



AAOIFI

ACCOUNTING AND AUDITING ORGANIZATION
FOR ISLAMIC FINANCIAL INSTITUTIONS

Importance of AAOIFI standards
adoption in Islamic finance industry

Agenda

- **Importance of standardization for Islamic finance**
- **AAOIFI at a glance**
- **AAOIFI – the value proposition**
- **AAOIFI – top quality standard setting process**
- **AAOIFI – capacity building, awareness and support to the global industry**
- **Mutual correlation of AAOIFI standards and relationship with other standards**



Importance of standardization for Islamic finance



What is standardization?

Standardization is the process of creating standards to guide the creation of products and services, in harmony, acceptable to and meeting the needs of the maximum stakeholders of an industry.

The standards ensures that products and services produced in a specific industry come with:

- consistent quality;
- are equivalent to other comparable products or services in the same industry;
- meet the industry expectations – from the perspective of different stakeholders.

Standardization focuses on the product creation process, operations of businesses, technology in use, and how specific compulsory processes are instituted or carried out.

Some of the parties involved in the standardization processes include users / customers, governments, regulators and supervisors, corporations and standards organizations.



What are the objectives of standardization? And how these are relevant to IF

- Safety of the processes and appropriate risk management
- Uniformity of processes
- Overall cost efficiency – at the industry level
- Better HR and capacity availability
- Acceptance to stakeholders – local and global
- Interoperability and compatibility of products and services
- Quick response against issues
- Building reliance of stakeholders on the industry
- Overall growth of the industry
- Allowing entry of new players at acceptable costs
- Avoiding industry level systemic risks

Significance of IF standardization: re-emphasized by COVID-19

Quick response for IF sector around the globe

Awareness on part of regulators and stakeholders

Shari'ah principles' quality and robustness

All situations dealt with: no actual need for a new standard

Sufficient guidance available with regard to the issues

Accounting principles' robustness

Accounting treatments in line with Shari'ah

Consideration of stakeholders from IF perspective

Readiness for future losses

Technical reserves

Good governance and ethical principles' suitability

Emphasis on Al-Maqasid Al-Shari'ah

Good governance - roles defined

Ethical practices - fairness, transparency and upholding values



AAOIFI – at a glance



Key facts and figures



AAOIFI founding members & membership distribution in 37 countries



Islamic Development Bank (IDB)



Al-Faisal Group (Dar Al Maal Al Islami)



Al Rajhi Bank



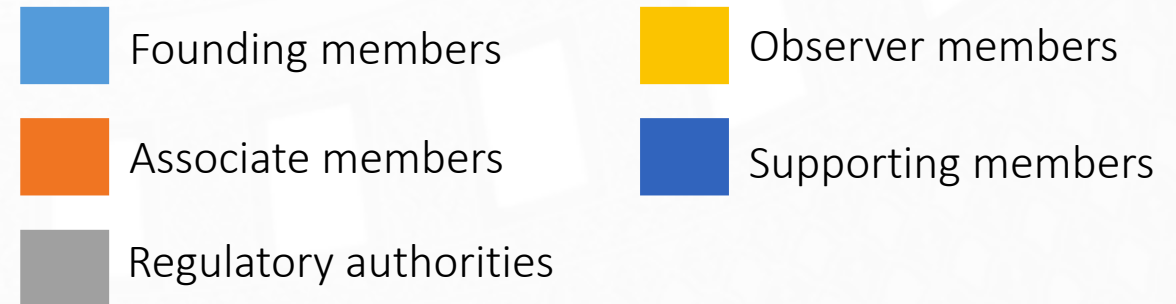
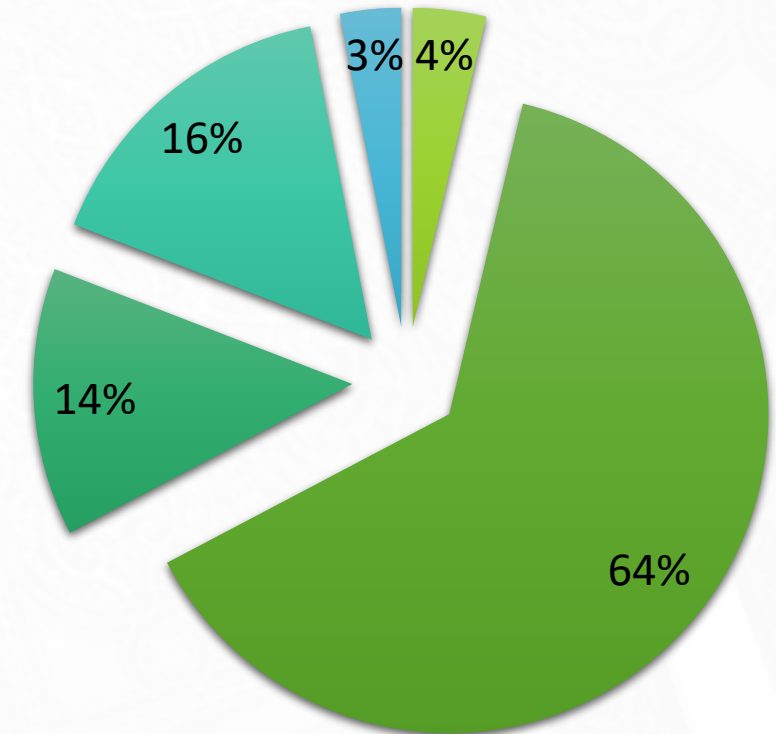
Kuwait Finance House (KFH)



