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ABA Arranges Islamic Banking Windows Meeting with DAB, SSBs

In order to help promote Islamic Banking in the country, on August 14, 2016, Afghanistan Banks Association (ABA) arranged a productive meeting with Da Afghanistan Bank (The Central Bank of Afghanistan) Sharia Supervisory Board (SSB). In this meeting, Sharia Supervisory Board (SSB) Members, Deputy DG (Islamic Banking Section), Supervision Department Representative DAB, ABA Executive Director and all ABA Member banks (Islamic Banking Heads/Dy Heads) participated.

In the beginning of the meeting, introduction were made among all members. Mr. Amiri Executive Director thanked DAB and SSB team for their immense cooperation. The SSB chairman updated IBW Heads on the importance of the Islamic Banking regulations and following issues were discussed in details.

- Recommendations on Islamic Banking Regulations and guidelines
 - Proposed Structure of Islamic Banking Window (IBW)
 - Separate Capital for IBW
 - Commodity Murrabha
 - Profit Sharing
 - Submission of IB Polices by the Banks
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Formation of Standing Committee of Islamic Banking by ABA

For the purpose of strengthening of Islamic Banking in the country and to overcome IB Challenges, Afghanistan Banks Association (ABA) decided to form "Standing Committee of Islamic Banking". In this regard, on August 23, 2016, ABA organized a meeting with Islamic Banking Heads.

The meeting was officially chaired by Mr. Najibullah Amiri Executive Director ABA. He suggested, in compliance with ABA's General Body resolution and to play an effective role in future for the promotion of Islamic Banking in the sector, this Working Group which was formed in Feb 2016 by ABA, shall be restructured as permanent committee. After deliberative discussion among Heads of Islamic Banking of seven Islamic Banking windows, a committee under title "standing committee of Islamic Banking" was formed. The committee will be working as per ABA's guidance, shall have one Chairperson, two Vice Chairpersons and a secretary.

In addition, one member of shariah Board of every member banks of Islamic banking/windows can participate as honorary members of the committee.

Responsibilities of the Committee:

- To point out issues/deficiencies in areas of Islamic Banking and recommend suggestion for onward deliberation with DAB by ABA
 - To Work closely with the association on need basis for the development/promotion of Islamic Banking, strategic plan, etc
 - To recommend training topics for capacity building of Islamic Banking/windows.
 - To Promote Islamic banking publications and general awareness among the public.
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- To organize seminar/workshop under the platform of ABA
- To tackle any other assignment that is helpful for the banking sector with regard to the Islamic Banking
- The committee will meet once in a quarter. Initially they may meet once in a month or on need basis

The committee was formed, Chairman, Vice Chairpersons and Secretary of the committee were appointed.

ABA role in this committee will be focal point which will be coordinating, facilitating, lobbying and overseeing the meeting progress, will officially communicate Committee's recommendation to DAB, BoDs and other relevant stakeholders.

Mr. Amiri proposed, for the time being, for enhancement of public awareness on Islamic Banking, publishing of group magazine by the help of the IB Committee for the entire Islamic banking in the country is needed. He added that, the magazine will represent all Islamic windows. All member banks will share their articles in the said magazine and design of the magazine will offer from ABA freely. The committee agreed.



ABA Working Group Meetings on Loan Recovery/ Creation of Special Court

As the Loan Recovery Working Group was formed in Finance Law workshop held in Dubai on May 2016 and it was advised that the WG will have regular meetings in Afghanistan in order to accelerate loan recovery and lobby for creation of especial Court if needed.

Finance Law Working Group has been recommended by the U.S. Department of Commerce Commercial Law Development Program (CLDP) with coordination of ABA.

In this regard, Afghanistan Banks Association (ABA) arranged four Loan Recovery Working Group Meetings during July 2016 in ABA Office.

The working group is comprised of representatives from Administrative Office of the President (AOP), the Ministry of Justice, Da Afghanistan Bank (DAB), Afghanistan Financial Dispute Resolution Commission (FDRC), Supreme Court, Ministry of Finance, Afghanistan Banks Association (ABA), CEO, and Bank-e- Mellie Afghan.

The purpose of the working group is to address certain reforms to take place in Afghanistan's secured lending industry, recovery of loan, standardization of loan documents, formation of special court or a separate judicial branch. During these meetings participants discussed in details problems of banking sector on recovery of loans in terms of implementation of court verdict, Huquq and creation of special court and reached to the following conclusion.

1. Dedicated trainings to the court judges, and the Ministry of Justice responsible authorities are highly required. In this regard, MOJ concerned officials should be contacted.
2. It is obligation of the banks not to accept the property as guarantee which belongs to personal residential of the borrower or it is hereditary or joint. (The borrower should have more than his personal house for guarantee).
3. It is obligation of the banks to extend loans against percentage of collateral stated in the banking law and relevant regulations.
4. In relation to the execution of decision of the court, Ministry of Justice may act as soon as possible.
5. Currently there are 2 Commercial Courts (A and B) are available in Kabul. Bank cases are more tentatively proposed to be addressed by the Commercial Court B, and in the future, of the two courts, taking in to consideration budget and other issues, court B can be allocated to banking/financial sector special court in order to respond quickly to cases of banking /financial sector.

