



The Institute of  
**Internal Auditors**

Malaysia

# SHARIAH COMPLIANCE RISK - ISLAMIC FINANCE'S UNIQUE RISK

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## OVERVIEW

During the last 50 years, the Islamic finance industry has taken giant steps towards becoming a meaningful and viable option in global finance. A fundamental plank in this development is a proper risk management framework. This one-day seminar summarises the journey, identifies the similarities and differences between risk management in Islamic finance and conventional finance, with a focus on the unique risk in Islamic finance - Shariah Non-Compliance Risk. The key regulations for Islamic finance risk management are identified to foster discussion and a better understanding of their key elements.

This seminar is geared to Boards Directors, Audit Committee Members, Chief Audit Executives, and Senior Management.

## LEARNING OUTCOMES

At the end of this seminar, participants will:

- Gain an improved appreciation of the fundamentals of Islamic finance, its position in global finance and its key fund and non-fund based products.
- Be better able to oversight the disparate elements of risk management in Islamic finance, based on the key regulations in this area including IFSB's Principles and BNM Policy documents.
- Have an improved understanding of Shariah Non-Compliance risk ('SNCR'), and how it can be mitigated.
- Possess additional tools to question and appraise proposals regarding SNCR and other risks.



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## OUTLINE

### SESSION 1

- Quick review of Islamic finance Traditional Audit vs Integrated Audit
- Three prohibitions
- Three modes of Islamic finance
- Islamic finance global landscape
- Current issues in Islamic banking
- Islamic finance products and their key features
  - Murabaha, Commodity Murabaha, Murabaha, Musharaka, Ijara, Wa'd, Wadiah, Wakala, Sukuk, Other....

### SESSION 2

- Risk Management
- Centrality of risk in banking
  - VAR
  - Basel I, II, III and beyond
  - Three lines of defence
- Key risks, mitigants and issues
  - Credit, Market, Liquidity, Operational, Financial Crime, Cyber Security, Model, Regulatory Compliance, Other....
  - Credit risk coverage constitutes typically more than 80% of a banks regulatory capital
  - Risk Weighted Assets vs Assets

- MFRS 9, Economic Credit Loss
- Basel - Liquidity and Leverage ratios
- RMI

### SESSION 3

- Risk management in Islamic banking
- Governance, Shariah supervision and audit
  - The Islamic Financial Service Board (IFSB)
  - Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
  - Central Banks - Bank Negara Malaysia (BNM)
  - IFSB-1 Guiding Principles of Risk Management
- Similarity between conventional and Islamic banking in risk management
- Key features

### SESSION 4

- Unique risk in Islamic finance - Shariah Non-Compliance Risk
- How does this risk arise, and how is it resolved
- Consequences
- BNM Shariah Governance Document
  - Key features
  - Group Discussion



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## ABOUT THE TRAINER

### ADIL AHMAD

Mr. Adil Ahmad is a senior international banker and Board Director, with 30+ years of experience in Australia, Kuwait, Malaysia, Pakistan, United Kingdom and Vietnam. He has developed and delivered training courses during the past decade for financial institutions in the Middle East, South East Asia and South Asia on topics including: Corporate Governance; Strategy Development and Execution; Leadership; Risk Management; Islamic Finance, Investment Banking, Corporate and Consumer Banking.

Mr. Ahmad is currently a Board Director at HSBC Amanah Malaysia Bhd., and is the Risk Committee Chair. Previously he chaired the Nomination & Remuneration Committee. He is a Board Director at FIDE Forum, an alumni association for Directors of financial institutions whose objective is to promote Best Corporate Governance Practices amongst boards of financial institutions. He is also a council member of GLG (Gerson Lehrman Group).

His last fulltime role was as CEO of Kuwait International Bank, Kuwait ("KIB"), where he led a very successful two-dimensional conversion of the bank from conventional to Islamic and from a limited license real estate bank to a full commercial bank.

Prior to joining KIB he was with the ANZ Banking Group for two decades in the UK, Pakistan, Australia and Vietnam. His roles included CEO ANZ Vietnam, Director and Head of the Global Islamic Finance Division at ANZ Investment Bank in London, Executive Director of First Grindlays Modaraba and Head of the Merchant Banking Division at ANZ Grindlays Bank, Pakistan.

Mr. Ahmad holds an MBA in Finance & Accounting and a BA in Economics, both from Cornell University, USA. He has also attended the Insead Executive Management program.

