

The emerging needs of Takaful operators in Turkey and case of Cagamas Sukuk as an Takaful funds investment alternative

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Development of Islamic Financial System

1960s	1970s	1980s	1990s	2000s	Contemporary
<p>1963</p> <ul style="list-style-type: none"> • Mit Ghamr Savings Bank, Egypt • Muslim Pilgrim's Savings Corporation, Malaysia <p>1969</p> <ul style="list-style-type: none"> • Pilgrims Management and Fund Board or Lembaga Urusan Dan Tabung Haji, Malaysia 	<p>1971</p> <ul style="list-style-type: none"> • Nasser Social Bank, Egypt <p>1975</p> <ul style="list-style-type: none"> • Islamic Development Bank (IDB), Jeddah • Dubai Islamic Bank, Dubai <p>1977</p> <ul style="list-style-type: none"> • Faisal Islamic Bank, Sudan <p>1979</p> <ul style="list-style-type: none"> • Jordan Islamic Bank • Bahrain Islamic Bank 	<p>1981</p> <ul style="list-style-type: none"> • Dar al-Maal al-Islami Trust, Geneva <p>1982</p> <ul style="list-style-type: none"> • Qatar Islamic Bank • LARIBA Bank of Whittier, US <p>1983</p> <ul style="list-style-type: none"> • Islami Bank Bangladesh Limited • Bank Islam Malaysia Berhad <p>1984</p> <ul style="list-style-type: none"> • Al Baraka Islamic Bank, Bahrain <p>1985</p> <ul style="list-style-type: none"> • Syarikat Takaful Malaysia Berhad <p>1989</p> <ul style="list-style-type: none"> • ANZ Global Islamic Finance, UK 	<p>1991</p> <ul style="list-style-type: none"> • Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain <p>1992</p> <ul style="list-style-type: none"> • Bank Muamalat Indonesia <p>1993</p> <ul style="list-style-type: none"> • Islamic Bank of Brunei <p>1994</p> <ul style="list-style-type: none"> • Islamic Interbank Money Market (IIMM), Malaysia <p>1999</p> <ul style="list-style-type: none"> • Bank Muamalat Malaysia Berhad 	<p>2002</p> <ul style="list-style-type: none"> • Meezan Bank, Pakistan • International Islamic Financial Market (IIFM), Bahrain • Islamic Financial Services Board (IFSB), Kuala Lumpur <p>2004</p> <ul style="list-style-type: none"> • Islamic Bank of Britain (now Al Rayan Bank), UK <p>2005</p> <ul style="list-style-type: none"> • Islamic Finance Council (IFC), UK <p>2006</p> <ul style="list-style-type: none"> • Malaysia International Islamic Financial Centre (MIFC) <p>2010</p> <ul style="list-style-type: none"> • International Islamic Liquidity Management Corporation (IILM), Kuala Lumpur 	<p>2011</p> <ul style="list-style-type: none"> • Amana Bank, Sri Lanka • IASB Consultative Group for Sharī'ah-compliant Instruments and Transactions <p>2013</p> <ul style="list-style-type: none"> • Bank Nizwa, Oman • World Bank Global Islamic Finance Development Center, Istanbul <p>2014</p> <ul style="list-style-type: none"> • Global Islamic Finance and Investment Group (GIFIG) <p>2015</p> <ul style="list-style-type: none"> • Kuveyt Türk Participation Bank, Germany

Development of Islamic Financial System

Islamic
Banking

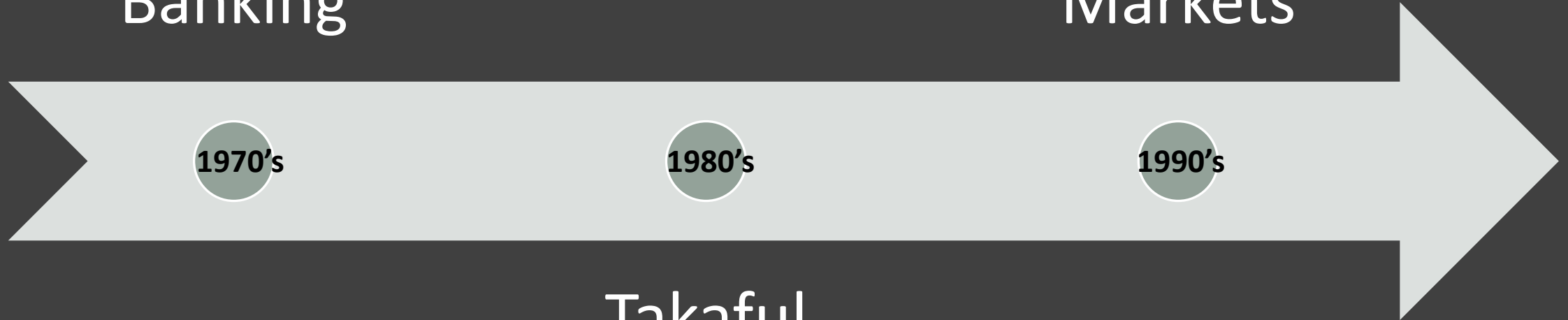
Islamic
Capital
Markets

1970's

1980's

1990's

Takaful





Vision:

