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COVER STORY

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The Importance of Being Equal: How women are winning in Islamic finance

Last month, the Women in Islamic & Ethical Finance Forum (WIEFF) was launched, marking the latest in a line of encouraging activity to support female involvement in Islamic finance at both the practitioner and customer level. LAUREN MCAUGHTRY looks at the role women can play in the industry, and how this is being supported across the financial landscape through multiple channels, platforms and inspirational initiatives.

An influential opportunity

Women are becoming an increasingly powerful force, both in terms of industry talent and client targets. In the GCC for example, women's net worth could grow up to 15% to US\$258 billion by 2023 (according to estimates from the Kuwait Financial Center) — and yet the gender gap still exists.

While initiatives exist to encourage female clients, Islamic banks have done much less to attract female talent through their doors. This is especially true in the Middle East, where a combination of cultural, economic and corporate influences has left the region some way behind several of its peers

in promoting the inclusion of women in the Islamic finance workforce. Yet with the proportion of working women in the GCC jumping to 38% last year (according to the World Bank), the opportunities are more exciting than ever.

"We as humans need role models. Someone we can follow. Someone whom we can look up to. Someone we can aspire to. There are many female role models in the industry. Having platforms where we can highlight their contributions and achievements is extremely important. Not particularly because they are women. However, because they are smart, talented, gifted. They achieved their position because of their knowledge and hard work. Inspirational role models are also vehicles to change," said Samina Akram, the managing director at Samak Consultants, a former Merrill Lynch

banker and founder of the Women in Islamic & Ethical Finance Forum, speaking to IFN.

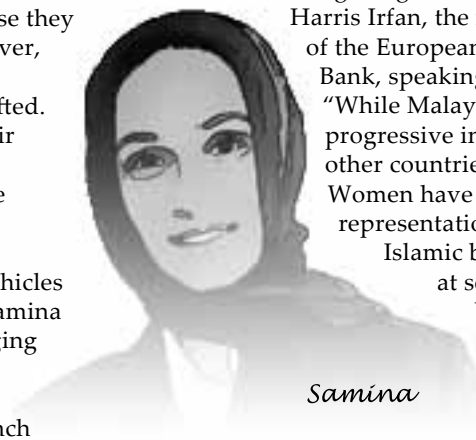
A leading figure in the area is Malaysia, which has multiple female CEOs including Fozia Amanulla, CEO of Alliance Islamic Bank, and Raja Teh Maimunah Raja Abdul Aziz, CEO of Hong Leong Islamic Bank. Three of the 11-member central bank Shariah Advisory Board are women, while Dr Zeti Akhtar Aziz has been governor of the Malaysian central bank since 2000. "Much work needs to be done on closing the gender gap," commented

Harris Irfan, the managing director of the European Islamic Investment Bank, speaking on the WIEFF.

"While Malaysia is impressively progressive in this regard, many other countries are lagging.

Women have virtually zero representation at board level in Islamic banks and very little at senior management.

Unless this issue is addressed, the culture of Islamic finance



Samina

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DEALS

Almarai plans Sukuk of up to SAR2 billion (US\$532.88 million); due to meet private investors last week

Indonesia holds sovereign Sukuk auction on the 25th August 2015

National Commercial Bank to sell SAR2 billion (US\$532.51 million) perpetual Sukuk to raise capital

Nu Sentral disburses profit on Islamic notes

Turkish Treasury raises TRY1.59 billion (US\$540.83 million) through Sukuk

International Islamic Liquidity Management Corporation reissues US\$990 million short-term Sukuk facilities

Axiata Group plans to restructure US\$590 million loan into local currency-denominated partial Sukuk

NEWS

Faisal Islamic Bank of Egypt to participate in central bank's housing initiative; receives approval to finance low-income units

Large funding potential if state-owned enterprises go public, says **Otoritas Jasa Keuangan**

Indian government engages consultants to develop Waqf properties nationwide

Sunway Treasury Sukuk proposes replacement of rating agency for its current RM2 billion (US\$485.38 million) Islamic facility

Islamabad Chamber of Commerce and Industry urges Islamic banks to support development of SMEs

Abdul Rahman Law Corporation becomes

ISFIN exclusive partner in Singapore

Sukuk rating criteria update has no effect on existing ratings, says **Fitch**

IFSB and Bahrain Institute of Banking and Finance to organize second Islamic Finance Executive Program series in October 2015