Achievements of the Working Groups Meetings:

1. In order to fulfill the tasks set forth in resolution two plans considered:
 - a. Short-term: special banking training should be provided to Judges and Prosecutors (Huqoq)
 - b. Long-term: Creation of Special Court for banking sector was considered long-term plan will be discussed with Supreme Court in particular.
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2. Some changes were made in the resolution.
3. As per WG advice, ABA collected unresolved loan cases from its member banks to be observed where there is need for creation of special court?
4. CLDP with coordinating of ABA facilitated special banking training for 12 Judges/ Prosecutors that will be conducted in Dubai in November 2016. ABA coordinated with the Ministry of Justice and Supreme Court and list of Nominees (Judges/Prosecutors) has been shared with CLDP.



ABA Establishes Credit Standing Committee

On August 02, 2016 ABA conducted meeting of CCOs/Credit Heads of Member banks to discuss on formation of the Credit Standing Committee in ABA Office. The purpose of establishing such committee is to improve credit scenario in the banking sector, to identify and address deficiencies in credit area with an aim to encourage commercial banks to lend with confidence and to assist ABA for accelerating debt recovery process/ reduction of Non-Performing Loans (NPL) through lobbying with Court, the ministry of Justice and other stakeholders.

The meeting was chaired by Mr. Najibullah Amiri ED ABA. He updated participants on Financial Law Debt recovery workshops that took place in in India, Dubai and following Debt Recovery Working Group meetings and impotence of the Credit Standing Committee under ABA. Mr. Amiri stated that ABA plans to form Credit Standing Committee to address credit deficiencies and credit related problems of the banking sector, which the members agreed.

Finally in compliance of the directions of General Assembly of ABA and after detailed discussions a committee called "Standing Committee on Credit" was formed. The Committee comprise of a Chairperson, two Vice Chairpersons and one Secretary.



The Institute of Internal Auditors (IIA) Chapter will be established in Afghanistan

Recently a group of five Afghans those who had international membership of The IIA (Institute of Internal Auditors) USA, planned to establish International Chapter of The IIA which is a US base institute, inside Afghanistan.

As Internal Audit has become an important element in the assurance environment of many organizations especially banking sector and a valuable tool and contributor to managing risk more effectively. In order to bring this professionalism in the Afghan Banking sector, Afghanistan Banks Association (ABA) coordinated with the IIA-Afghanistan Representative and organized a meeting of Member Banks representatives (Internal Audit Sections) with The IIA Members-Afghanistan in order to update the banks internal audit/finance department for getting memberships and the package benefits.

During the meeting, Mr. Najibullah Amiri ABA Executive Director appreciated this inventiveness, considered that positive steps towards privilege of professionalism in Afghanistan and encouraged member banks for joining such professional body. The IIA Established in 1941, The Institute of Internal Auditors (IIA) is an international professional association with global Headquarters in Altamonte Springs, Florida, USA. The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. Members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security.



Custom Duties will be Paid Electronically by All banks in Afghanistan

ABA arranged member banks Operation Department representatives meeting with Afghanistan Trade and Revenue Project (ATAR) Representatives on E-Payment of custom duties. The aim of this meeting was to update commercial banks on (Awareness to Commercial Banks on E-Payment) and how to adopt this system throughout the country. The meeting was chaired by Mr. Najibullah Amiri ABA Executive Director.

USAID's Afghanistan Trade and Revenue Project (ATAR) facilitates regional trade by developing cross-border transit agreements and improve economic growth and stability in the region. The project supports Afghanistan's need to meet and implement its World Trade Organization (WTO) commitments. Additionally, it works with Afghanistan's public and private sectors to increase the country's international trade and supports the Afghan government to improve its ability to generate revenue to replace donor assistance.

Recently with financial and technical support of ATAR project, the Afghanistan Customs Department (ACD) and Da Afghanistan Bank (DAB) successfully launched Electronic Payment (E-Payment) modern system where Afghanistan Trader will be able to pay their customs duties electronically through any commercial bank.

In this meeting, a presentation was delivered by Mr. Haseebullah Khushiwal National Compliance Specialist Chemonics International Inc to ABA member banks on ATAR E-Payment project that how banks can be benefited from the E-Payment and how they can provide facilities the use of E-Payment by traders. ABA member banks Operation

Departments Officials participated in the meeting and shared their technical feedback with Mr. Khushiwal to be taken into consideration.



ABA Conducted 4th HR Working Group Meeting

On September 24, 2016, ABA arranged 4th HR Working Group meeting with coordination of Afghanistan Institute of Banking and Finance (AIBF) in ABA office. The purpose of this meeting was to discuss on the following points for fulfilling member banks training needs and improving AIBF training quality.

Discussion Points

- Achievements
- Quality Review of the training
- Nominations
- Customize training
- AIBF Future plan (Launching of medium term Certifications in Audit and Credit).

In this meeting, from ABA, Mr. Najibullah Amiri Executive Director, Mr. Edrees Alimy Research and Communication Officer while from AIBF Mr. Zia Ul Haq Waziri Academic Head, Mr. Silab Sahak Marketing and Public Relation Manger and member banks HR Departments officials took part.

The meeting was chaired by Mr. Najibullah Amiri.

The HR Officials raised their suggestions regarding trainings which was noted by AIBF representatives to be considered in the future.

