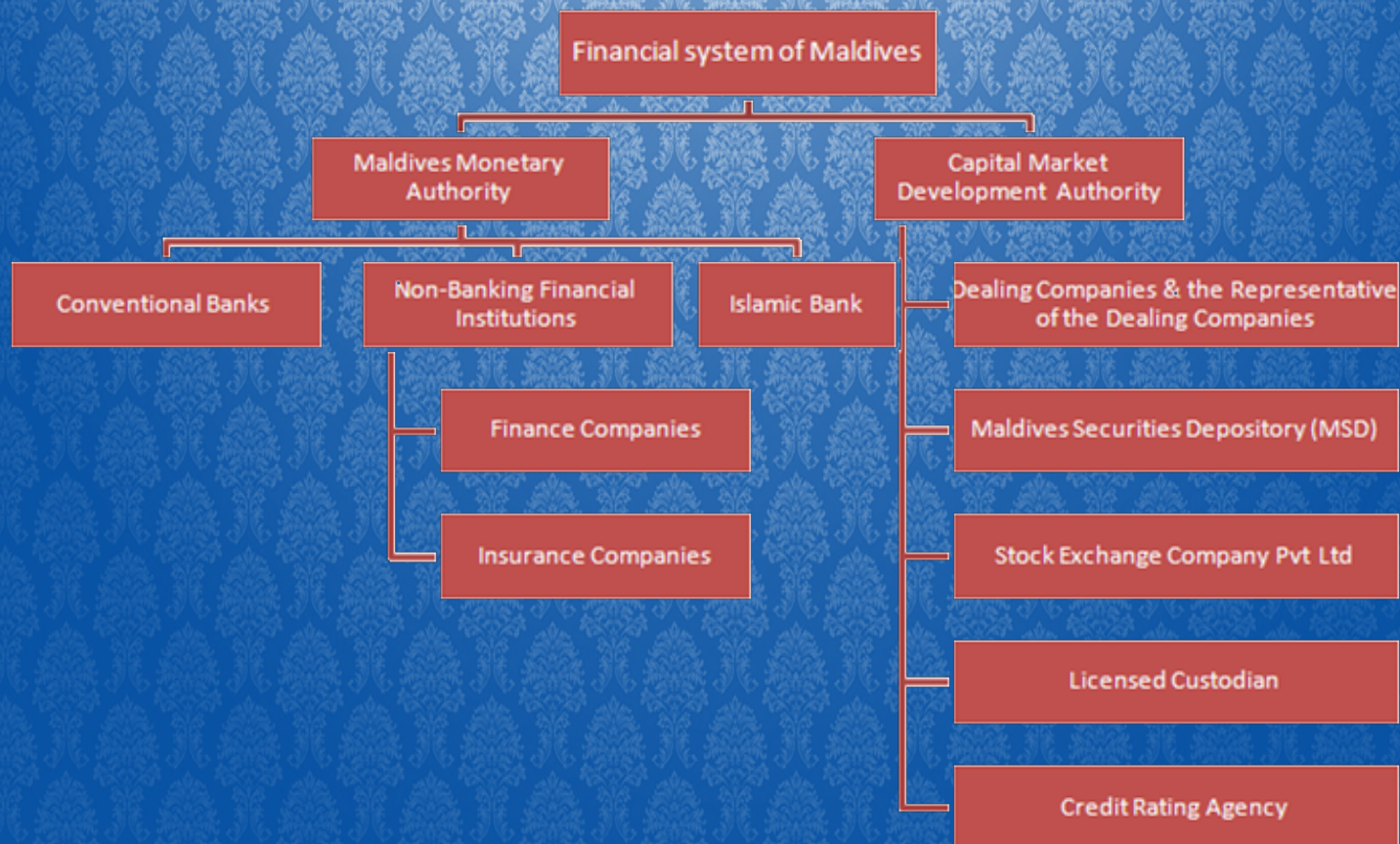
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INTRODUCTION

- ❖ Maldives is a hundred percent Muslim country lying in the Indian Ocean
- ❖ The country consist of garland of thousand one hundred and ninety two islands out of which a mere two hundred are inhabited
- ❖ Fishing is the “life line” of the country, while tourism is the “golden goose” of the country
- ❖ Islamic finance is still emerging in the country

FINANCIAL SYSTEM OF MALDIVES



- ❖ Islamic finance is still emerging in the country
- ❖ The first form of Islamic finance that was introduced to the country was takaful that was introduced to the country under a conventional insurance license in 2003
- ❖ Next came Islamic banking which was introduced to the country in the year 2011
- ❖ Islamic Capital Market to the country was also introduced in the year 2011 and the first form of Islamic capital market product offered in the country was Islamic equity
- ❖ Now the country is trying to establish a sukuk market

ISLAMIC CAPITAL MARKET

- ❖ Capital Market Development Authority (CMDA) is the regulator of Capital Markets in the Maldives
- ❖ CMDA is a statutory body created under the Maldives Securities Act 2/2006
- ❖ In 2011, the Securities Act 2/2006 was amended to include “Islamic securities” as part of the definition of “securities”

CHALLENGES

- ❖ **Lack of education and awareness:** The biggest challenge for the introduction of Islamic capital market in Maldives is the lack of education and awareness of the stakeholders about the mechanisms in which Islamic banking and finance will work. It is imperative to conduct educational and awareness sessions to the stakeholders.
- ❖ **Shortage of expertise:** In Maldives there are lots of graduates from religious fields. But this does not qualify all of them to be shariah scholars or shariah officers capable of advising or handling Islamic banking and finance matters.

CHALLENGES

- ❖ **Legal Challenges:** laws to regulate SPV and Trustee needs to be enacted.
- ❖ **Geographical Challenge:** The biggest failure and the challenge for the Maldivian banking and finance industry is that it is unable to cater to the whole population of Maldives. Hence, it is imperative to find ways to cater the population of Maldives living in islands other than Male', the capital. This is the only way that Islamic capital market could help to benefit the whole population of Maldives evenly.
- ❖ **Market Constraints:** The number of players in the market offering conventional services to the public is also small. Hence, for optimal results it would be best to find a way to increase the patrons of shariah compliant products

- ❖ Maldives is a small island nation with limited resources.
- ❖ The financial system of the country is small and is still expanding.
- ❖ The financial and the economic system of the country are based on conventional economics and financial principles.
- ❖ Islamic banking and finance began to loom in the country just early 2011.
- ❖ Definitely, for a hundred percent Muslim country like Maldives, having a Islamic capital market is essential.
- ❖ It is imperative to eliminate the challenges in order to have a full-fledged Islamic banking and finance industry in Maldives.



THANKYOU
VERY MUCH