

US: The role of trust



THE US

By Aliredha Walji

While the area of Islamic finance has seen a significant amount of growth over the years, in the US it is still relatively small, and players in the field are continually looking for ways to increase their penetration into the market. There are many factors to take into consideration in this regard, but one in particular which is not often discussed — despite its great impact on the potential for business — is that of trust.

Muslim investors and consumers, just like any others, look for trust as a key factor when engaging in business. In order for the players in this field to build strong institutions, trust has to be the main foundation from which all else can flourish. According to the 2018 World FinTech Report, fintech firms in part “face challenges in scaling their business due to a lack of trust....”.

The issue of trust may especially be important within the Islamic finance sector due to concerns of fraud within

immigrant communities, as well as examples of well-intentioned companies that have previously been unable to survive. Just last month, Canadian Aziz ‘Com’ Mirza was arrested in the UAE for tricking hundreds into investing in “...disguised Ponzi schemes, dodgy real estate projects and a cryptocurrency that is now worthless”, according to Gulf News. Among the victims were individuals like John Barry from the US, who invested US\$500,000. Such stories may resonate with others who fear the same thing happening to them.

On the other hand, firms may also face hardship when looking for investors due to a lack of trust in their ability to survive and thrive. And no wonder — the field of Islamic finance has seen its share of turnover. One example is that of NoRiba Investing, an online brokerage trading platform aiming to enable efficient investing in a Halal manner, which began operations in April 2009 and terminated its registration in March 2015. Yet another is that of Falah Capital, which eventually failed due to a lack of sufficient volume/interest in their exchange-traded fund.

While the effects of distrust can and do affect any company, they are especially important to consider given that the US field of Islamic finance is still in its infancy. Investors and consumers who are looking for more stable options to place their money may turn away from smaller companies, preferring the larger, more conventional names for reasons of safety — even if those companies do not provide Halal options.

While investors can get some peace of mind knowing that firms in the US operate in a highly regulated environment, it is also helpful to consider a company’s track record and how long it has been in business when deciding to work with it. On the other hand, companies should understand the importance of gaining trust within their potential markets by ensuring they protect their clients’ information, communicate clearly and are transparent with regards to what they do or do not do — especially when it comes to fees. ☺

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Banking and SME Fair 2019 in Korhogo



THE IVORY COAST

By Abbas Cherif

The 5th WAEMU Banking and SME Fair was held from the 7th–10th November 2019 in Korhogo, in the northern part of the Ivory Coast following its fourth year held in Bobo-Dioulasso, Burkina Faso last year.

The main innovation of this year’s event was the partnership of Islamic Finance Intelligence and Management (IFIM) and the designing of the Islamic finance content for the first time in this event.

The first day of the event was mainly dedicated to the opening session while the second day was focused on an Islamic finance panel session moderated by M Adama Gorou, a potential catalyst leadership trainer at A+ Coaching. The panelists were Abbas Cherif, CEO of IFIM; Issa Garba, the president of the Nigerian Association for the Promotion of Islamic Finance; Mamadou Cisse, a banking and



Shariah professional with strong Sudanese experience; and Yaya Toure, the chairman of the board of directors at IFIM.

The topic of discussion was titled ‘A working Islamic finance for better SME competitiveness’. The panel discussion

took more than one hour and managed to deliver a fruitful discussion with a better understanding of SME financing in Africa.

About 70 delegates, mostly banking professionals and SME managers, attended the training session provided by IFIM on the 9th November with an introduction to Islamic finance for two hours focusing on suitable products for addressing SME financing.

The business-to-business session provided an opportunity for IFIM to freely give advice and orientation to entrepreneurs and bankers. The main purpose of this session was primarily to portray all Islamic finance opportunities to both banks and SMEs and secondly to raise awareness about this alternative finance for addressing the needs of a sector representing around 90% of the regional economy. ☺

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