

## **IFSB promulgates international prudential standards to address specificities of Islamic capital markets**

Date: 05-19-2009 06:12 PM CET

Category: [Business, Economy, Finances, Banking & Insurance](#)

Press release from: [Islamic Financial Services Board \(IFSB\)](#)

Point Aux Piments (Mauritius), May 19th, 2009 – "The Islamic Financial Services Board has promulgated standards which address issues related to Islamic capital markets, namely governance for Islamic collective investment schemes, conduct of business and Sharī`ah governance". Rifaat Ahmed Abdel Karim, Secretary-General of the Islamic Financial Services Board (IFSB) said in the Seminar on Islamic Capital Markets in Mauritius today. The Seminar is hosted by the Bank of Mauritius and the Financial Services Commission of Mauritius.

The development of Islamic capital markets has seen the offering of a wide selection of new and innovative products and services such as Sharī`ah-compliant stocks, Sukûk, Islamic collective investment schemes and Islamic Real Estate Investment Trusts (REITs). While there are no authoritative estimates of the current size of the Islamic capital market, there are many indications of how the appetite and the demand for Sharī`ah-compliant products exceed the available supply. This suggests that the potential for growth remains promising.

Rifaat said "The IFSB supports initiatives by regulatory and supervisory authorities from among its members to develop the Islamic financial services industry in their various jurisdictions." The Bank of Mauritius joined the IFSB membership in November 2007 and is initiating efforts to develop its Islamic capital markets. He added, "However, similar to many other jurisdictions, Mauritius has to address the challenges of introducing Islamic financial services, namely the prudential, legal and tax framework which should be adapted to Islamic finance."

The IFSB as an international standard-setting body for the Islamic financial services industry, has issued seven international prudential standards for the industry. While it has developed the equivalent of Basel II for the banking sector, the organisation is still developing standards which address issues related to Islamic capital markets and Takâful. To date, we have embarked on works on governance for Islamic collective investment schemes, conduct of business and Sharī`ah governance". Rifaat ended his speech emphasising, "We believe that the development and implementation of the IFSB standards would inculcate a strong and prudent risk management culture in the Islamic financial services industry premised on the ethical standards propagated by Islam, and hence contribute towards instilling confidence and promoting financial stability within the industry."

The Islamic Financial Services Board (IFSB) is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors. The 185 members of the IFSB comprise 43 regulatory and supervisory authorities, 6 international inter-governmental organizations and 136 market players and professional firms operating in 35 jurisdictions. The IFSB also conducts research and coordinates initiatives on industry-related issues, as well as organises roundtables, seminars and conferences for regulators and industry stakeholders. Towards this end, the IFSB works closely with relevant international, regional and national organisations, research/educational institutions and market players.

For more information about the IFSB, please visit [www.ifsb.org](http://www.ifsb.org)

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