



# **REMARKS**

**By**

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**At the**

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# ■ Islamic Banking & Finance – UAE Perspective

- Islamic Banking started in the UAE with the incorporation of Dubai Islamic Bank in 1975.
- Dubai Islamic Bank was the only Islamic bank for many years until the incorporation of Abu Dhabi Islamic Bank in 1998.
- Since the year 2000 new Islamic banks were created through conversion from conventional to Islamic banks, there are now 7 Islamic banks, 8 Islamic finance companies and 2 Islamic investment companies.

# Islamic Banking & Finance – UAE Perspective

## Banking Figures

AED Millions – 31/12/2006

	All Banks	Islamic Banks	% of Islamic Banks
<b>Total Assets / Liabilities</b>	852,233	118,840	13,9%
<b>Total Deposits</b>	554,840	85,020	15.3%
<b>Total Loans &amp; Advances</b>	520,338	66,830	12.8%
<b>Capitals &amp; Reserves</b>	95,380	14,317	15%
<b>Tier 2 Capitals</b>	1553	0	Nil
<b>Total Profits</b>	19.7	2.5	12.4%

Note: 1 US\$ = 3.6730 AED

# The Challenges

- The rulings by the various Shari'ah boards of Islamic banks and other financial institutions should be harmonized.

This is an important requirement to setting credible standards.

- Short-term liquidity management for Islamic banks and other financial institutions is not a straight forward issue.

An Islamic bank in the UAE proposed the use of “Islamic Bank CDs based on Wakala Structure”.

# The Challenges

- The distinction between Profit of shareholders and Profit of investors / depositors is not a clear – cut issue. We need a standard formula to calculate profit at all Islamic banks.

# Banking Supervision

- In the UAE we supervise Islamic banks in the same way we supervise conventional banks, but we make allowance for different terminology.
- Risk – based examination / supervision for both types of banking systems should come to the same conclusion.



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# Banking Supervision

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- Corporate Governance standards should be applied in a similar way in both types of banking systems.



***Thank You***