Al Baraka



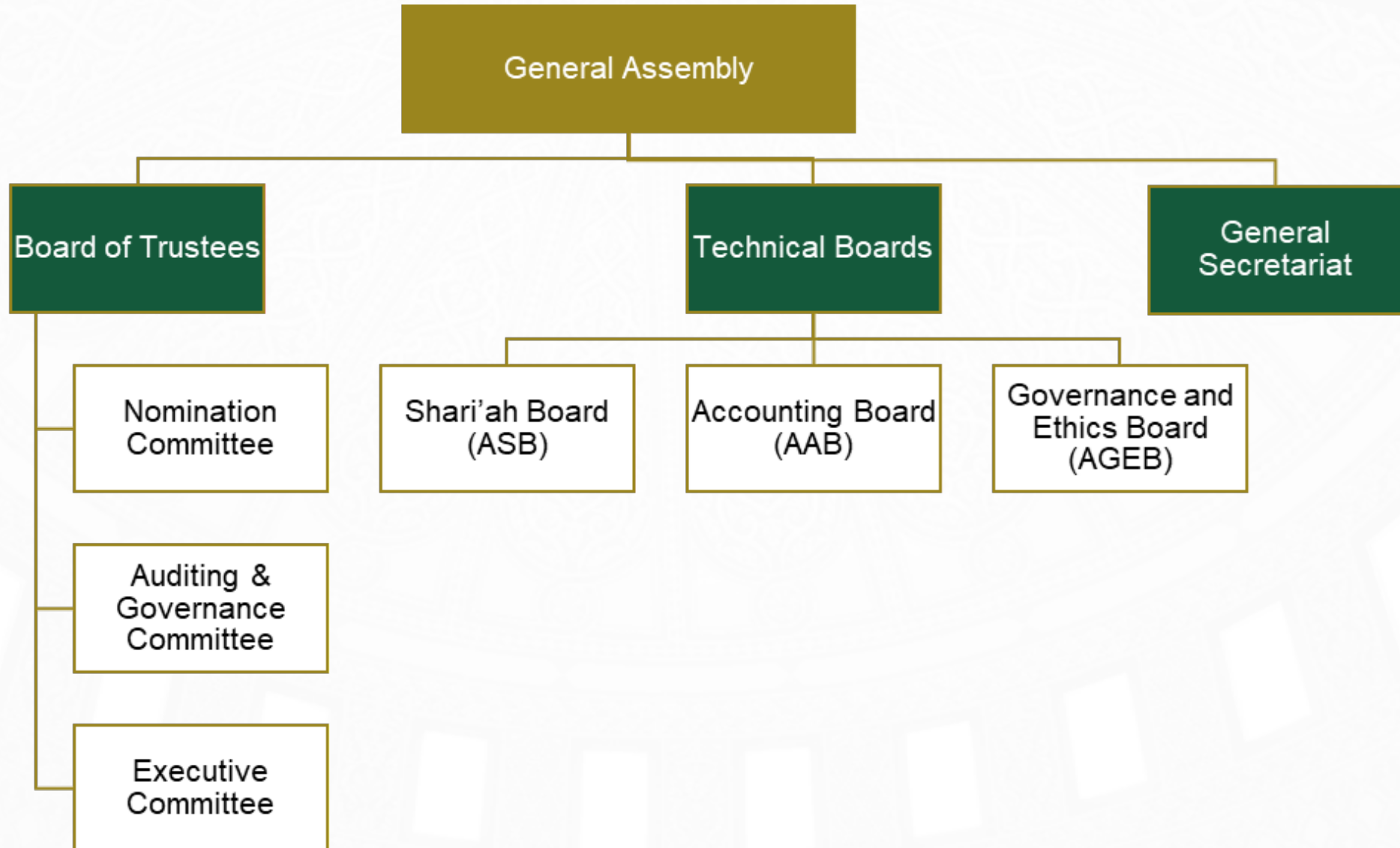
Albukhary Foundation



AAOIFI areas of work

	Standards development	<p>Five disciplines are covered: Shari'ah, accounting, auditing, governance & ethics</p>	
	Capacity building	<p>Two professional qualifications are offered: i) Certified Islamic Professional Accountant (CIPA); and ii) Certified Shari'ah Advisor & Auditor (CSAA)</p>	
	Awareness and advocacy	<p>Two international conferences are held on an annual basis since the last 18 years. Additional events held include public hearings, workshops, seminars, roundtables, etc.</p>	
	Certification of compliance	<p>Certifications of compliance to AAOIFI standards offered mainly for software solutions providers and product contracts</p>	

AAOIFI organizational structure



AAOIFI global footprint as of April 2020

Full adoption	Countries	Regulatory jurisdictions
Shari'ah	13	19
Accounting	22	24
AGEB*	10	18

Local standards based on AAOIFI standards	Countries	Regulatory jurisdictions
Shari'ah	2	2
Accounting	4	4
AGEB	3	3

Partial adoption	Countries	Regulatory jurisdictions
Shari'ah	2	3
Accounting	4	4
AGEB	7	7

Guidelines and have local standards	Countries	Regulatory jurisdictions
Shari'ah	1	1
Accounting	1	2
AGEB	2	3

Guidelines	Countries	Regulatory jurisdictions
Shari'ah	9	9
Accounting	7	7
AGEB	8	8

Supplementary reporting allowed	Countries	Regulatory jurisdictions
Accounting	2	2

*AGEB standards include AAOIFI governance, audit and ethics related standards

Members of board of trustees



H.E. Shaikh Ebrahim Bin Khalifa Al-Khalifa

Chairman, AAOIFI Board of Trustees, Former Minister of Housing and Former Deputy Governor of Central Bank of Bahrain