## ADMINISTRATIVE DETAILS

<b>TARGET AUDIENCE</b>	LEVEL II-III
<b>MEMBER'S FEE</b>	RM1,250.00
<b>NON-MEMBER'S FEE</b>	RM1,750.00 <i>All Fees will be subject to 6% SST</i>
<b>EARLY BIRD FEE</b>	10% discount for registration received one (1) month prior to respective workshop dates
<b>DATE</b>	30 August 2022
<b>TIME</b>	9:00 am - 5:00 pm <i>(Registration on Day 1 at 8:30am)</i>
<b>DELIVERY MODE</b>	Physical Class
<b>LOCATION</b>	Kuala Lumpur
<b>PROGRAMME CODE</b>	KL15
<b>TRAINER</b>	<b>Adil Ahmad</b>
<b>CPD POINTS</b>	8

### Disclaimer

*This course has been planned as a classroom training session. In the event that the training session is converted to virtual format, a rebate of RM300 will be given for each participant. T&C apply.*

## ENQUIRY & REGISTRATION

1-17-07, Menara Bangkok Bank, Berjaya Central Park, 105 Jalan Ampang, 50450, Kuala Lumpur, Malaysia  
Tel: +603 2181 8008 ext 210/213/212 Fax: +603 2181 1717 Email: training@iam.com.my Website: www.iam.com.my

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### COURSE DETAIL

Course Title \_\_\_\_\_

Course Code \_\_\_\_\_

Course Date(s) \_\_\_\_\_

### DELEGATE 1

\*Full Name (as per IC) \_\_\_\_\_

\*Designation \_\_\_\_\_

\*Mobile No. \_\_\_\_\_

\*Email Address \_\_\_\_\_

Member  Non-Member "Membership No. (only applicable for members)" \_\_\_\_\_

Dietery Preferences  Vegetarian  Non-Vegetarian

### DELEGATE 2

\*Full Name (as per IC) \_\_\_\_\_

\*Designation \_\_\_\_\_

\*Mobile No. \_\_\_\_\_

\*Email Address \_\_\_\_\_

Member  Non-Member "Membership No. (only applicable for members)" \_\_\_\_\_

Dietery Preferences  Vegetarian  Non-Vegetarian

### DELEGATE 3

\*Full Name (as per IC) \_\_\_\_\_

\*Designation \_\_\_\_\_

\*Mobile No. \_\_\_\_\_

\*Email Address \_\_\_\_\_

Member  Non-Member "Membership No. (only applicable for members)" \_\_\_\_\_

Dietery Preferences  Vegetarian  Non-Vegetarian

### CORPORATE DETAILS (only applicable for corporations)

Corporate Member Corporate Membership No: \_\_\_\_\_

Corporate Non-Member

### CONTACT DETAILS

Organisation Name \_\_\_\_\_

Mailing Address \_\_\_\_\_

Contact Person \_\_\_\_\_

Designation \_\_\_\_\_

Telephone \_\_\_\_\_

Fax \_\_\_\_\_

Email Address \_\_\_\_\_

### BILLING DETAILS

please tick if billing details are the same as contact details.

Contact Person \_\_\_\_\_

Designation \_\_\_\_\_

Billing Address \_\_\_\_\_

Telephone \_\_\_\_\_

Fax \_\_\_\_\_

Email Address \_\_\_\_\_

Are you claiming under HRDF SBL Khas?  Yes  No If Yes, please fill in the form of Appendix A

For non-member, would you like to be contacted to know more about IIA Membership programme?  Yes  No

## ENQUIRY & REGISTRATION

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## PAYMENT DETAILS

Payment Details	Member Rate (per person) for KL-code related courses	Non-Member (per person)	6% SST	Total with SST
Fee (per pax) RM				
No. of pax				
Subtotal				

All registrations **MUST** be accompanied with full payment. Upon receipt of your registration, you are deemed to have read and understood the registration procedures and accepted the terms and conditions contained therein. (Please tick (✓) the chosen method)

Enclosed is a cheque/bank draft no. \_\_\_\_\_ for the sum of RM \_\_\_\_\_ payable to  
**THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

### LOCAL PAYMENTS BY CHEQUE / INTERBANK GIRO

All payments should be crossed and made payable to **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

Bank Details: United Overseas Bank (M) Bhd. USJ Taipan Branch, No.7, Jalan USJ 10-1, USJ Taipan Triangle, 47620 UEP Subang Jaya, Selangor

Account No.: 165-301-514-9 Bank Swift Code: UOVBMKYL

### OVERSEAS PAYMENTS BY WIRE TRANSFER (USD only)

Beneficiary: **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA**

Address: 1-17-07, Menara Bangkok Bank, Berjaya Central Park, 105 Jalan Ampang, 50450 Kuala Lumpur, Malaysia

Beneficiary's Bank: STANDARD CHARTERED BANK MALAYSIA BERHAD

Beneficiary's Bank Address: Level 18, Menara Standard Chartered, No.30 Jalan Sultan Ismail, 50250 Kuala Lumpur

Account No.: 312-170-024-235 Bank Swift Code: SCBLM-YK-XXXX

All wire transfer payments should include USD\$30.00 (overseas) and RM25.00 (local) for wire transfer processing fee. For GIRO, please include RM1.00 as bank charges. (Please fax the bank-in slip to +603 2181 1717 or email to training@iiam.com.my)

### CREDIT CARD

I hereby authorise **THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA** to charge to my credit card. to the value of

RM \_\_\_\_\_ Card Type:  VISA  MASTER

Card Number:

Expiry Date: \_\_\_\_\_ Cardholder's Name \_\_\_\_\_

I understand that any amount drawn from my credit card will first be cleared with the credit card authorisation facility.