To promote home ownership and contribute towards nation development

Mission:

- **Support the Government's initiatives on home ownership**
- **Provide liquidity to the financial sector as a secondary mortgage corporation**
- **Contribute towards the growth of the capital markets, Islamic finance and other priority sectors through issuance of innovative instruments**

Cagamas Berhad (Cagamas)

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. It issues corporate bonds and sukuk to finance the purchase of housing loans and receivables from financial institutions, selected corporations and the public sector. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further financing of houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as **the most successful secondary mortgage liquidity facility.**

Cagamas is the largest issuer of debt instruments in the Malaysian capital market. Since incorporation in 1986, Cagamas has cumulatively issued RM339.5 billion (as at 31 December 2020) of bonds and sukuk, which includes issuances by its wholly owned subsidiaries, Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad which are also guaranteed by Cagamas.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and $AAA_{IS}/MARC-1_{IS}$ respectively by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service Inc. that are in line with Malaysian sovereign ratings.



Islamic House Financing Facilities

What is it?

Purchase of eligible portfolio of Islamic house financing facilities (“**IHFF**”) originated by the Islamic Financial Institutions, selected corporations and public sector.

Eligibility Criteria

- for the financing or refinancing of the purchase, construction or renovation of residential properties;
- originated in accordance with the approved Shariah principles applied by the AS;
- fully disbursed and amortised;
- not be more than 1 month in arrears at the time of sale to Cagamas;
- has a remaining life which expires on or after the review date;
- secured by a first charge or assignment of rights over the residential property; and
- comply with other criteria as per Cagamas' requirements

Islamic Hire Purchase/Islamic Leasing

What is it?

Purchase of eligible portfolio of Islamic hire purchase/Islamic leasing (“**IHP/IL**”) granted for the purchase of commercial vehicles, equipment, machinery, or appliances.

Eligibility Criteria

- related to the hire purchase/leasing of vehicle, machinery and/or equipment based on the approved Shariah principles.
- fully disbursed and amortised;
- not exceed 1 month in arrears at the time of sale;
- has a remaining life which expires on or after the review date;
- has a book balance less unearned profit or other relevant charges, if any, not exceeding RM2 million per IHP/IL; and
- comply with other criteria as per Cagamas' requirements

Cagamas Sukuk

Cagamas issues Sukuk via its existing RM20 billion Islamic/Conventional Commercial Papers (ICPs/CCPs), and RM60 billion Islamic/Conventional Medium Term Notes (IMTNs/CMTNs) programmes and via its subsidiary, Cagamas Global Sukuk Berhad under the USD2.5 billion Multicurrency Sukuk Issuance Programme (“Multicurrency Sukuk”) to facilitate Islamic foreign currency funding programme.

- **Fixed Profit Rate Islamic Medium-Term Notes (IMTNs)**
- **Variable Profit Rate Notes (VRNs)**
- **Islamic Commercial Papers (ICPs)**
- **Multicurrency Sukuk**

Fixed Profit Rate Islamic Medium-Term Notes (IMTNs)

IMTNs are Ringgit denominated Sukuk with fixed profit rate with tenures of more than one year and are issued either at a premium, par or at a discount, with or without a profit rate. Profit distribution of the IMTNs are normally made on half-yearly basis. The redemption of the relevant IMTNs are at nominal value together with the profit due upon maturity.

- **Variable Profit Rate Notes (VRNs)**

VRNs are Ringgit denominated IMTNs with tenures of more than one year with variable profit rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate (KLIBOR). Profit distributions of the VRNs are normally made on quarterly or half-yearly basis. At maturity, the face value of the relevant VRNs are redeemed with any outstanding profit amounts due on maturity.

Islamic Commercial Papers (ICPs)

- Murabahah (via a Tawarruq arrangement)
- Musharakah
- Mudharabah
- Ijarah
- Wakalah Bil Istithmar

○ ICPs are Ringgit denominated short term Islamic instruments with maturities ranging from one to twelve months, issued with or without profit paid, at either a discount from the face value where the relevant ICPs are redeemable at their nominal value upon maturity or at par with profit is paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

○ Cagamas may issue IMTNs and ICPs based on but not limited to the following Shariah principles:

Multicurrency Sukuk

Under the Multicurrency Sukuk , the sukuk is currently issued based on Shariah principle of Wakalah. The Sukuk EMTNs issuance is on a fully-paid basis and at a par issue price and the method of calculating the profit rate may vary between the issue date and the maturity date of the relevant series of Sukuk EMTNs issued.

THANK YOU

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