

*October 25<sup>th</sup>, 2010*

# South Korea, Islamic Finance Products and Developments

*SHARIAH FINANCE CO. LTD.*

## *Korea and Islamic Finance*

### Developments of Islamic Finance in South Korea

#### **Phase I – Post Financial Crisis Movements 2007 - 2009**

- Quick reactions and efforts by Government and Private Sectors**
  - \* Lessons learned from Asian Financial Crisis in 1997**
- Growth of interest in alternative resource of funding – Islamic Finance**
- Movements to change financial environment to accept Islamic Finance**

#### **Phase II – Post Financial Crisis Exit 2009 - 2010**

- Performance of our major industry sectors rose up**
- Interest in alternative resource of funding decreased**

## *Korea and Islamic Finance*

### Current Status on Islamic Finance in South Korea

#### **Government Sectors:**

- Simple legislation change on Sukuk does not look very optimistic

#### **Private Sectors:**

- Closure of their internal Islamic Finance Department/Team

#### **Too early to give up hopes:**

- Still many on-going projects triggered by scholars and private sectors

## Korea and Islamic Finance

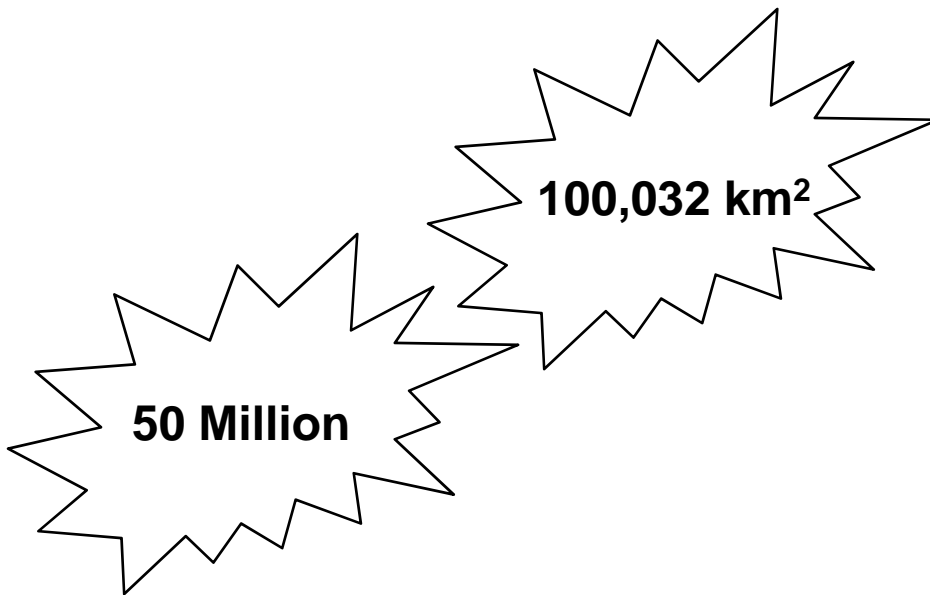
### How much do you know of Korea?

Some featured characteristics of a typical Koreans:

- “Bali Bali” philosophy
- Extremely high expectation



“Korea”, the 10<sup>th</sup> largest economy in the world.



### Environment ‘not’ friendly:

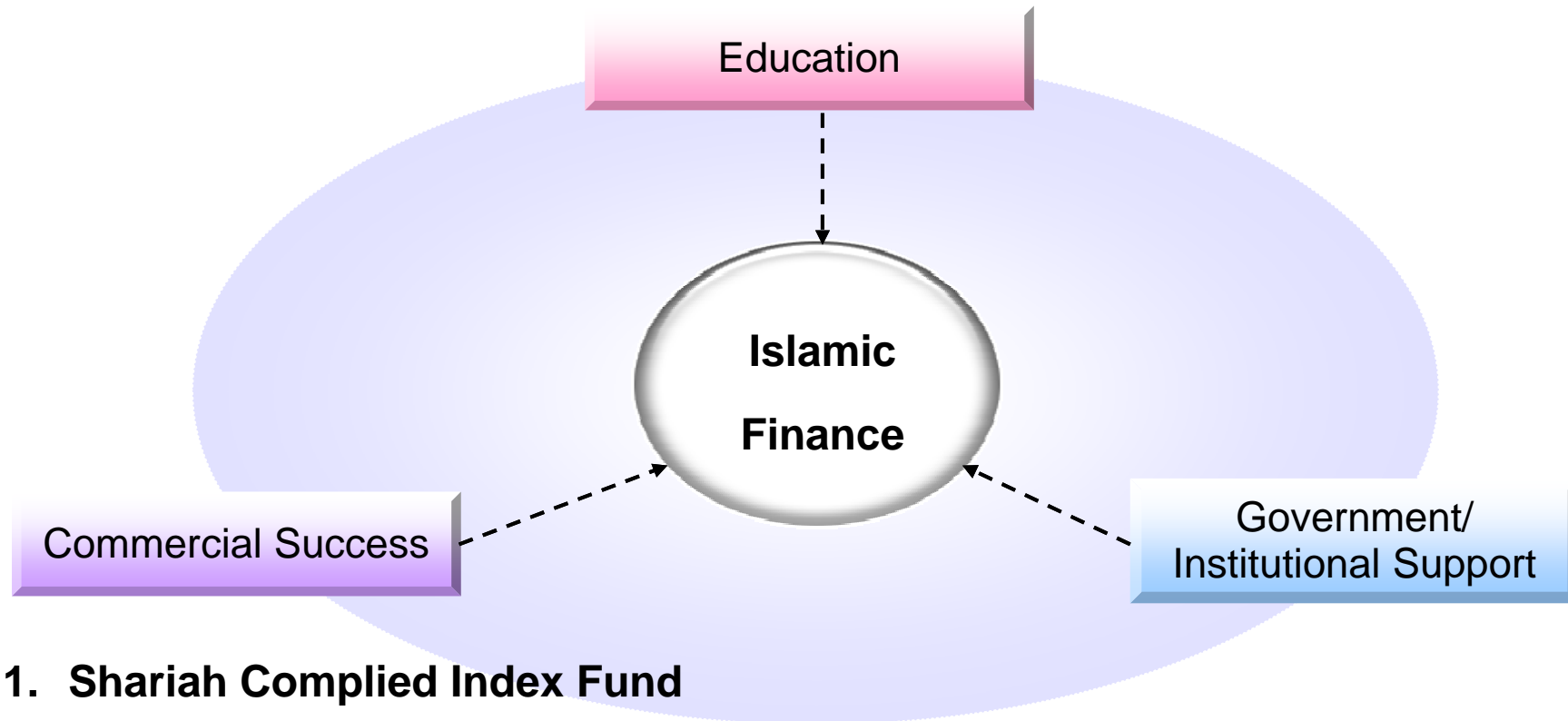
- No valuable natural resource
- Distinctive four seasons

