

ENABLING ISLAMIC FINANCE TO DELIVER ON ITS POTENTIAL
IN AFRICA

CAPTURING THE AFRICA OPPORTUNITY

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KEY DISCUSSION POINTS:

What do new research findings highlight as critical success factors for the development of Islamic finance in key African markets?

Building a practical strategy to make Islamic finance work in Africa

The global financial landscape underwent fundamental changes during the last two decades.

The deregulation of the banking industry.

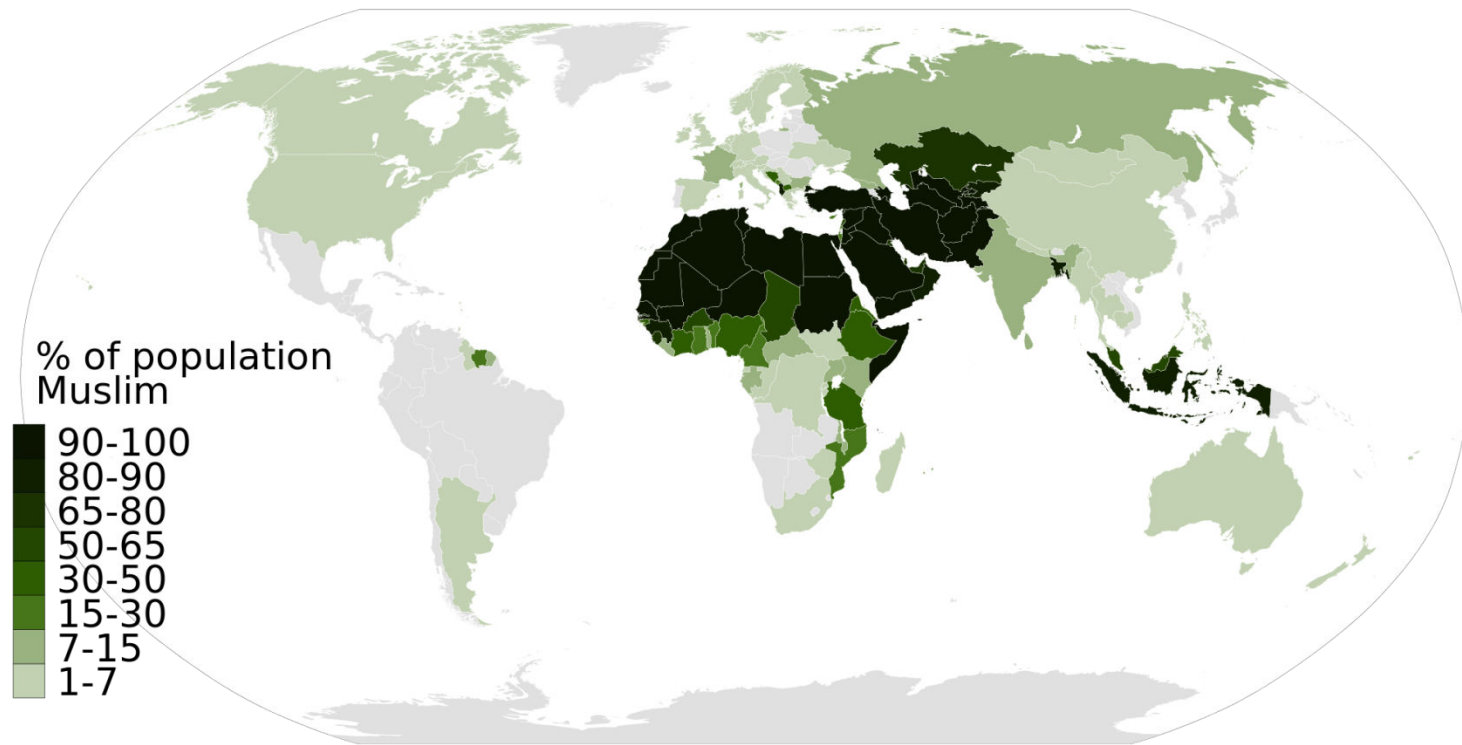
Liberalisation of the financial markets (especially the opening up of national markets for international capital flows)

RESULTS:

- **Emergence of huge global players with universal banking characteristics.**
- **Rapid increase in global capital movements.**

**DURING THESE DECADES OF FINANCIAL
DEREGULATION AND LIBERALISATION, THE AFRICAN
CONTINENT NEEDS IN TERMS OF DEVELOPMENT
WERE MORE THAN OFTEN IGNORED AND LEFT
APART.**

AFRICA IS A MASSIVE POTENTIAL MARKET FOR
ISLAMIC FINANCE.



ISLAMIC FINANCE: A GOLDEN OPPORTUNITY FOR AFRICA

BARRIERS AND CHALLENGES

- **The lack of Shari'ah-compliant investment vehicles,**
- **Absence of legal and regulatory national frameworks,**
- **The quality of human resources,**
- **The lack of awareness.**

THE ABSENCE OF ISLAMIC FINANCE INSTITUTIONS
REGULATION IS ONE OF THE MAIN CONSTRAINTS TO
THE DEVELOPMENT OF ISLAMIC FINANCE INDUSTRY.

WHAT DO WE NEED TO FOCUS ON:

- **Capacity building,**
- **The major schemes that will enhance the supervisory Islamic finance architecture**

THE PIONEERING EXAMPLE OF NIGERIAN STATE OF OSUN

\$62 million from domestic pension funds and international investors, paid 14.75 per cent in nominal terms (which is equivalent to about 6.75 per cent in real terms given the prevailing 8 per cent inflation rate).

TWO LESSONS

- **The first is that African countries should continue to be innovative to fund their development needs.**
- **Sukuk can help develop domestic capital markets, which is typically a difficult and long process.**

CHALLENGE

To set up the conditions for Islamic financial products to be attractive to the end-users and to the investors.

SOLUTIONS

- **A well-designed strategy to support the development of national and regional regulatory framework,**
- **A sustained capacity building both at human and institutional level and by offering lower financing costs,**
- **By providing better services to support the nascent SMEs and entrepreneurial customers in the continent.**

An aggressive marketing plan to tackle the lack of understanding of Islamic financial products to the many end-users and special attention should be directed to the still majority unbanked peoples in the continent.

THE MARKETING STRATEGY EXAMPLE OF ZITOUNA BANK IN TUNISIA

Tunisians did not have trust in the
Institution.

***HOW CAN THIS INSTITUTION CONTINUE AND STRIVE TO
BECOME A LEADING FORCE IN THE ISLAMIC FINANCE
INDUSTRY?***

IT NEEDED SOMEONE WHO BELIEVES IN ISLAMIC FINANCE, NOT ONLY AS AN INSTITUTION TO MANAGE, BUT ALSO AS SOMEONE TO EXPLAIN THE CONCEPTS OF ISLAMIC FINANCE, AS **NEW AND DISTINGUISHED PRODUCT.**

- **Introducing Islamic Finance,**
- **Explaining the Islamic banking concept,**

Multiple national interaction and regional seminars.

RESULTS:

- **Retained its customer-base,**
- **attracted new clients,**

The Bank's financial figures are a testimony to its success with 68 branches throughout the country.

Zitouna Takaful

ZITOUNA MICROFINANCE.

Zitouna Bank was the first financial institution offering online banking services including money transfer through mobile channel.

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