

STRATEGIC ALLIANCE and CAPITALISING THE “ICT” ERA in Islamic LaRiba Banks

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STRATEGIC ALLIANCE and CAPITALISING THE “ICT” ERA

Strategic Methodology

- 10 Develop a Vision for the Future,
- 10 Define Needs of the Users of Islamic Bankers' Products and Services Locally and Worldwide,
- 10 Define Unique Niches that will Set LaRiba Banks Apart from the Rest of the Riba Conventional Banks,
- 10 Prepare to Meet the Demand within that Vision,
- 10 Innovate and Build the “Digital Arc” that will Present the First Model for the Future, and
- 10 Modify the System as Needed Based on Operating Experience



Historic Roots of Islamic LaRiba Banking

- Started as a Finance/Investment Cooperative Between Farmers and Small City Dwellers in the Countries Like Egypt and Malaysia.
- The Community Reinvestment Act ("CRA"): Played an Important Part in the American banking system Since the 1980's. Was Introduced to Allow Community Banks to Gather Community Savings and Reinvest These Savings Back Into the Community.



The real intent of LaRiba Islamic Banking - *"It is Not the Mechanics!"*

- *Circulate their assets within the community without monetary "leakage,"
- *Have the ability to create credit for the benefit of the community at large,
- *Express their values of Islam in their every day dealings,
- *Bring Added Value to Net Work of Places of Worship.

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CREDIT IS A BASIC HUMAN RIGHT

- ✱ Socially Responsible Ethical Banking
- ✱ Asset-Based Financing
- ✱ A Commodity, Tangible Asset &/or Service Must Change Hands
- ✱ Investments in Specific Activities
- ✱ Community Development

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LARIBA CONCEPTS

- ✱ Sources of Conventional (RIBA) Bank Losses:
 - Unsecured Lines of Credit
 - Financing Speculative Activities
 - Name Lending
 - Unethical Lending Activities
 - Deviation from Spirit CRA

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LARIBA CONCEPTS Community Development

- Believes in the Real Spirit of Community Reinvestment Act, CRA.
- Measures Success by the Return on Investment and the Number of Households Financed – Making A Difference in the Community.
- No One is Too Small to Work With.
- Know Your Community by Working at the Grass-root Level. KNOW YOUR CLIENT.

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LARIBA CONCEPTS Low Overhead, Lower Risk & Better Results

- Live Below Your Means.
- Quality of Islamic LARIBA Banks:
 - Moody’s Andrew Cunningham: Audited Middle East Islamic Banks enjoy lower overhead, lower loan losses and lower risk.
 - Prof. Janice Howe, Australia: Studied Malaysian Islamic Banks – Same Conclusions.
- Ethical & Community Pressure to Meet Obligations



STRATEGIES TO USE Information, Communications and Technology

“Technology Should Be Utilized To Bring Added Value But It cannot be The Value!”

- The US is Ahead of the World
- Followed By Western Europe
- A Great Gap & Divide Exists with Developing World.



Factors To Consider When Implementing ICT Innovations in Islamic LaRiba Banking

- Illiteracy and the Lack of Basic Computer Skills & Lack of the Culture of Reading and Following Instructions
- All Training & Computer Languages are Made Mainly in English. Eighty Percent of all Web Sites are in English, a Language Spoken by Only 10% of the World's Population,

The Great ICT Divide!

The Developed & The Developing

- **More Internet Hosts in New York City Than there are in the Entire Continent of Africa.**
- **More than 80% of People in the World have No Access to Telephone, Let Alone e-mail or the World Wide Web.**
- **Fewer than 2% of People Around the World have Access to the Internet. Most of them are White, Well Educated and Relatively Comfortable Financially or have Access to Credit. The Same and Even worse can be said About Telephone and Mobile Telephones.**