### History ‘not’ friendly:

- 1910-1945 Japanese Colony
- 1950-1953 Korean War

# Road Map for the success of Islamic Finance

## Projects and Products



1. **Shariah Complied Index Fund**
2. **SOC Development Plan - Sukuk**
3. **Islamic Asset Management Company**

## Islamic Finance Products

### Capital Market Products

The “First” Shariah complied capital market product of Korea.  
Consists of 78 Shariah Complied stocks out of KOSPI 200 (large cap)  
Index Fund – passive fund following the KOSPI – Korean Economy  
Launched in mid 2010

At launch, the index point was at 1,700. By the end of September,  
the number is at low 1,900’s. Over 10% gain in 3 months.

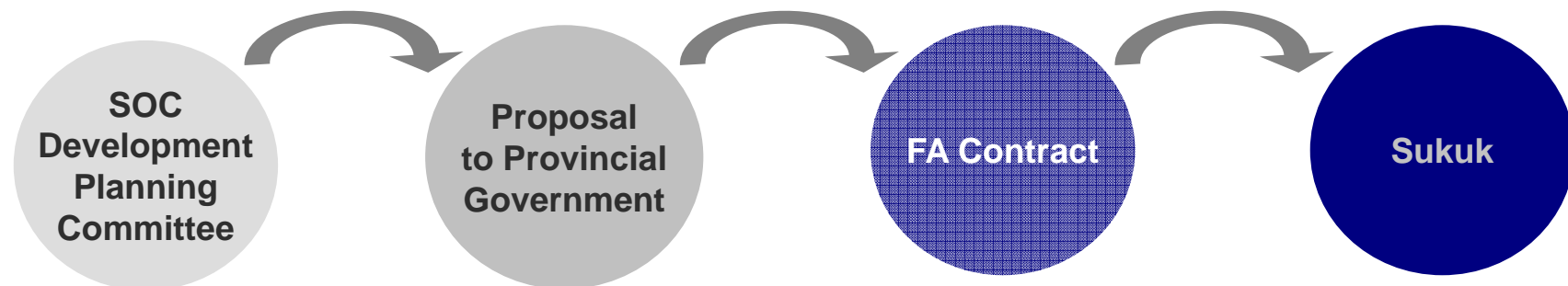
Korean Economy is expected to grow in next few years, therefore,  
the Index is also expected to follow a growth path.

## Islamic Finance Products

### Infrastructure Financing - Sukuk

New Infrastructure Financing Project by issuing Sukuk.

- Completed feasibility studies
- In the process of getting Government approvals
- Project involves infrastructure developments (social infrastructure/tourism friendly for muslim visitors/ Islamic Finance Center etc)

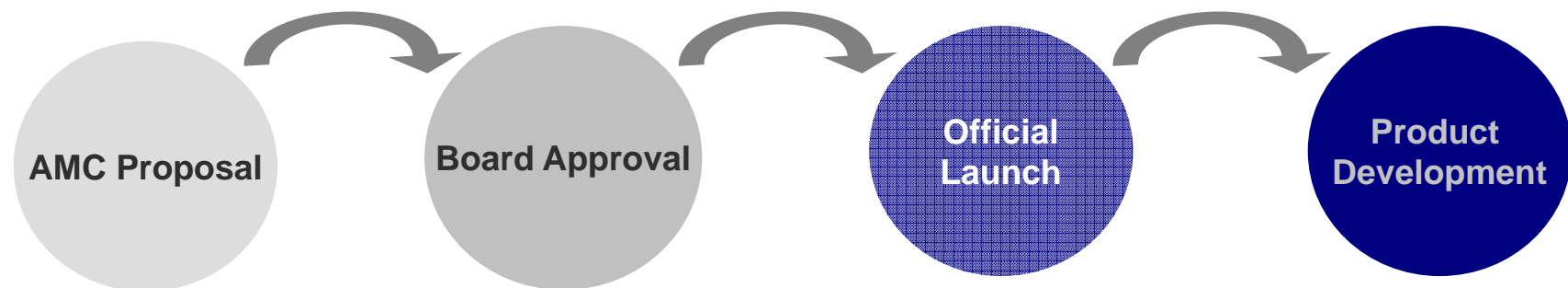


## Islamic Finance Products

### **New Challenge and Opportunity**

New plans to open a new Islamic Asset Management Company in Kuala Lumpur, Malaysia.

- Preparation Phase: Completed
- Senior Management/Board Approval: Completed
- Announcement of Launch: Nov/Dec 2010
- Official Launch: 2Q of 2011





# Thank You!

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