Mr. Abdul Rahman Abdullah

GM / Head, Strategic Clients, Abu Dhabi Islamic Bank



Mr. Abdulmohsen A. Al-Fares

CEO, Alinma Bank



Mr. Abdulrazzak M. Alkhraijy

Kingdom of Saudi Arabia



Mr. Diab Karrar

Division Manager, Islamic Development Bank



Mr. Hamza Bawazir

Executive Vice President, Head, Sharia'h Group, The National Commercial Bank



Mr. Irfan Siddiqui

President & CEO, Meezan Bank Ltd



Mr. Khalid Hamad

Executive Director of Banking Supervision, Central Bank of Bahrain



Shaikh Prof. Dr. Mohamed Ali Elgari

Chairman and Member of IFIs' Shari'ah Supervisory Boards and Member of AAOIFI Shari'ah Board, KSA



Tan Sri Dr. Munir Majid

Chairman, Board of Directors Bank Muamalat



Prof. Dr. Necdet Sensoy

Member, Board of Directors, Central Bank of Turkey and former Accounting Professor in Turkish and Malaysian universities



Mr. Noor Abid

Former Managing Partner, EY Middle East and North Africa (MENA)

Members of board of trustees (contd.)



**Shaikh Dr. Sayyed
Mohammed Al-Sayyed
Abdulrazzaq Al-Tabtabae**

Chairman, Supreme
Advisory Committee



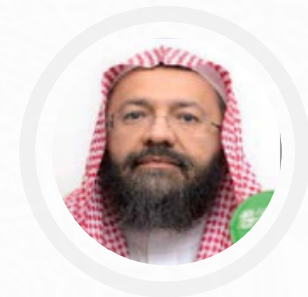
**Mr. Shadi Ahmad
Zahran**

CFO, KFH Group



Mr. Samar Hasnain

Executive Director,
State Bank of
Pakistan



**Shaikh Yousif
Khalawi**

Shari'ah Scholar



AAOIFI – the value proposition



Islamic and conventional banking is fundamentally different

IMF

“ Islamic banks are subject to unique risks that pose challenges for their legal and regulatory frameworks... Although, in principle, conventional resolution tools can be applied to Islamic banks, frameworks that address the particular challenges posed by Islamic finance will need to be developed.



IMF Staff Discussion Note

April 2015 Alfred Kammer, Mohamed Norat, Marco Piñón, Ananthakrishnan Prasad, Christopher Towe, Zeine Zeidane, and an IMF Staff Team

The World Bank

“ Islamic finance, governed by Shari'ah principles, offers its own unique approach to risk sharing and management... Islamic banks face unique challenges in the following areas: displaced commercial risk, withdrawal risk, governance, fiduciary risk, transparency, Shari'ah risk, and reputational risks.



Hennie van Greuning and Zamir Iqbal

The World Bank Publication

European Central Bank

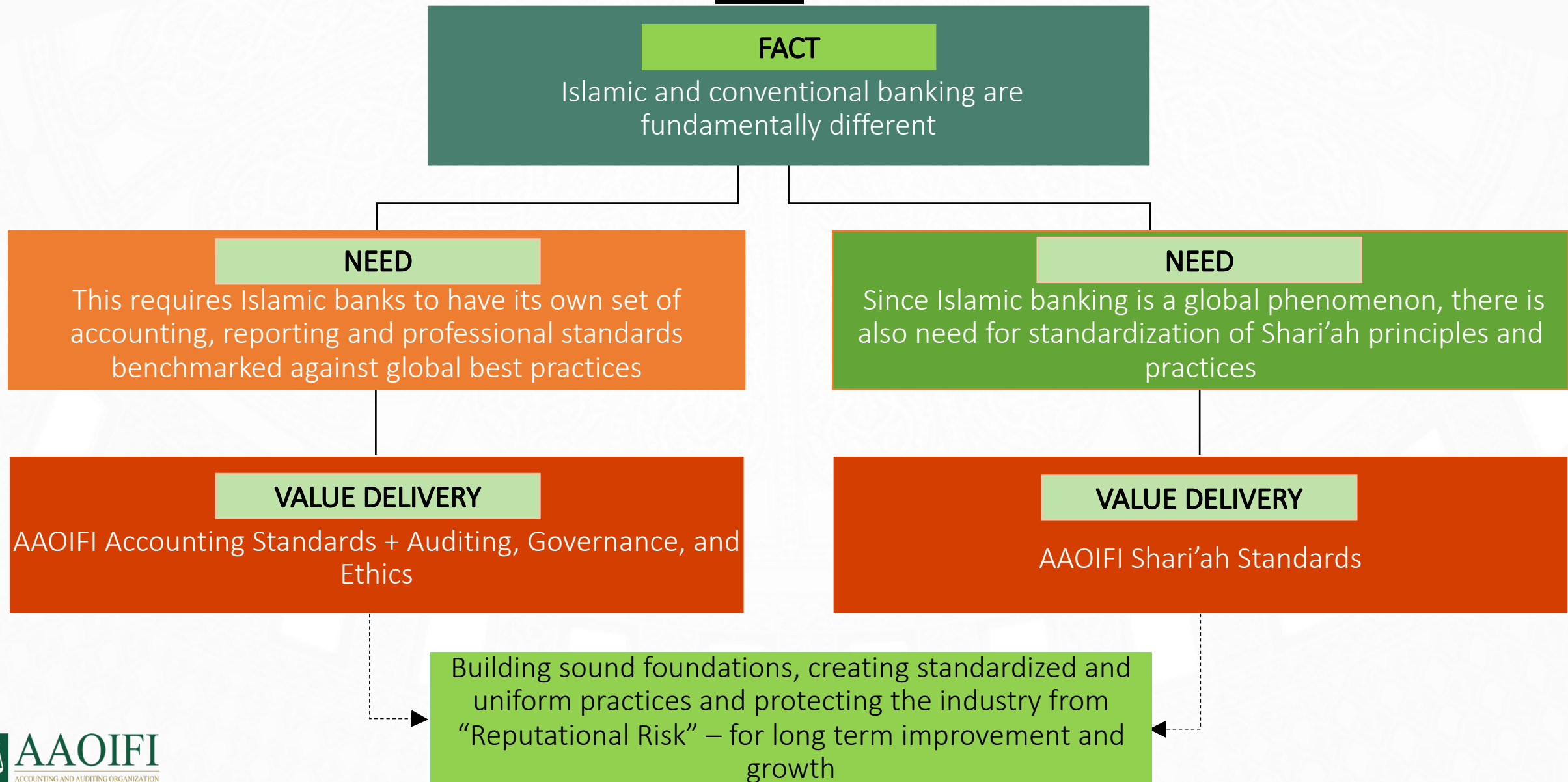
“ While Islamic financial instruments share the merits of conventional ones, they have certain distinct features that differentiate them from their counterparts.



