



د افغانستان د بانکونو ټولنه
Afghanistan Banks Association

NMD
New Market Development

August 25-29, 2014

Islamic Banking Training and Exposure Visit
Islamic Banking and Finance Institute Malaysia
(IBFIM), Kuala Lumpur, Malaysia



ABA member banks delegates in a group photo with Group Managing Director and senior officials of SME Bank

Report, August 25-29, 2014

AFGHANISTAN BANKS ASSOCIATION (ABA)

Brief Overview

Afghanistan Banks Association (ABA) organized five days Islamic Banking training and exposure program for the representatives ABA member banks at Islamic Banking and Finance Institute Malaysia (IBFIM) at Lanai Kijang, Bank Negara Malaysia (BNM) during August 25-29, 2014. The program was supported by New Market Development (NMD) Program of GIZ. The program participants are depicted in Table 1.0.

Table 1.0: The Islamic Banking Training and Exposure Visit Participants

S.no	Name	Designation	Organization
1	Ahmad Javed Wafa	Director Economic Research	ABA
2	Masood Khan Musa Ghazi	CEO	New Kabul Bank
3	Mohibullah Safi	CEO	Bank e Millie Afghan
4	Ahmed Siar Khoreish	CEO	Ghazanfar Bank
5	Hedayatullah Yahya	CEO	Afghan United Bank
6	Inayat Fazli	CEO	Azizi Bank
7	Dr. Momen Zadran	Deputy CEO	Bakhtar Bank
8	Khesraw Zia	CFO	Bank e Millie Afghan
9	Aimal Mangal	CCO	Pashtany Bank
10	Ahmad Shah Reka	Marketing Manager	Afghanistan Commercial Bank
11	Shah Jahan Sirat	Business Development Advisor	New Market Development (NMD), GIZ

The training and exposure visit program is summarized as follow:

Day / Date	PROGRAM
Monday 25 Aug 2014	<ul style="list-style-type: none"> · Registration · Welcoming Remark · Module 1 - Shariah Contracts in Islamic Finance · Module 2 - Shariah Governance and Legal Framework in Islamic Finance
Tuesday 26 Aug 2014	<ul style="list-style-type: none"> · Module 3 - Deposit Operations in Islamic Banking
Wednesday 27 Aug 2014	<u>Study Visits</u> <ul style="list-style-type: none"> · AM – SME Bank · PM – Bank Muamalat Malaysia Berhad

	<u>Study Visits</u>
Thursday 28 Aug 2014	<ul style="list-style-type: none"> · AM – Bank Islam Malaysia Berhad · AM - IBFIM · PM – Bank Negara Malaysia (the Central Bank)
Friday 29 Aug 2014	<ul style="list-style-type: none"> · Module 4 - Financing Operations in Islamic Banking · Closing and Certificate Giving

The Program Report

The training program started with registration at 8:30am on August 25, 2014 in Lanai Kijang, Bank Negara Malaysia. Mr. Mohammad Najib Shahrudin, Chief Operating Officer, IBFIM and Mr. Mohammad Hawari, IBFIM Representative welcomed Afghan Banks delegates for the training and exposure visit. The first session on Shariah Contracts in Islamic Finance was presented by Mr. Mohammad Nazari Chik, Head of Shariah, Bank Islam Malaysia Berhad where he discussed fundamentals of Shariah in Islamic finance, prohibited elements, application of Shariah Contracts: essential elements and necessary conditions, Islamic banking practices in Malaysia and other part of the world and Shariah governance.

In the afternoon of the first day, Mr. Nazari discussed the second module of Shariah governance and legal framework in Islamic banking. Mr. Nazari discussed guiding principles of shariah governance, the experience of Bank Islam in Shariah governance, Shariah non-compliance risk management, shariah non-compliance reporting, and shariah non-compliance income management.