Signature (As per credit card) \_\_\_\_\_ Date \_\_\_\_\_

## TERMS & CONDITIONS

### FEE

- Fee is payable to "THE INSTITUTE OF INTERNAL AUDITORS MALAYSIA". Please state your name, payment advice number, phone number and Workshop Code number at the back of the cheque/bank-in slip. Admittance will only be permitted upon receipt of full payment
- The fee covers the hard copy course material, lunches, refreshment and Certificate of Attendance.
- Full payment is to be made before the date of the course. Fee is subject to 6% SST.
- Walk-in delegates will only be allowed if full payment is made, subject to the availability of the seat.
- This course has been planned as a classroom training session. In the event that the training session is converted to virtual format, a rebate of RM300 will be given for each participant. T&C apply.

### CANCELLATION

- Upon registering, participant(s) are considered successfully enrolled in the course. Should participant(s) decide to cancel/transfer their registration, a cancellation/transfer policy shall be applied as follows.
  - a) Written cancellations should be received by 14 working days before the workshop date to get the refund.
  - b) Written cancellations should be received by 7 working days before the workshop date to get a partial refund after deduction of 50% administrative charge. Unpaid registrations will also be liable for 50% administrative charge.
  - c) Written cancellations/no-show on the day of the workshop.
    - No refund will be entertained.
    - Unpaid registrations will also be liable to full payment of the registrations fee.
    - Partial cancellation is not allowed.
  - d) You can substitute an alternate delegate(s) if you wish to avoid cancellation charges. Any differences in fees will be charged accordingly.

### RESERVATION

- The Institute reserves the right to make changes to the venue, date, topic, speaker including cancellation if warranted by circumstances beyond its control.
- The Institute is not responsible for the action, advice or representations of the trainer / speaker.
- Registration will be on first-come, first-serve basis.
- Upon signing this form, you have deemed to have read and understand the registration term and condition and therefore have accepted the terms contained herein.
- Certificates of Attendance will be issued an "E-certificate" via email. For this purpose, it is **COMPULSORY** to fill in the email address clearly. Certificate will only be given to participant who attended the session in full.

### DATA PROTECTION

Personal Data is gathered in accordance with the Personal Data Protection Act 2010 (Act 709). The Institute of Internal Auditors Malaysia (IIA Malaysia) hereby inform you that your personal data will be processed, retained and used by IIA Malaysia in relation to this Workshop. Your personal data may also be retained and used by IIA Malaysia to market and promote other training programmes conducted by IIA Malaysia.

### DISCLAIMER

The Institute of Internal Auditors Malaysia (IIA Malaysia) reserves the right to change the speaker(s), date(s) or to cancel the Workshop should circumstances beyond its control arise. IIA Malaysia also reserves the right to make alternative arrangements without prior notice should it be necessary to do so. Upon signing the registration form, you are deemed to have read and accepted the terms and conditions.

## ENQUIRY & REGISTRATION

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## APPENDIX A – HRDF SBL KHAS CLAIM

### DELEGATE 1

Full Name (as per IC) \_\_\_\_\_

NRIC \_\_\_\_\_

Citizenship \_\_\_\_\_

Gender \_\_\_\_\_

Race \_\_\_\_\_

### DELEGATE 2

Full Name (as per IC) \_\_\_\_\_

NRIC \_\_\_\_\_

Citizenship \_\_\_\_\_

Gender \_\_\_\_\_

Race \_\_\_\_\_

### DELEGATE 3

Full Name (as per IC) \_\_\_\_\_

NRIC \_\_\_\_\_

Citizenship \_\_\_\_\_

Gender \_\_\_\_\_

Race \_\_\_\_\_

*\*\* Invoice will only be produced upon approval of grant. Should the amount approved be lesser than the total cost fee, the balance will be invoice to the corporation/individual.*

DISCLAIMER: For organisations claiming from HRDC under SBL-Khas scheme, please note that in the event application of grants or claims made through HRDC are unsuccessful, the registering organisation will be liable to make full payment for the course fees. To secure your registration, kindly share the approval of grant from HRDC or provide a Letter of Undertaking (LoU) to the IIA Malaysia Training Team before formal confirmation can be sent from the IIA Malaysia Training Team for the respective training sessions.