Occasional Paper No. 146, June 2013

By Filippo di Mauro 1, Pierluigi Caristi, Stéphane Couderc, Angela Di Maria, Lauren Ho, Baljeet Kaur Grewal, Sergio Masciantonio, Steven Ongena and Sajjad Zaher

AAOIFI's value proposition

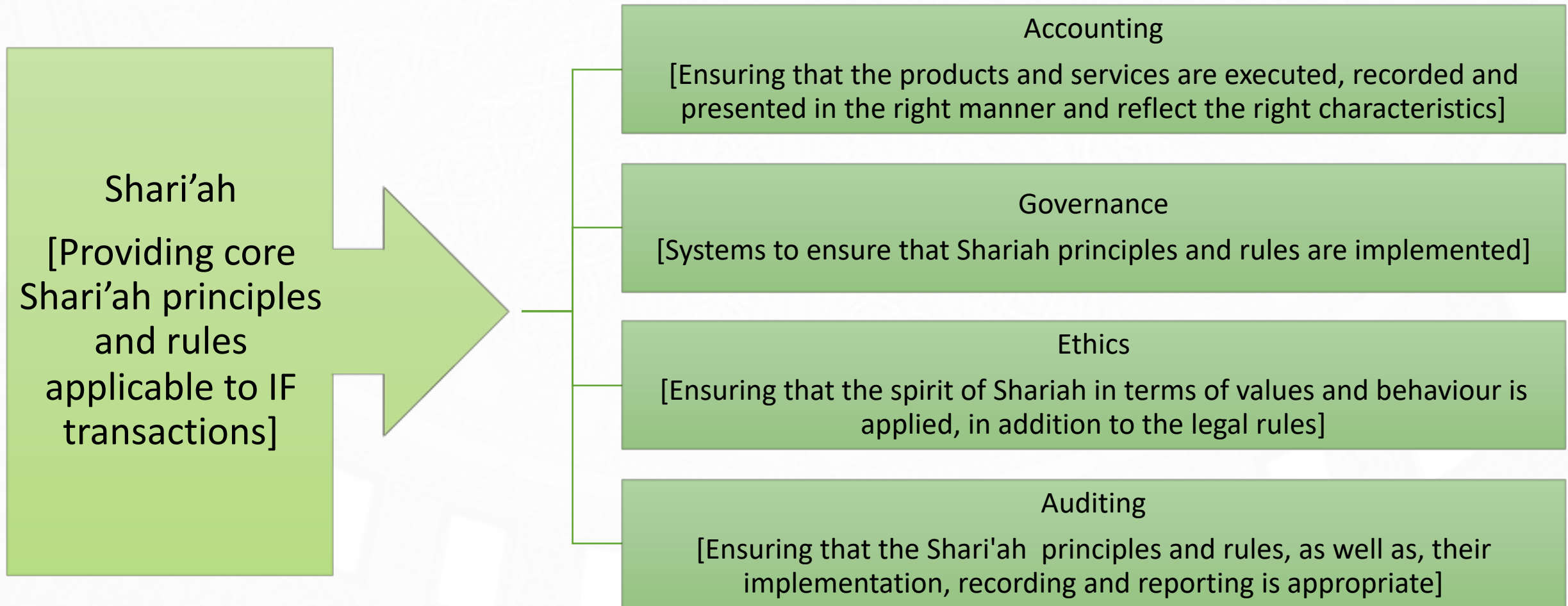


AAOIFI technical boards and number of standards and technical pronouncements in issue (July 2020)



*Technical pronouncements

Integrated solution in standard setting



Members of the Shari'ah board



Sh. Mufti Muhammad Taqi Usmani

Chairman, AAOIFI Shari'ah board, chairman and member of IFIs' Shari'ah supervisory boards, Pakistan



Sh. Dr. Abdul Sattar Abu Ghuddah

Deputy Chairman, AAOIFI Shari'ah board and chairman and member of IFIs' Shari'ah supervisory boards, Syria



Sh. Abdulla Bin Sulaiman Al Manea

Member, Council of senior scholars, and advisor to Saudi Arabia Royal Court, KSA



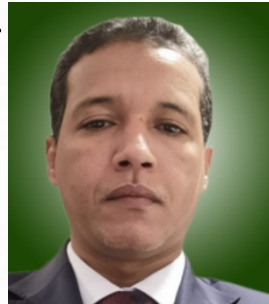
Sh. Dr. Abdulla Al Mutlaq

Member, Council of senior scholars, and advisor to Saudi Arabia Royal Court, KSA



Sh. Dr. Abdullah Al Zubair

Chairman, Supreme authority for the legal supervision of banks and financial institutions of the Central Bank of Sudan, Sudan