Event: Islamic Banking Training Session
 Venue: Lanai Kijang, Bank Negara Malaysia
 Date: August 25, 2014

On August 26, 2014, Mr. Mohamed Firdaus Kader Mohideen, Specialist, Islamic Finance Accreditation Agency (FAA) presented the third module on deposit operations in Islamic banking. In the module, he covered brief history of Islamic finance, the development of Islamic financial market in the last 30 years, Malaysian Islamic Banking, Shariah basis, framework of Islamic banking and finance, philosophy of Islamic banking, the difference in Islamic and conventional modes of finance, Islamic deposits, types of Islamic banking deposit accounts, Wadiah contract, Mudarabah and investment accounts, duties and responsibilities of Shariah Committee, Shariah governance framework model, Shariah review and audit, and Shariah compliance risk.

On August 29, 2014, Mr. Mohamed Firdaus Kader Mohideen presented the fourth module of financing operations in Islamic banking. In this module, Mr. Mohideen focused on Shariah non-compliant core activities, applications of Islamic funds, modes of Islamic banking operations, equity and debt financing in Islamic banking, types of Shariah contracts, risks to Islamic banking, and issues and challenges,

Exposure Visit to SME Bank, Malaysia

Afghan banks delegates visited SME Bank of Malaysia on August 27, 2014. The meeting started with opening remarks from Mr. Datuk Mohd Radzif mohd Yunus, Group Managing Director. The other participants of the meeting were Mr. Dato' Mohd Rizal Mohd Jaafar, Group Chief Operating Officer, Mr. Datuk Kamaluddin Ismail, Chief Operating Officer Banking, Dr. Sheikh Ghazali Sheikh Abod, Chief Operating Officer, Mr. Encik Mohamad Sabir Mohamad Sabri, Director Group Strategy and Services, Mr. Encik Ismail Kamaruddin, Group Chief Internal Auditor and Director, and Mr. Encik Abd Karim Ahmad, Acting Director Enterprise.



Event: Roundtable between SME Bank and Afghan Banks delegates

Venue: Meeting Room, SME Bank, Malaysia

Date: August 27, 2014

On the other hand, Mr. Ahmad Javed Wafa, Director Economic Research opened the meeting on behalf of ABA member banks by giving a brief about Islamic banking status in Afghanistan and all Afghan banks representatives were introduced to SME Bank Management Board. The meeting was vital in understanding the Islamic banking practices of SME Bank. Mr. Dr. Sheikh Ghazali Sheikh Abod gave a detailed presentation on the activities of SME Bank. At the end of the meeting, Afghan delegates from different banks asked questions on various products and services SME Banks is offering under Islamic finance. During the lunch sessions, ABA member banks had bilateral discussions with banks for the establishment of business relations.

Exposure Visit to Bank Muamalat, Malaysia

On August 27, 2014, Afghan Delegates visited Bank Muamalat Malaysia. The Bank Muamalat Malaysia is a full-fledge Islamic bank providing short to long term Islamic banking products and services. Afghan banks delegates led by ABA was welcomed by Mr. Dato Hj Mohd Redza Shah Abdul Wahid, Chief Executive Officer and Executive Director of Bank Muamalat. The other meeting participants from Bank Muamalat were Mr. Dato Hj Salmah Hj Wahit, Executive Vice President Strategic Liason and Ms. Jamilah Abdul Salam, and Executive Vice President Human Capital Division.

On Behalf of Afghan banks delegation, Mr. Ahmad Javed Wafa, Director Economic Research gave a brief on the Status of Islamic banking in Afghanistan and the objective of Afghan delegates' visit to Malaysia. Mr. Wafa insisted on mutual cooperation between Afghan banks and Bank Muamalat. He also introduced the Afghan Banks delegation to the meeting participants.



Event: Roundtable between Bank Muamalat and Afghan Banks delegates

Venue: Meeting Room, Bank Muamalat, Malaysia

Date: August 27, 2014

Moreover, Mr. Hj Wahit gave a presentation on the activities of Bank Muamalat specifically on products and services. Mr. Wahid, suggested new products to Afghanistan market specifically

Wadiah and short term small Islamic financing against gold collateral. Afghan banks were interested in the presentation of Bank Muamalat and asked on the products and services the bank is offering. At the end, the session ended with closing remarks from Mr. Wahid and Mr. Wafa.