IFSB to organize FIS workshops for banking, Takaful and Islamic capital market in Kuala Lumpur

Dentons relocates to new premises in Abu Dhabi

Mawarid Securities obtains NASDAQ Dubai membership

Master's degree in Islamic finance included in list of new programs by **Dubai International Academic City**

Gulf Finance House receives regulatory approval to acquire treasury shares

Muzn Islamic Banking expands footprint in Salalah

Warba Bank contributes KWD14 million (US\$46.15 million) to National Industries Group's three-year loan to refinance existing debts

AAOIFI invites nominations for its technical boards

Emirates REIT looks to more acquisitions despite property market slowdown in Dubai

ASSET MANAGEMENT

London Central Portfolio unveils Shariah compliant super fund, London Central Apartments III, targeting investment in private rented sector

TAKAFUL

Al Falaah Takaful's customer base reaches 5,000 after one year in operation

Egyptian Takaful Insurance Company mulling acquiring stake in a new carbon black company

Orient Takaful Insurance Company-Egypt eyes bigger investment portfolio following 39.4% expansion in 2014-15 fiscal year

EFU Life Assurance and **Askari Bank** sign bancaTakaful partnership under Hemayah brand

RATINGS

RAM reaffirms **Batu Kawan's** Islamic facility rating at 'AA1/Stable'

TIME dotCom plans RM1 billion (US\$244.25 million) Sukuk to expand fiber footprint

RAM reaffirms **Axis REIT Sukuk's** Second Sukuk Issue ratings

MARC withdraws rating on **Cagamas MBS's** RM515 million (US\$125.46 million) Tranche 4 Sukuk

Singapore receives 'AAA' foreign currency sovereign rating

RAM reaffirms **Bank of Tokyo-Mitsubishi UFJ Malaysia's** entity and Sukuk ratings

MOVES

Salim Khamis Al Maskari assumes new role as head of **Sohar Islamic**

Ishrat M Kiyani joins **Mashreqbank** as new regional head of **Mashreq Gold**

Morgan Lewis expands structured finance team with two new partners

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The Importance of Being Equal: How women are winning in Islamic finance

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will be little different to the culture of conventional finance.”

Abayomi Alawode, the head of Islamic finance at the World Bank Group, is equally supportive. “Islamic finance is a growth area for the World Bank Group’s Finance and Markets Global Practice and we are keen to enhance our focus on how Islamic finance can benefit women in our client countries, especially in terms of improved access to financial services,” he said. “We are also interested in fostering links between the Islamic and ethical finance industries and will be working with WIEFF to explore opportunities for collaboration in these areas.”

“ Women have virtually zero representation at board level in Islamic banks and very little at senior management. Unless this issue is addressed, the culture of Islamic finance will be little different to the culture of conventional finance ”

A room of one’s own

The WIEFF is one of the first platforms set up to promote the inclusion of women in Islamic finance, but its ambitions go beyond simply organizing seminars and connecting women — with the eventual hope of becoming an active think tank for the industry. “Over the years I have come to realize

that there are many hidden stereotypes and prejudices we all have. When we challenge those stereotypes not through aggressive or hostile means, but just by being good at what we do, we soon begin to break down those barriers and the very people who stood in our way will begin to respect us and will become our greatest supporters,” said Samina. “My personal struggle in the industry made me realize the obstacles women face and what we need to overcome them. This is where the Women in Islamic Finance idea came from, the journey had been a slow, frustrating one. However, it was time to help other ladies and to ensure their path into the industry would be much easier and smoother than mine.”

With over 5,500 members, the Forum officially launched on the 30th July this year to an international audience, supported by leading organizations including IFN, KPMG, the British Bankers Association, UK Trade and Investment and The Chartered Institute for Securities and Investment. The event featured a keynote speech from world-renowned scholar Sheikh Nizam Yaquby, who noted the important role of women and emphasized Lady Khadija tul Kubra’s contributions to business, trade and Islamic finance.

This involvement, emphasized Samina, was of particular value. “Lady Khadija tul Kubra was the beloved wife of the Prophet Mohammad. She was an extremely successful and powerful businesswoman... It was extremely humbling and inspiring to hear Sheikh Nizam’s talk on what a great role model Lady Khadija was and how some of the transactions we use in modern day Islamic finance can be traced back to her. When we highlight such incredible, inspiring role models to the world, this is how we will change attitudes and this is our ultimate goal. Gandhi said: ‘In a gentle way we can shake the world’. Change is never aggressive or forceful - it’s always gentle, with its own timing.”

