



Questions and Answers: Islamic Finance Qualification (IFQ)

1. What is the Islamic Finance Qualification?

The IFQ is the result of a bilateral Agreement between ESA (Ecole Supérieure des Affaires) based in Beirut, Lebanon and the Securities & Investment Institute (SII) based in London, UK, to develop a finance qualification underpinned by the tenets of Sharia'a Law. This qualification is the result of an initiative of the Banque du Liban (BDL) based in Beirut, Lebanon.

The IFQ will be a threshold competence examination set at the same standard as other SII regulatory examinations at level 3 standard in the UK classified National Qualifications Framework (NQF).

The qualification is expected to require approximately 100 hours of study and it will be assessed through a 100 question, two hour, multiple choice question paper.

2. Who are ESA, Banque du Liban and the SII?

The Ecole Supérieure des Affaires (ESA) was created in Beirut following a joint initiative of the French and Lebanese governments as a prototype of reputable European Business Schools. ESA has rapidly become the leading institution in the MENA countries for business education and is playing a pioneer role in the field of human resources development in this region.

The Banque du Liban (BDL) regulates the banking industry in Lebanon and has been keen to introduce professional training for staff working in Lebanese banks. BDL has confirmed its intentions to support the development and promotion of the new Islamic Finance Qualification (IFQ) programme.

The Securities & Investment Institute (www.sii.org.uk) was formed in 1992 by members of the London Stock Exchange. Its mission is to set standards of professional excellence and integrity for the securities and investment industry, providing qualifications and promoting the highest level of competence to its members, firms and others.

The Securities & Investment Institute is now the pre-eminent professional body for those who work in the securities and investment industry in the UK. Over 20,000 members benefit from a programme of professional training and development. The Institute is the principal awarding body for industry qualifications and last year its examinations attracted 35,000 candidates.

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3. Who is the qualification aimed at?

The qualification is aimed at staff working in Sharia'a compliant finance, trade, investment and insurance, as well as individuals who want to know more about Islamic finance for general interest or because they want to move into this industry.

4. There are a number of Islamic finance qualifications out there. What is so special about the IFQ?

A number of courses which exist for this area are postgraduate-type courses which include academic and theoretical debate. In contrast, the IFQ will be for people working in Islamic finance. The IFQ will be jobs-focused and will require candidates to demonstrate a practical understanding of Islamic finance.

Also, while other courses may provide online tuition for this area we will be offering face-to-face training in the UK and the Middle East.

There is no other Islamic finance qualification or unified standard practice which covers Islamic finance from both a technical and Sharia'a aspect which offer the degree of international portability and professional competence as that of the IFQ.

The IFQ provides the first international benchmark in the area of Islamic finance and it is aimed at both existing employees, new employees as well as individuals seeking a career in Islamic Finance.

The IFQ is the first Islamic finance qualification where the assessment is by Computer Based Testing in a secure system with instant results. The examination is available globally as the Computer Based Testing network used is worldwide.

5. When can candidates sit the IFQ and where?

Testing of the programme will take place during November 2006 in London and Beirut with the IFQ becoming available worldwide via Computer Based Testing from March 2007.

6. Who is providing the training for the IFQ in both UK and Lebanon?

Training for the IFQ will be made available through ESA and SII Accredited Training Providers; details will be given on the websites of both bodies. In London, 7City will begin offering training early in 2007.

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7. **Can you supply information on the fees for the workbooks and examination both in the UK and Lebanon?**

The cost of the examination is GBPE150 and the workbook is GBP £75 in both jurisdictions.

8. **Can you indicate the size of the target market for this qualification?**

Many experts are estimating the growth of the Islamic Finance industry at more than 20% per annum with some experts predicting that, in the future, the Islamic Finance industry could become an alternative to the conventional finance industry. Experts expect to see Islamic Finance spread beyond Muslim countries – as seen in Europe where it has already made considerable headway in the UK, Germany and Switzerland. The rapid growth of the industry indicates that there will be a strong demand for a benchmark qualification.

9. **Where can I get information on the syllabus?**

Information on the IFQ syllabus can be obtained from the following link on the SII and ESA websites:

www.sii.org.uk > Global Presence > Middle East > IFQ Institute
www.esa.edu.lb > Islamic Finance > Islamic Finance Qualification (IFQ)

10. **Is the IFQ only available in English? If so, are there any plans to make it available in, for example, French or Arabic?**

The IFQ will be offered initially in English with an Arabic version being published in 2007.

11. **You've mentioned that the IFQ will "provide the first international benchmark in Islamic finance aimed at existing employees and new employees." How does this relate to portability? Will it mean that an IFQ holder in Beirut who moves to London does not need to take an equivalent examination in the UK before being able to work in the UK?**

The IFQ will be the same examination wherever it is sat so a candidate moving from Beirut to London would not have to resit the IFQ. However, candidates moving between jurisdictions would be subject to any regulatory requirements imposed in the jurisdiction to which they move.

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12. Can you outline what Islamic finance is and give examples of how it differs from conventional finance.

The term 'Islamic finance' clearly binds the religion of Islam to this form of finance. Ethics is one of the three basic elements of Islam with the result that Islamic finance is underpinned by a clear set of ethical principles and behaviours that do not apply in conventional finance unless an institution has taken the decision to act in an ethical manner.

Socially responsible behaviour is one of the requirements of Islam – hence a number of activities are forbidden (haram) because they do not comply with this requirement. It is not permissible to invest in companies which deal in munitions, alcohol, gambling or pornography. Islam's list of forbidden activities has many similarities to those which are unacceptable in conventional ethical funds.

Islamic teachings also stress the need for honesty and fair trade, the obligation to disclose faults in goods and the avoidance of misrepresentation. Allied to the prohibition on gambling is the requirement to avoid risk related to purely speculative activities based on luck or uncertainty - hence derivatives are not permitted.

The Sharia'a Supervisory Board is a particular governance mechanism of Islamic banks to ensure that the bank complies with religious pronouncements in respect of its products and services.

In economic terms, under Islam, money has no intrinsic value and it is not acceptable to profit simply by lending money; hence the prohibition of riba – the earning of interest through lending money. Under Islam, profit is earned by making money work and Islamic banks are active participants in projects which are undertaken with a view to generating a profit. If a project fails, under many Sharia'a contracts the Islamic bank bears all the loss. Islamic banks prefer to generate their returns through profit sharing or a transparent profit mark-up.

Private individuals depositing funds with an Islamic bank in a current account do not receive any interest, the money is placed with the bank for safekeeping and depositors expect to take out what they put in. When individuals place their monies in an investment account, then the bank will use the monies to invest in profit sharing projects – and if the project fails, these individuals can lose their investments.