Exposure Visit to Association of Islamic Banking Institutions Malaysia (AIBIM)

On August 27, 2014, Mr. Ahmad Javed Wafa held a special session with the officials of Association of Islamic Banking Institutions Malaysia (AIBIM). In the meeting, Mr. Yusry Yusoff, Executive Director of AIBIM and Mr. Addellan Jusop, Head Operations AIBIM participated AIBIM. Mr. Yusoff gave an update on the activities and achievements of AIBIM. Mr. Yusoff mentioned that AIBIM is solving the problems of its member banks in a very democratic manner. He added that Bank Negara Malaysia is very flexible on some of the regulations. If all AIBIM member banks are proposing modification in certain regulations, Bank Negara Malaysia will hear their reasoning. If the requested is based on international best practices, Bank Negara Malaysia will accept and bring modifications.

On the other hand, Mr. Ahmad Javed Wafa, Director Economic Research thanked Mr. Yusoff for arranging the sessions. Mr. Wafa explained the activities and achievements of ABA including the recent developments. Mr. Wafa added that negotiation with the central bank is only one pillar of the strategic plan. In addition to that, ABA is involved in arranging events and exhibitions, conducting research and analysis, and providing advisory to the banks, improving the capacity of its member banks. Mr. Yusoff appreciated and mentioned that it is quite challenging that ABA is doing so many things with a small number of staff.



Event: Roundtable between AIBIM and Afghan Banks delegates

Venue: Meeting Room, AIBIM, Malaysia

Date: August 27, 2014

In the meeting, AIBIM requested ABA to participate in the Global Islamic Financial Forum 2014. In this regard, Mr. Wafa added that the ABA representatives will be introduced by tomorrow. After consultation with the training participants. Mr. Masood Khan Musa Ghazi, ABA Vice Chairman and Mr. Mohibullah Saafi, ABA Board Member was introduced to attend the program during September 02-04, 2014. The accommodation of both representatives was free during the September 01-05, 2014. However, Mr. Wafa added that he will not be able to participate due to his tight schedule.

Exposure Visit to Bank Islam

On August 28, 2014, Afghan Banks delegates visited Bank Islam to learn about the products and services Bank Islam is offering. The meeting started with a welcome remarks from Mr. Hizamuddin Jamaluddin, Head Strategic Management and Managing Director's Office. On behalf of Afghan Banks delegates, Mr. Ahmad Javed Wafa thanked the bank for arranging the visit and providing an opportunity for Afghan banks to learn from the experience of Bank Islam.



