

Islamic Finance in Australia

Levelling the Playing Field



Dr Ishaq Bhatti
Director, IBF Prog



FACULTY OF LAW AND MANAGEMENT
SCHOOL OF ECONOMICS AND FINANCE

Islamic Banking and Finance in Australia



making the most of life

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NEWS February 2010

No giant leap needed for Australia to host Shariah funds

By Simon Munster

Despite the wealth of the Middle East and the near proximity of Islamic nations Malaysia and Indonesia, Australian fund managers have not opened up to the \$15.6 trillion global Islamic investment market.

Even though Australia aims to become a major financial centre in the Asia Pacific region, and its advanced financial system and robust economy would be attractive to most investors,



The size, strength and sophistication of the Australian market would appeal to Islamic investors – if only it was Shariah-compliant

...of how much they invest – usually around 20%.

The big challenge for Australian managers aiming to set up a Shariah-compliant vehicle is finding local Shariah board members and professionals to provide services to Shariah funds, El-Ferani writes. "In the meantime, relying on international and Shariah Board members to address jurisdiction is one way of overcoming these challenges in the short term."

Another question would be to see an



Muslim Community Co-operative (Australia) Ltd

بيت التمويل الكويتي
KUWAIT FINANCE HOUSE



NATIONAL AUSTRALIA BANK
Melbourne, Australia

News > Asia & Australia

Islamic Finance Reaches Australia

IslamOnline.net & News Agencies

SYDNEY – Australia's largest bank has launched the country's first Islamic financing tool for commodity trade, joining a booming global industry.



"Islamic financing is a booming sector and Australia should be part of the action," said Nishker Crean.

"We believe it is the first in Australia," Emmanuel Alfieris, head of Westpac Banking Corp's financial

smh.com.au
The Sydney Morning Herald

Westpac dips into Islamic finance

By Jonathan February 12, 2010 - 12:07AM

Westpac is poised to bolster its exposure to the fast-growing Islamic finance market by offering a commodity-trading facility aimed at overseas investors that operates under the principles of Islamic law.

Islamic finance prohibits the earning of interest. Instead, there is a focus on profit-sharing based on the buying and selling of tangible assets such as property.

The move by Westpac, which targets Islamic institutions, coincides with a federal government attempt to promote

Crean, will launch a study today to assess the financial services sector to tap



CRESCENT INVESTMENTS AUSTRALASIA

In the News

The Hon. Simon Crean MP
AUSTRALIAN MINISTER FOR TRADE

Landmark Islamic finance publication

Islamic Finance
Melbourne, Victoria, Australia

Australia has a growing Muslim population of 300,000, making the availability of Islamic financial services increasingly important. The focus of this report is on the Australian market and the development of Islamic banking.

Market Potential

Australia has one of the largest and fastest growing economies in the Asia Pacific region. The country's financial markets are highly developed and ranked highest in the world. The State of Victoria, where Melbourne is a key Islamic and business centre, accounts for around one-third of the Australian financial and investment industry.



LM Investment Management Ltd



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Why so much interest in “No Interest” banking and how to level the playing field?



Levelling the Playing Field- the 1st step!

Removal of regulatory barriers to Islamic finance in order to ensure level playing field:

*“The Forum recommends the removal of any regulatory barriers to the development of Islamic financial products in Australia, guided by the principle that there should be a **‘level playing field’** for such products.”* (The Johnson Report Recommendations 4.8)



Parity of treatment in level playing filed:

Recommendation 3.6: Islamic finance products

*The Forum recommends that the Treasurer refer to the Board of Taxation the question of whether any amendments to existing Commonwealth taxation provisions are necessary in order to **ensure that Islamic finance products have parity of treatment with conventional products**, having regard to their economic substance. (The Johnson Report)*

“Islamic financing is a crucial plank in the Government's strategy to make Australia a financial hub in the Asia Pacific region”.

– Trade Minister Simon Crean

“We are taking a keen interest in ensuring there are no impediments to the development of Islamic finance in this country, to allow market forces to operate freely.”

– Senator Nick Sherry



New Review of the Taxation Treatment of Islamic Finance Products

- The Government announced on 26 April 2010 , that the Board of Taxation would undertake a comprehensive review of Australia's tax laws to ensure that, wherever possible, **they do not inhibit the expansion of Islamic finance, banking and insurance products**. (The Board of Taxation, Media Release No.32, 13 October 2010)

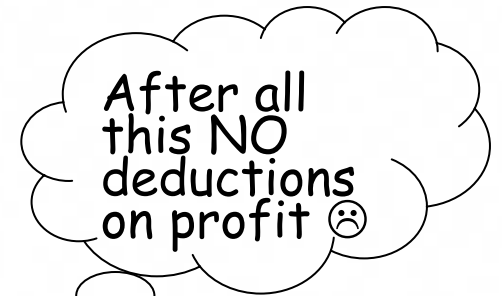
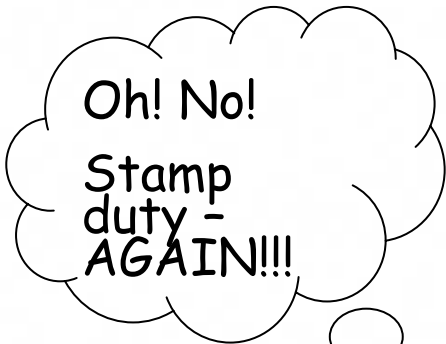


"The Road Less Traveled"

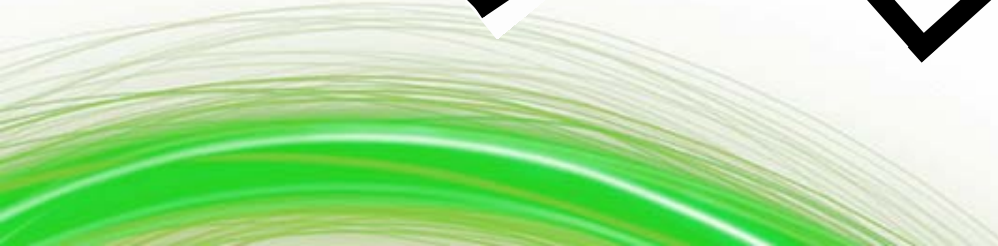
(now I know why)



Conventional road



IBF Road



The Board has been asked to:

- **Identify impediments in current Australian tax laws** to the development and provision of Islamic financial products in Australia;
- Make recommendations and findings that will ensure, wherever possible, that Islamic financial products **have parity of tax treatment** with conventional products. (The Board of Taxation, Media Release No.32, 13 October 2010).
- The Australian Board of Taxation is planning to conduct 3 main consultations sessions and is also inviting for submission.
 1. Canberra – Thursday, 4 November 2010 – 9:00am to 11:00am
 2. Melbourne – Monday, 8 November 2010 – 2:30pm to 4:30pm
 3. Sydney – Thursday, 11 November 2010 – 10:00am to 12:00pm

A fair process at the national level in Levelling the Playing Field b/w IF&CF



Australian Government

Australian Trade Commission

**Official Launch of
'Islamic Finance in Australia'
28th October 2010**

by

Paul Martins

Senior Trade and Investment Commissioner

Australian Trade Commission



Thank You