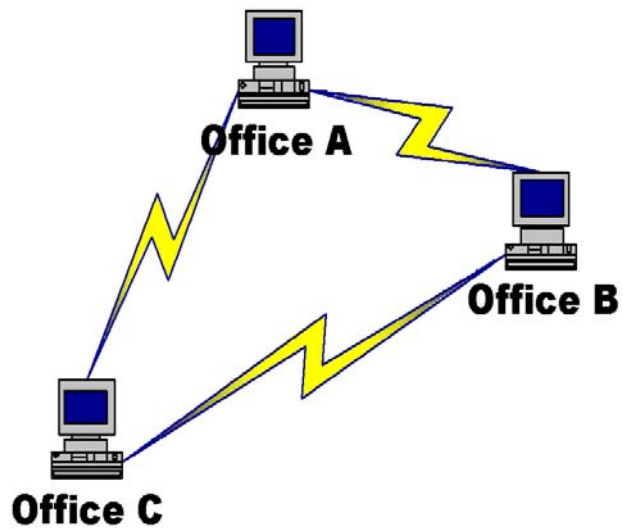
Strategic Goals and Proposed Ways and Means - Retail & Micro-Banking

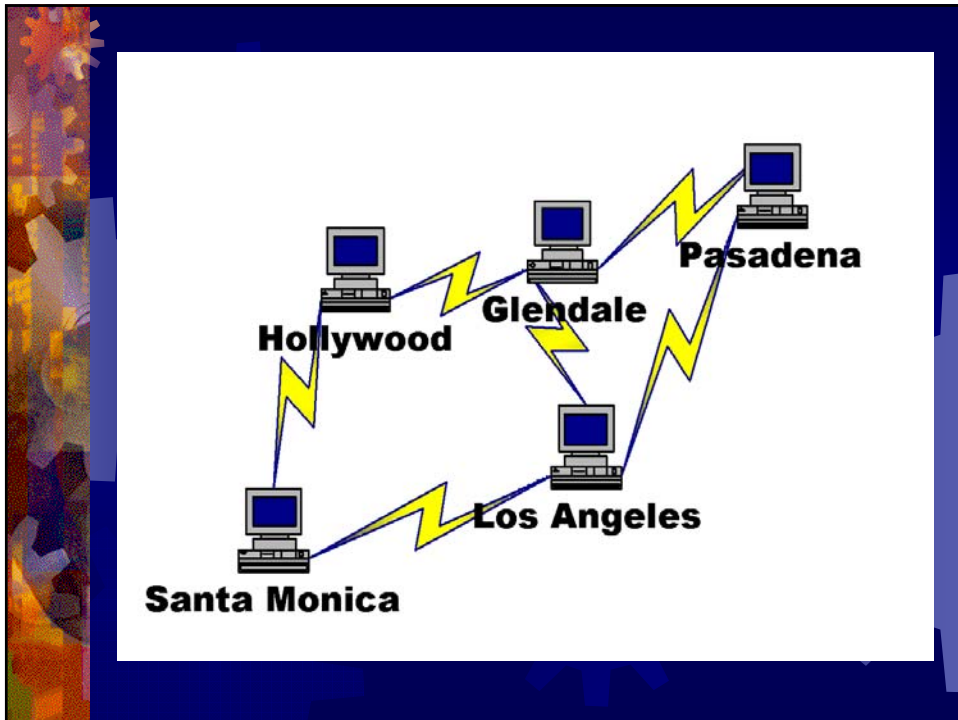
- **Working at the Grass Roots to Popularize Islamic LaRiba Banking – “Know Your Client!”**
- **Role of the Highly Dispersed System of Masjids & Other Places of Worship.**
- **Bring Life to Islam. Address the Households’ Wallet & Economic Condition NOT ONLY Their Conscience.**
- **Create an Active Role for Professionals in the Masjid (or Other Places of Worship)**

The Basic Building Block Online Connect Kiosk



Open new accounts
Apply for loans
Check your balance
All in one location
Highly cost effective

