



“**Dr. Muniruddeen Lallmahomood**
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Century Banking Corporation Ltd (CBC), the first Islamic Bank in Mauritius, was granted a banking licence on 3 September 2010 and started its operations on 31 March 2011. CBC is a boutique investment bank, combined with private banking and international banking facilities, which targets mainly clients from Africa, Asia and Middle East by offering tailor-made Shari'a compliant products and services. Iqra News finds out more from its CEO, Dr. Muniruddeen Lallmahomood, through this interview.

Please introduce to our readers the concept of Islamic Banking.

Islamic banking refers to a system of banking that complies with the transaction law which is part of the Sharia (Islamic Law). A simple explanation on how an Islamic Bank operates is that an Islamic Bank does not, and should not, deal with money directly as money cannot earn more money by itself. Money must be put into real business activities to earn extra money. This is the whole basis of trading. In other words, an Islamic Bank facilitates the financing needs of customers by becoming sellers, lessors or partners as the case may be. The function of money has been transformed from a commodity into an enabler to facilitate

trading, leasing and investment. The pool of money, collected through various Islamic accounts and/or shareholders' funds, is channelled to finance trade, lease or investment

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activities. From a micro perspective, the money has been transferred into real economic stock in order to generate more income. Thus, the profit generated by an Islamic Bank is the outcome of dealing with a real asset rather than a monetary asset.

What are the products offered by an Islamic Bank?

Basically, an Islamic bank would offer the same type of products offered by a conventional bank. However, the main difference is that instead of lending and accepting monies with a return (interest), a number of financial instruments is used. These are partnership contracts, leasing, and buying and selling, and agency contracts. Islamic financial institutions usually rely on an external or in-house Sharia committee or board comprising of Sharia scholars to ensure compliance with Sharia rules and principles.

How are the products offered by an Islamic Bank different from those offered by a conventional bank?

First, let's get the concept right! Islamic finance is about trading whereas Islamic Bank is the intermediary institution. As per Islamic transaction law, a set of contracts has been recognised to perform the function of intermediation. These contracts have been put to the test of time, as they have been practised successfully throughout Islamic history – sometimes formally and in an organised fashion and, at other times, informally. Some of these contracts were in practice in the pre-Islamic era but Islam not only approved them as valid contracts but encouraged their usage and institutionalised them. Some financial products widely practised in conventional

finance today have their roots in the Islamic era. On the contrary, conventional banks act as a lending and deposit institution.

How have people in Mauritius taken to Islamic Banking and Century Bank?

First of all, Century Banking Corporation Ltd is a bank like all other banks in Mauritius. Until today, there are some misunderstandings with regards to the operation and services of the Bank. CBC is an Islamic bank in the sense that it complies with Islamic transaction law in all its dealings and operations but, nevertheless, it remains a bank providing the various banking facilities and services. An Islamic bank has much more to do than with just the prohibition of riba. All that has been prohibited in Islamic transaction law are grounded upon the solid concepts of social justice, equality, solidarity and preservation of economic rights. It is important to point out that the Bank is not a retail bank or a commercial bank but rather, an investment bank deeply rooted in the corporate segment. The Bank is now shifting focus to high net worth individuals and Small & Medium Enterprises (SMEs), in addition to targeting the international banking and offshore markets clientèle. The launch of CBC and the concept of Islamic Banking generally were very much welcomed by Mauritians. However, Islamic finance remains very embryonic in Mauritius.

Are non-Muslims interested in your products? If so, why?

Yes. Islamic finance is a finance open to all stakeholders, and not just those of the Muslim faith. You'll be surprised to learn that we have non-Muslim customers. Indeed, any person irrespective of religion may adhere to CBC. In fact, nowadays the trend is an increase in non-Muslims shifting to Islamic finance and in Malaysia, almost 50% of Islamic banks' customers are non-Muslims. Odd enough, some non-Muslims understand Islamic financial products better than Muslims themselves. The simple reason is that Islam is not against profit-making as long as it does not contradict the Sharia and is based on ethics and values which entail accumulation and distribution of wealth consistent with social justice and actual productivity. These values demand honest behaviour in the financial sector such as the prohibition of benefitting from the inexperience of a partner or information asymmetries. Thus, we can say that some people are first interested in Islamic Banking because it meets their moral and ethical principles, while for others, it is the return on investments which

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is paramount.

What future products are currently in the pipeline for Century Bank?

CBC offers a range of products to meet the financial needs of its clients. The Bank currently offers unique investment and time deposit products and leasing, trade and corporate financing through Shari'a approved contracts of Ijarah, Murabaha, Mudaraba, Kafala, to name a few. The Bank strives to meet the needs of its clients and several products are in the pipeline as part of the retail banking project. This project will bring to light new products such as credit cards, Hajj savings account, current accounts with all the value-added features to serve the banking needs of clients.

About Dr. Muniruddeen Lallmahomood



Dr. Muniruddeen Lallmahomood is the Acting Chief Executive Officer of Century Banking Corporation Ltd, a fully-fledged Islamic Bank in Mauritius. Among his many educational qualifications are a Doctor in Business Administration from the University of South Australia and a Professional Certificate of Certified Sharia Advisor and Auditor from the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI). His lengthy work experience includes Consultant in Islamic Finance at the Central Bank of Mauritius, Auditing and Management Consultant. He is also a guest professor in Islamic finance at Paris-Dauphine University and the University of Strasbourg.