Industry encouragement

The situation has not always been as encouraging, however, and many women in the industry have struggled with feelings of isolation. “Over the

past few years, we are beginning to see more and more women playing an increasingly important role in the development of the industry,” confirmed Samina. “When I first entered the sector we would hardly see women at industry conferences. However, now we see more women visible at events and speaking on stage as major contributors bringing about key innovation and industry development”.

A lack of communication and collaboration was a significant contributor to the problem — with many large international banks suffering from their own size and failing to successfully market or promote its Islamic finance initiatives. Samina got into the area through diversity platforms including the South Asian Network at Merrill Lynch, but noted that in many investment banks, many employees may not be aware of the opportunities. “Recognizing the business opportunity for Shariah compliant investments in my day-to-day job. I organized an introductory lunch time seminar on Islamic finance, taking advantage of the South Asian Networks internal reach within the organization [Merrill Lynch]. We marketed the event throughout the firm including overseas offices. Over 200 employees attended the event in London and many colleagues listened in from abroad. This event had a huge impact in the company and I somehow became the face of Merrill’s Islamic finance business. When working in such a big organization it’s difficult to even sometimes know they have expertise in niche markets. Here we can see a diversity forum highlight an important business opportunity.”

And now, however, organizations are slowly starting to recognize the importance of encouraging women to enter the industry. A pioneer in this area is Abu Dhabi Islamic Bank (ADIB), which this year launched its Tamkeen Women in Leadership Program to prepare and develop a new generation of leaders. “The Women in Leadership Program will strengthen your abilities to manage people, multiple roles that you fulfill in the workplace,

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community and is uniquely tailored to equip you to transition into more challenging leadership roles," it tells its participants.

The first banking women leadership program in the GCC and the first Women in Banking Forum in the GCC and MENA region, the program focuses on personal development ('the character factor') as well as team leadership, management development, banking fundamentals, executive coaching and business projects.

The first wave of the 12-month project runs from May 2015-16 and includes 40 participants in four groups, with participants restricted to UAE female nationals with a minimum of four years' experience at ADIB. "We wanted to make sure the ladies at the bank are given a career path with training so that if they have been forgotten or looked over, then they are now in the spotlight," CEO Tirad Mahmoud commented on the program.

Client collaboration

However, few other institutions have followed in ADIB's footsteps to institute specific programs to encourage female involvement — and this could start to look short-sighted, given the increasing focus on women as a customer segment. "We are seeing a lot of initiatives to get female customers in, as well as on the employment side, and the two are driving each other," commented Ashruff Jamal, Global Islamic Finance leader at PwC Middle East. "More women working in Islamic finance could certainly attract more female customers, and that is where the synergy lies: you cannot look at the two in isolation."

According to a recent report from PwC surveying banking customers in the GCC: "One of the key differentiating factors for Islamic banks has been their embrace of services designed exclusively for women. Although this has developed as a result of cultural and religious factors, it can be extremely beneficial to Islamic banks."

Women are more loyal customers than men, with the survey finding that 35% of women would not consider changing

their bank accounts, compared to 25% of male respondents. More women than men visit bank branches, yet the majority of female respondents also said their preference was online banking, suggesting that a digital platform could be a significant factor in attracting new clients.

“ One of the key differentiating factors for Islamic banks has been their embrace of services designed exclusively for women. Although this has developed as a result of cultural and religious factors, it can be extremely beneficial to Islamic banks ”

"Islamic banks could do well to focus more attention on understanding what women customers want and how to better serve them," highlighted Ashruff, one of the authors of the recent report. "The assumption that women are best served via female-only branches could soon become outdated and a better model could be developed around a robust digital strategy. A compelling digital offering could be a far more significant factor in attracting new female customers than a much costlier effort to develop a network of women-only

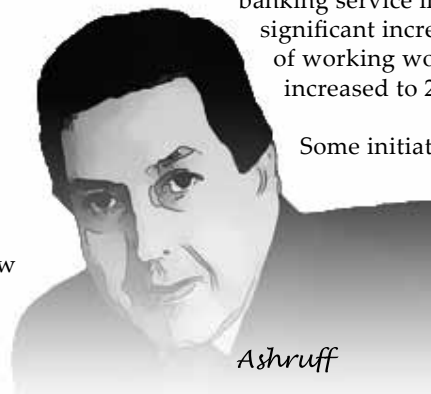
branches. Bricks and mortar investment to segregate branches will increasingly lose value as women use more services online."