Event: Roundtable between Bank Islam and Afghan Banks delegates

Venue: Meeting Room, AIBIM, Malaysia

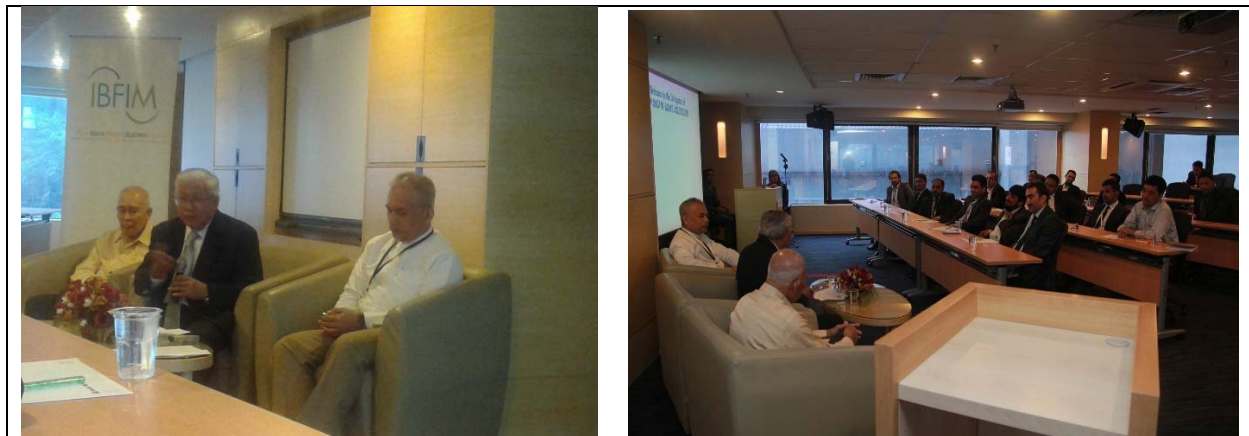
Date: August 28, 2014

Mr. Jamaluddin gave a brief presentations on Islamic banking products and services. In the meeting. In addition to the presentation and discussion between Afghan delegates and Bank Islam officials. Ghazanfar Bank, Azizi Bank, Afghanistan Commercial Bank and Bank e Millie Afghan met with the officials of Bank Islam to establish their corresponding relations. All banks were explained the requirements for opening correspondent banking relations. Among all banks, state-owned banks' requirements were to bring certain documentations including the letter from Chairmen of Afghan banks. However, Bank Islam officials asked about the established relations of Afghan banks with other international banks. At the end, ABA received appreciation gift of coins used in Malaysia historically.

At the end, ABA and its member banks visited Customer Care Center of Bank Islam where they were briefed on the customer care and related information.

Exposure Visit to Institute of Banking and Finance Malaysia

On August, 28, 2014, Afghan banks delegates visited Institute of Banking and Finance Malaysia (IBFIM). The Afghan delegates were welcomed by Mr. Mohammad Najib Shahrudin, Chief Operating Officer, IBFIM, Dato' Ustaz Haji Mohd Bakir Haji Mansoor, TN. HJ. Mustapha Hamat, IBFIM Panel Expert. Mr. Najib Shahrudin gave a presentation on the activities of IBFIM. Subsequently, IBFIM held a panel discussion where Mr. Hamat discussed the evolution of Islamic banking and the experience of Malaysia. He also discussed the way forward for newly established Islamic banking.



Event: Panel Discussion of IBFIM Management and Board

Venue: Conference Hall, IBFIM, Malaysia

Date: August 28, 2014

The panel ended with question and answer session and a closing remarks from Mr. Najib Shahrudin.

Exposure visit to Bank Negara Malaysia

On August 28, 2014, Afghan delegate held a roundtable meeting with Mr. Wan Mohd Nazri bin Wan Osman, Director Islamic Banking and Takaful (Islamic Insurance) and Ms. Madelena binti Mohamed, Director Financial Surveillance. The meeting started with opening remarks by Mr. Nazri and Mr. Ahmad Javed Wafa, ABA Director Economic Research. Mr. Wafa introduced Afghan banks delegates in the meeting and briefed Mr. Nazari on the status of regulatory environment in Afghanistan. Mr. Wafa requested Mr. Nazari to give an update on Bank Negara Malaysia decision making on regulatory issues. He was also asked to provide information on the facilities available to attract excess liquidity from banking sector and single party exposure regulations. Afghan delegates asked questions on the financial surveillance of Bank Negara Malaysia where Ms. Madelena provide updates to the banks.



Event: Roundtable between Bank Negara Malaysia and Afghan Banks Delegates
Venue: Conference Hall, Bank Negara Malaysia
Date: August 28, 2014

Training Participation Certificates and Closing Ceremony

Mr. Shamshir Alam S.M. Khairuddin, Head of Division, Finance and Administration distributed certificates to the training participants with a closing remarks. On behalf of delegates Mr. Wafa thanked IBFIM for arranging training and exposure for the Afghan banks delegates. He also added that the training course will provide basis for the implementation of Islamic banking in Afghanistan. Moreover, he added that they learned new about new Islamic banking products and services which will be helpful in promoting Islamic banking in Afghanistan.



Event: Certificate Distribution Ceremony and Closing Remarks
Venue: Training Hall, Lanai Kijang, Bank Negara Malaysia
Date: August 29, 2014

Exposure Visit and Training Outcomes

1. Increased Islamic banking understanding of Afghan banks delegates
2. Bilateral Relations of Afghan Banks with Malaysian Banks and Experts Established.
3. Bilateral Relation of ABA and AIBIM strengthen
4. Correspondent relationship initial meetings held between ABA member banks and Bank Islam Malaysia.
5. Islamic Banking books purchased by Ghazanfar Bank, AUB and Bank e Millie Afghan