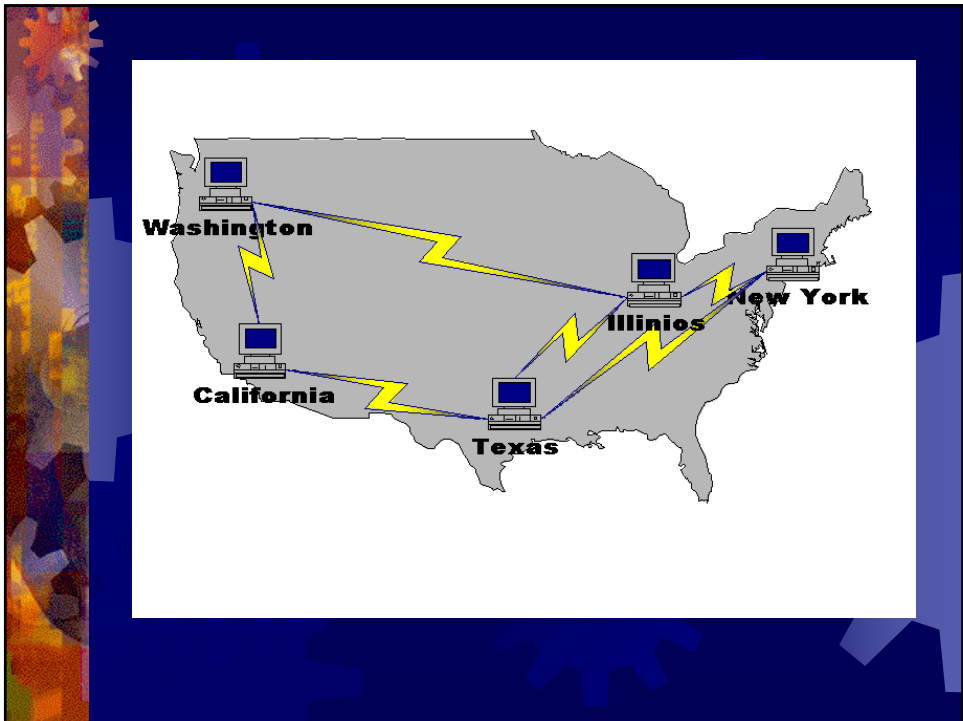




Strategic Goals and Proposed Ways and Means – State & Mega-Banking

“Do Not Waste Time & Money Re-inventing the Wheel, Start from Where Others Achieved.”

- Use Available State of the Art ICT Technology. Learn & Develop
- Develop Alliances with Other Banks of All Types Specially Those with Similar Products & Services
- Securitization ICT Necessary to Securitise Credit Developed at the Grass Roots & Gather Savings & Investments