Sh. Dr. Abdullah Muhammad

Islamic Development Bank, KSA



Sh. Dr. Abdul Rahman Al Atram

Chairman and member of IFIs' Shari'ah supervisory boards, KSA



Sh. Dr. Ahmed Bin Abdul Aziz Al Haddad

Head of supreme board, Central Bank of UAE, member of the higher committee for fatwa, Dubai, UAE



Sh. Dr. Aznan Hasan

Chairman, Securities Commission Shari'ah board, Malaysia



Sh. Dr. Basheer Mohammad Ezzeddine Al Ghariani

Deputy Chairman, Central authority for legal supervision, Central Bank of Libya, Libya



Sh. Dr. Esam Al Enezi

Professor, University of Kuwait, Chairman and member of IFIs' Shari'ah supervisory boards, Kuwait



Sh. Esam Ishaq

Shari'ah Scholar Discover Islam, chairman and member of IFIs' Shari'ah supervisory boards, Bahrain

Members of the Shari'ah board (contd.)



**Sh. Dr. Hussain
Hamid Hassan (Late)**

Chairman and
member of IFIs'
Shari'ah supervisory
boards, Egypt



**Sh. Dr. Kahlan Al
Kharusi**

Assistant grand Mufti,
Oman



**Sh. Prof. Dr. Mohamed
Ali Elgari**

Chairman and member
of IFIs' Shari'ah
supervisory boards,
KSA



**Sh. Dr. Mohamed
Jamil Mubarak**

Member, Higher
scientific council and
chairman of Agadir
local scientific
council, Morocco



**Sh. Nizam
Mohammad Yaqubi**

Chairman and
member of IFIs'
Shari'ah supervisory
boards, Bahrain



**Sh. Dr. Osaid
Muhammad Adeeb
Kailani**

Global head, Shari'ah,
Abu Dhabi Islamic Bank
Group, UAE



**Prof. Dr. Saleh Bin
Abdullah Bin Saleh
Alheidan**

General Manager,
Sharia group, member
and secretary of the
Sharia Board, Al Rajhi
Bank, KSA



Sh. Dr. Walid Bin Hadi

Chairman, Shari'ah
board - Qatar Islamic
Bank, Qatar



**Sh. Dr. Yousef Al
Shubaily**

Chairman and
member of IFIs'
Shari'ah supervisory
boards, KSA

Members of the accounting board – AAB



Mr. Hamad Abdulla Al Oqab

Chairman, AAB
Deputy CEO, Al Baraka Banking
Group, Bahrain



Mr. Syed Najmul Hussain

Deputy chairman, AAB
Partner, KPMG Taseer Hadi &
Co, Chartered Accountants,
Pakistan



**Mr. Abdelhalim Elsayed
Elamin**

Principal partner, Abdelhalim
Elsayed & Co, Sudan



**Dr. Abdulrahman M.
Alrazeen**

Assistant Secretary General,
SOCPA, KSA



Ms. Amal Al Masri

Head of supervision
department – Islamic Banks,
Central Bank of Syria, Syria



Dr. Bello Lawal Danbatta

Secretary General,
IFSB, Malaysia



Mr. Firas Hamdan

Executive Director - HR,
Banque Du Liban, Lebanon



Mr. Hondamir Nusratkhujaev

Manager – Accounting and
Reporting Division, Islamic
Development Bank, KSA



Mr. Imtiaz Ibrahim

Partner, EY, Qatar

Members of the accounting board – AAB (contd.)



Mr. Irshad Mahmood

Partner,
Deloitte Middle East, Bahrain



Dr. Muhammad Beltagi

General Manager, Shari'a
supervisory central
administration, Banque Misr,
Egypt



Mr. Samet Arslan

Expert / Coordinator of
international affairs, public
oversight, Accounting &
Auditing Standards Authority
– KGK, Turkey



Mr. Saud Al Busaidi

Manager, Islamic banking
department, Central Bank of
Oman, Oman



Mr. Yousif Ahmed Ebrahim

CFO, Al Salam Bank,
Bahrain



Mr. Abdulmalik Alsuwayni

Financial economic
researcher, SAMA, KSA

Members of the governance and ethics board – AGEB



Mr. Farrukh Raza

Chairman, AGEB
Group CEO, Islamic Finance
Advisory & Assurance Services
(IFAAS), United Kingdom



Dr. Walid Hegazy

Deputy chairman, AGEB
Managing Partner & Co-
Founder, Hegazy & Partners,
Egypt



Dr. Abdulbari Mashal

Founder and Managing
Partner, Raqaba Group,
United States of America



Mr. Abdullah Almoqbel

Head of financial and
economic research, Capital
Market Authority (CMA),
Kingdom of Saudi Arabia



Dr. Ahmet Albayrak

Deputy CEO, Kuveyt Turk
Participation Bank, Turkey



Dr. Ali Sartawi

Chairman of Shariah
supervisory board, Palestine
Islamic Bank, Palestine



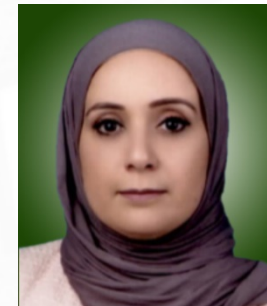
Mr. Ebrahim Sidat

(Former) Country Managing
Partner and Chief Executive,
Ernst & Young Ford Rhodes,
Pakistan



Dr. Gaffar Khalid

Division Manager, Islamic
Finance Advisory and
Technical Assistance, Islamic
Development Bank, Kingdom
of Saudi Arabia



Ms. Ibtihal Alshamali

Governance Manager, Capital
Markets Authority, Kuwait

Members of the governance and ethics board – AGEB (contd.)