However, banks will have to ensure that this digital platform offers women what they want — and that will be much easier if they can utilize the experience of their female employees. "The research suggests that rather than a single online offering for both genders, men will be more receptive to a product that saves time and effort, while women want a platform that is easy to use and offers security in an emergency," noted PwC.

Yet there is still a significant opportunity to attract more customers. Women are far less active clients than men, and use every banking channel less than their male counterparts. Only 40% of women use internet banking at least once a week, for example, compared to 60% of men — and 8% of women do not have their own independent bank accounts.

Banks in the region are recognizing this and going to ever-greater lengths to capture market share. Dubai Islamic Bank has had a dedicated female segment called Johara since 2000, and currently operates seven exclusive female-only branches, which CEO Adnan Chilwan calls "very profitable". ADIB also has a dedicated female segment called Dana, with over 130,000 customers, women's only branches, dedicated female areas in regular branches and female relationship managers to manage their banking relationships. In October last year, Oman's Bank Nizwa launched a female banking service in response to a significant increase in the percentage of working women — which increased to 29% in Oman in 2013.

Some initiatives might seem more extreme than others. This year, Al Hilal Bank launched Laha, a perfumed credit card that lets off a scent from an absorbent pad



Ashruff

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in the corner and comes with a free bottle of perfume. "Today's modern woman wants to send out a strong message about her individuality and her capacity to become a productive member of society while staying true to her heritage," said Mariam Yousef Ahli, the bank's head of corporate communications, to The National.

Yet despite its encouraging initiatives, the bank continues to have limited female representation at a senior level, with Mariam the only woman on the 13-member management board despite a recent reshuffle last month.

"We are beginning to see more women coming in, but they need to come in more at the senior management levels," said Ashruff. So what is getting in the way? "I think there is a perception issue. It is not that the banks don't want to employ women, but women may think that Islamic finance is not for them," he suggested. "I don't think there is any actual bias, but the barriers need to come down. More communication from the Islamic institutions to encourage and welcome female practitioners would be useful."

Areas of opportunity

It can sometimes seem as if institutions are simply paying lip service to the concept of gender equality, but for women in the Islamic finance industry these initiatives represent a very real benefit that they should take advantage of — particularly as the market is so niche. "Islamic finance is a very niche area and much work still needs to be done, especially in areas such as human capital development," pointed out

Samina. "The industry suffers hugely from lack of credible headhunters. I've been fortunate to have had the opportunities to travel, network and speak at industry conferences. However, not everyone has this level of visibility. As an industry still in its infancy stages, we can't afford to lose talent. Over the years, we have been losing much talent to conventional finance. Not out of choice, but because industry specialists didn't know how to find work in the Islamic finance industry. We are hoping our forum will serve as an important platform to retain and develop existing talent."


“ We hope to see more initiatives such as WIEFF and Tamkeen emerging as the industry embraces the importance of equality ”

Females also represent a huge entrepreneurial pool, which is currently not being supported to the extent it could be. "The participation of women in the GCC Islamic finance sector is improving. More and more women are entering the sector. When it comes to job functions, the banks have no issues in hiring women at the

admin, secretarial, investor relations, public relations, recruitment and HR. However, we see very few women at the managing director or CEO level of Islamic banks," highlighted Samina. "More generally, women in the GCC are increasingly taking up senior roles in business. For example within the family run business space, daughters are being encouraged to sit on company boards or take up executive roles. More women in the GCC are also pursuing the entrepreneurial route choosing to run their own very successful firms. However, banks and financial institutions fail to recognize their needs. They must do more to offer Islamic financial solutions to this growing female segment who desperately welcome the idea of investing in Shariah compliant/ethical financial products."

Everyone has different talents, and women can approach business in a very different way to their male counterparts. Whether by attracting female clients or by offering new skills; whether by bringing new talent to the table or developing the existing opportunities, women have a very real contribution to bring to the Islamic finance industry.

It is enormously encouraging to see the steps that are being taken across the global landscape to encourage this — but there is still a long way to go, and much work to be done. Collaboration, communication and education are the essence of success — and we hope to see more initiatives such as WIEFF and Tamkeen emerging as the industry embraces the importance of equality.☺



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