INTERNATIONAL LaRiba ISLAMIC BANKING INTEGRATION Develop an Alternative to SWIFT

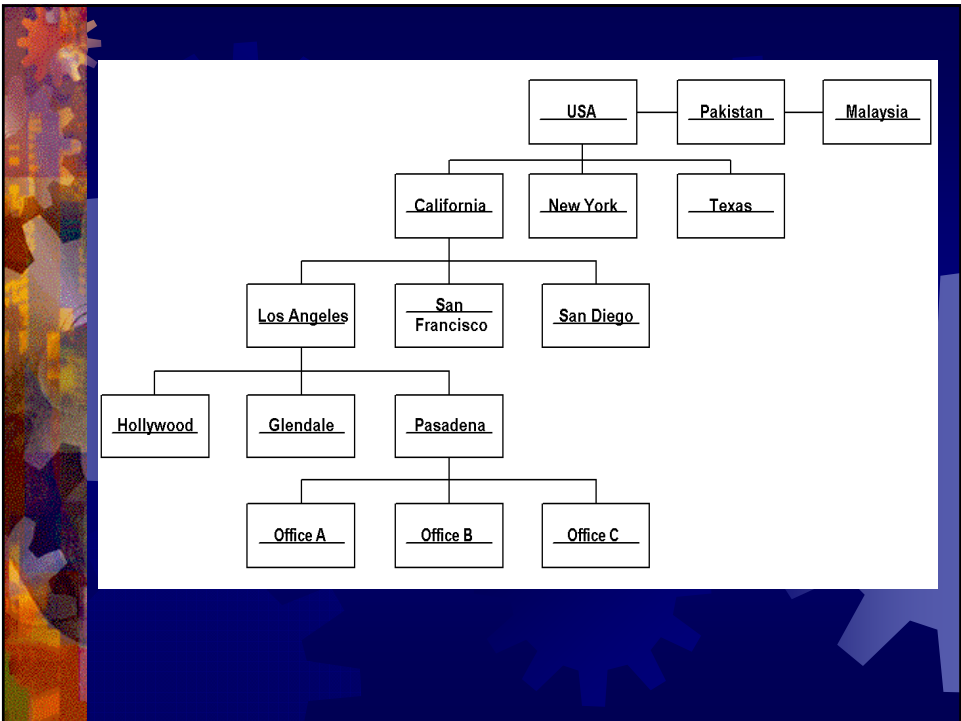
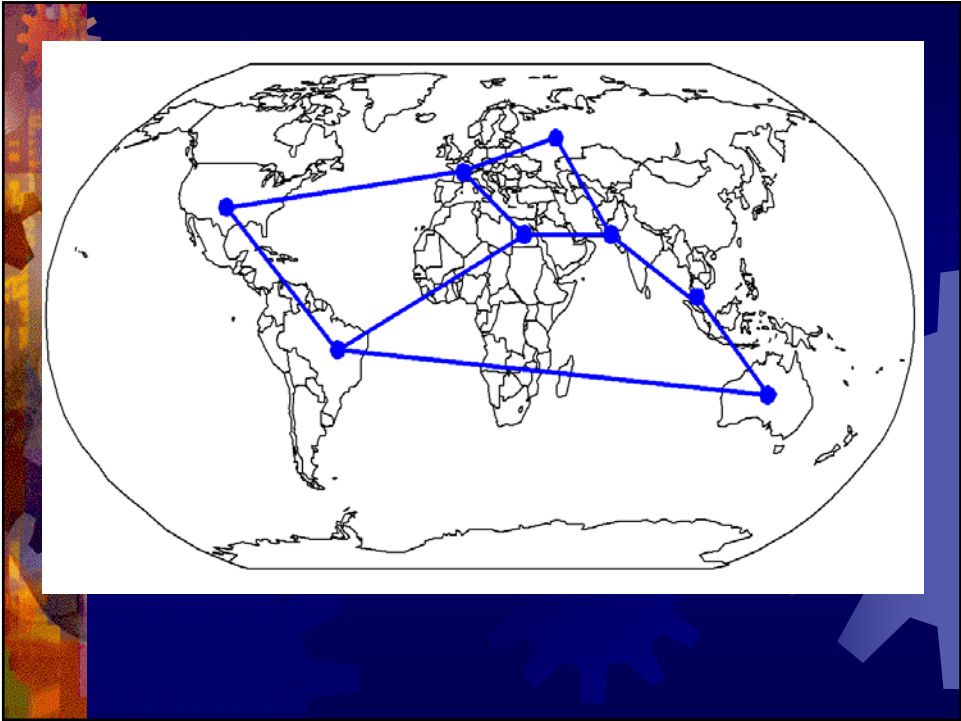
- ✦ **Society for Worldwide International Financial Telecommunications:**
 - 7000 Banks Membership and
 - Over 5 Million International Payment Messages Every Day!
- ✦ **Develop: I-BIST**
Islamic **B**ank for International **S**ettlement & **T**ransfers
as an **A**lternative to **S**WIFT.



Develop I-BIST as an Alternative to SWIFT

✦ **BENEFITS**

- **Interconnects the Islamic Banks**
- **Reduces Exposure to Forfeiture, Freezing and Outside Intelligence Activities.**
- **Provides an Observation Post to Watch the Money Flows and where it is going. A Great Tool to see Markets' Future Developments.**
- **Offers the First Step in an All Out Effort to Gain Other Bankers' Trust, Credibility and Confidence.**





ICT & ISLAMIC LaRiba Banks CONCLUSIONS

- **Develop the Much Needed Network at the Grass Roots Micro & Retail Banking. This is Where We can make a Difference.**
- **Stay on Top of the “Standard” Technology Used in International Riba Conventional Banks.**
- **Integrate the System on All Levels: Village, City, State & Country. Integrate All Countries.**
- **Develop the Securitization ICT System.**
- **Develop “IBIST” as an Alternative to “SWIFT.”**