Prof. Mohammad Kabir Hassan

Professor of finance, The University of New Orleans, United States of America



Mr. Moosa Khoory

Head of Internal Shari'ah Audit, Dubai Islamic Bank, United Arab Emirates



Mr. Muhammad Muzammil Kasbati

Associate Partner, Ernst & Young - Middle East, Kingdom of Bahrain



Mr. Sohaib Umar

Advisor, Islamic financial services development, Central Bank of Bahrain, Kingdom of Bahrain



Mr. Wael Merza

Islamic Finance Consultant, Saudi Arabian Monetary Authority (SAMA), Kingdom of Saudi Arabia



Dr. Zahid Ur Rehman Khokher

Islamic Banking Expert, Central Bank of Oman, Oman

Translation of AAOIFI Shari'ah standards

Printed

Arabic English Russian French Turkish Urdu 

Translation in printing stage

Bengali Mandarin / Chinese 

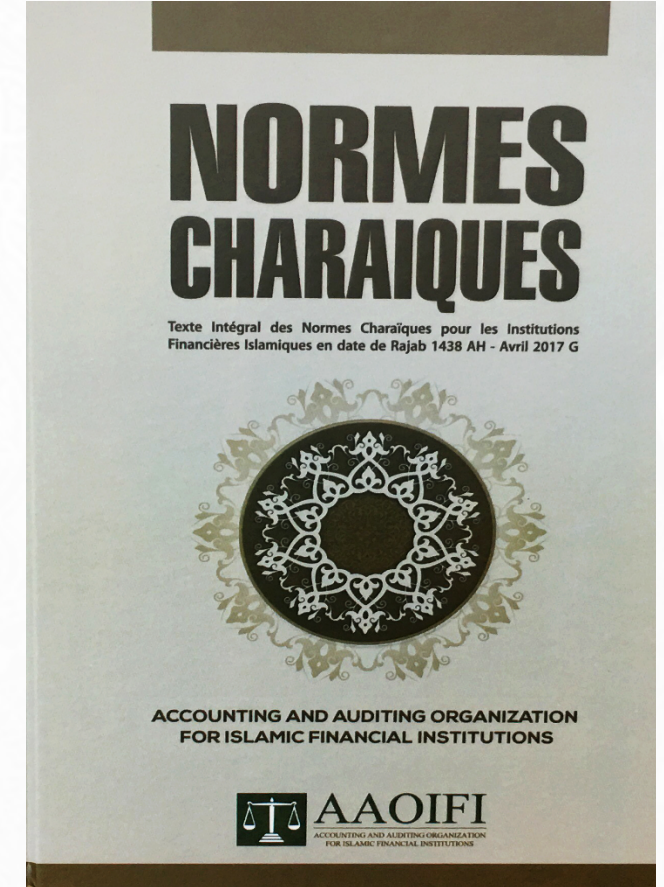
Target languages

Spanish

Russian translation



French translation



Translation of AAOIFI Accounting (and other) standards

Printed

Arabic



English

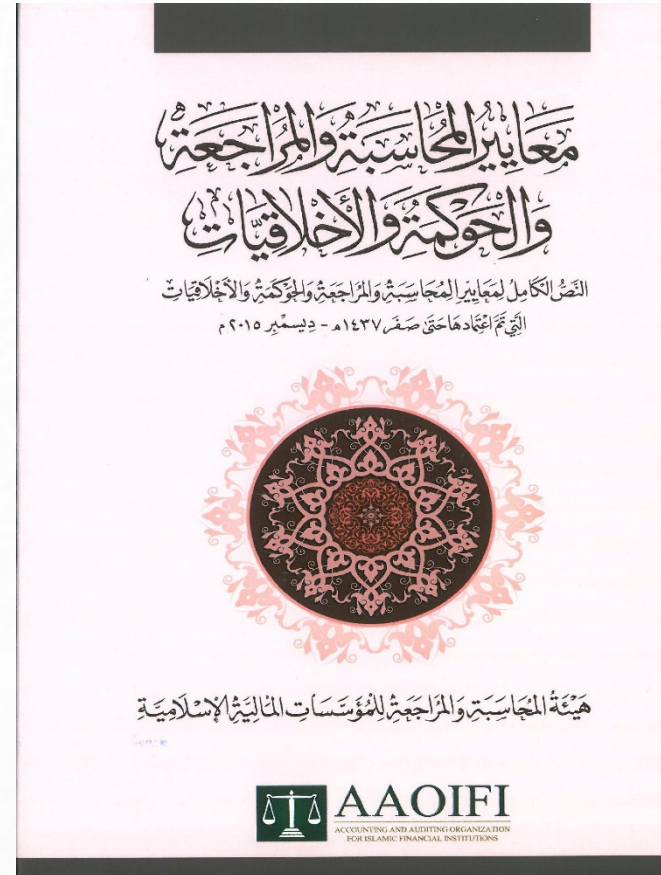


Translation in progress

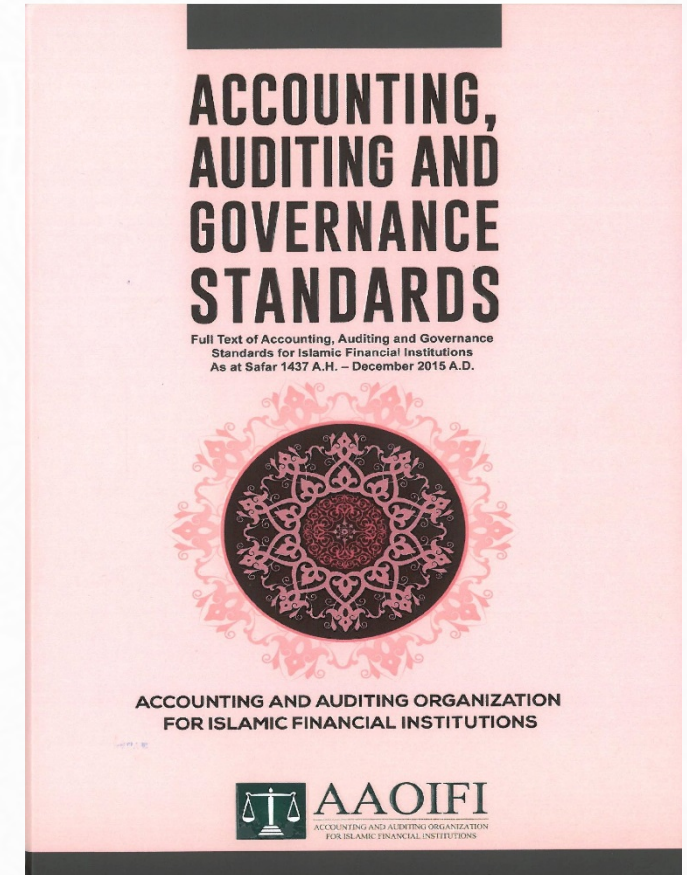
Russian

French

Arabic



English

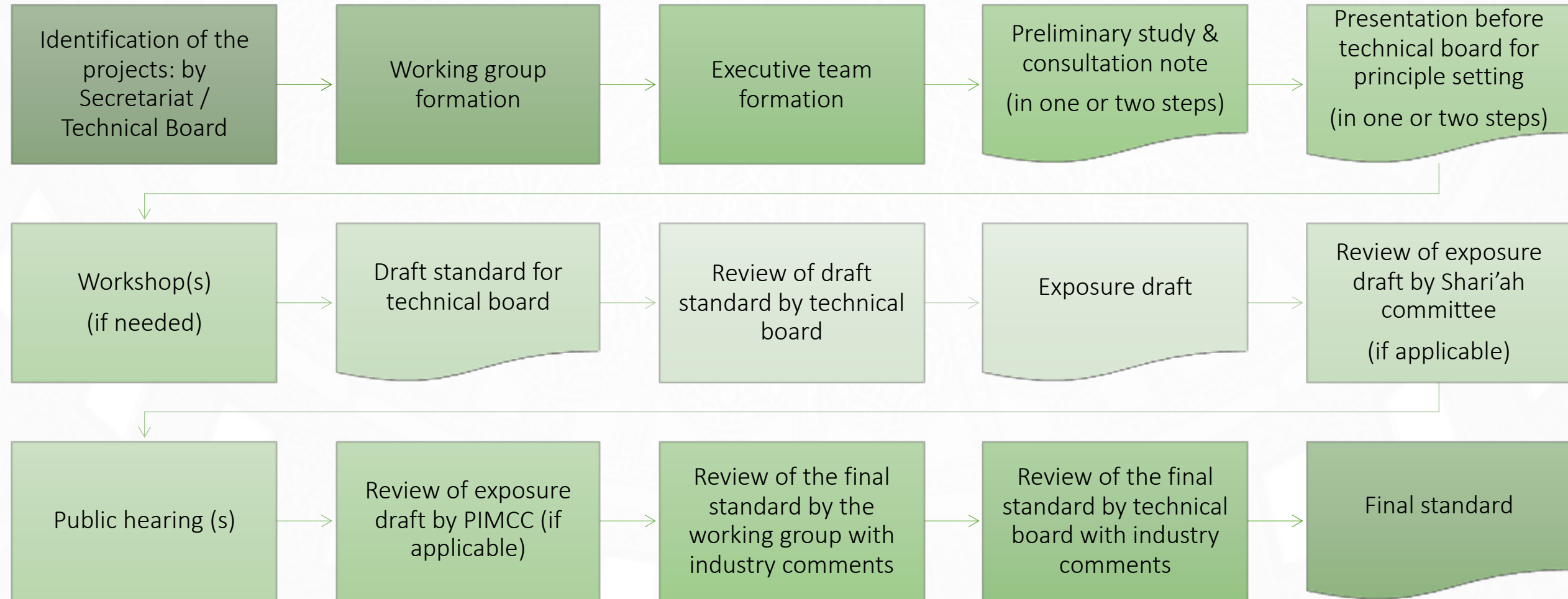




AAOIFI – top quality standard setting process



Standards development process



Note: The above process is a generic process among the three AAOIFI technical boards and individual board's may have a slightly amended process than the above.



AAOIFI – capacity building, awareness and support to the global industry



AAOIFI's professional qualifications / fellowships: CIPA and CSAA

Certified Islamic Professional Accountant (CIPA)

Launched in 2006

Revamped and relaunched in 2017

1000+ CIPA fellows all over the world

4 Modules, Study texts, and exams

1 year practical experience requirement (PER)

30+ Education Partners

30+ exam centers

Presently offered only in English language but will be available in Arabic by mid 2020, insha allah

Certified Shari'ah Advisor and Auditor (CSAA)

Launched in 2006

800+ CSAA fellows all over the world

Currently being revamped

CSAA will be split into two separate fellowships:

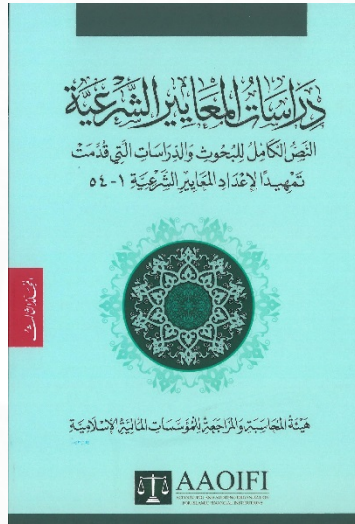
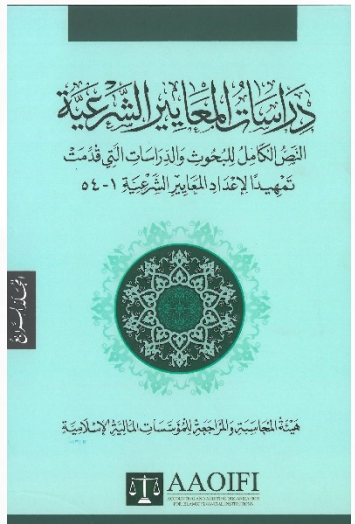
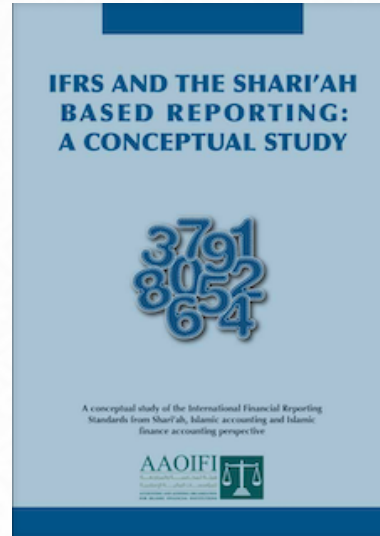
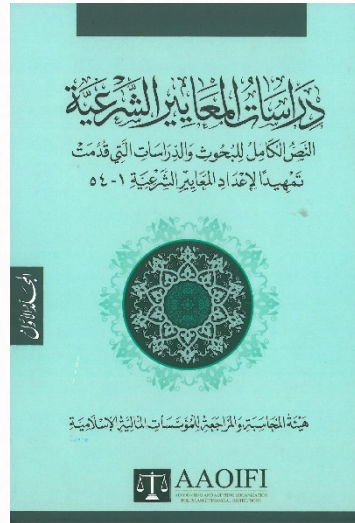
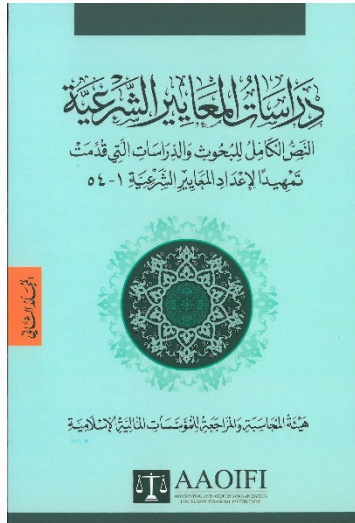
- Certified Shariah Advisor (CSAD)
- Certified Shari'ah Auditor (CSAU)

Both fellowships will be offered in Arabic language

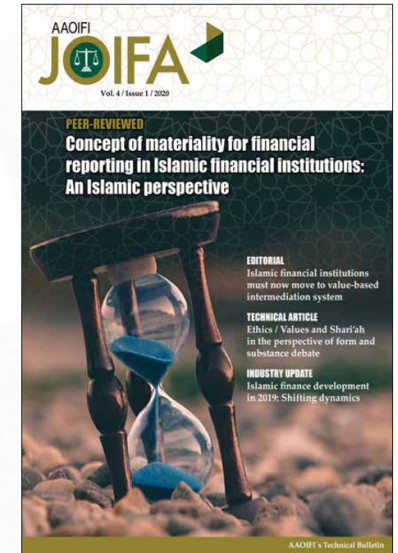
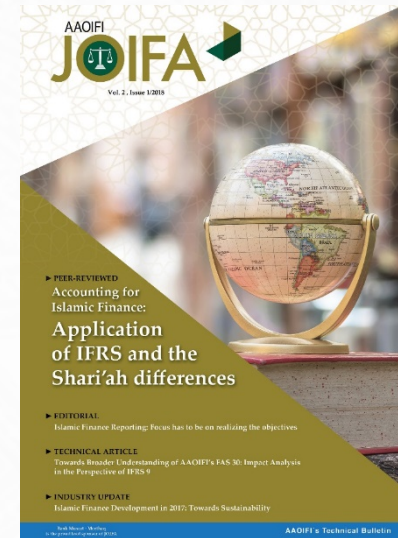
33 exam centers in 26 countries around the world



Other key publications



JOIFA



International conferences and events

Shari'ah conference



AAOIFI-IsDB-World Bank conference



AAOIFI online conference

Due to COVID-19, AAOIFI had to postpone its annual Shari'ah conference taking place in the first quarter of each year.

However, to enhance stakeholder understanding of various impacts of pandemic COVID-19 on the Islamic finance industry, AAOIFI, in collaboration with international bodies, organized an Islamic finance online conference on 13 May 2020.

The conference was attended by more than 1200 stakeholders from around the world while thousands more attended through the e-channels on social media platforms.



و الحمد لله في الأولى والآخرة

For more information about AAOIFI, please contact:

Rizwan Malik, PhD

Senior Manager, Standards Implementation and Strategic Developments

rmalik@aaoifi.com

+97339576336



AAOIFI

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