



THOUGHT LEADERSHIP

Path Solutions' Thought Leadership series progress with newly launched iSHRAQ*Invest

Path Solutions extends its unified suite of financial services applications to cover iSHRAQ*Invest, allowing financial institutions to leverage their expertise in order to generate maximum wealth from their investments.

Competing in today's global financial markets has never been more challenging. Financial institutions are facing margin pressures, revenue growth challenges, and increased compliance requirements.

Every business faces critical decisions on the scale of enterprise investment. Making the right decisions is crucial for financial institutions' survival. They must constantly choose from a series of potential investment choices.

Financial institutions are compelled to exert time and effort in developing and maintaining effective strategies. Nevertheless, the right technological tools aid at capturing market opportunities and increasing the overall company profitability.

Path Solutions reaffirms its commitment to deliver solutions that allow financial institutions to achieve optimum return at lowest risk. These solutions provide institutions with maximum expected value of portfolio, optimum return on investment while minimizing risk.

The advanced investment management solution offered by Path Solutions - iSHRAQ*Invest - offers a clear and concise way of managing multiple accounts under one umbrella. It is part of the iSHRAQ suite consisting of 3 modular products:

- iSHRAQ*Invest
- iSHRAQ*Finance
- iSHRAQ*Treasury

iSHRAQ*Invest is a superior investment management software that helps these institutions in taking the appropriate decisions to survive and prosper in their industry.

iSHRAQ*Invest serves as a management tool for investment companies or investment department in any organization. The system provides a comprehensive range of asset management modules that serve the undergoing

significant changes and the growing needs of the financial sector all around the world.

iSHRAQ*Invest is fundamental to the growth of financial institutions. It empowers them to manage their customers' assets and portfolios throughout their lifecycle, including both front-office activities and back-office related operations.

The system presents useful technical features. It is a secured Web application that supports multi-tasking for multiple users. The solutions provides a Tabbed Interface as well as Task List, Favorites List, List of Values screens, Inquiry screens, Multi-Record Grid display format, and most commonly needed Reports. iSHRAQ*Invest allows financial institutions to deal with different regions, stock markets, nationalities, currencies, fees schemas, and accounts. It also provides financial institutions with lots of tools to run their investments more efficiently.

The iSHRAQ*Invest solution consists of three main modules:

- Portfolio Management
- Asset Management
- Fund Management with SWIFT interface.

iSHRAQ*Invest also provides a series of reports to help financial institutions monitor their business processes and positions. Among these reports is the portfolio position; it displays portfolio position as of any date, either current or previous dates. The report can be based on market value or bid price of portfolio assets, considering the portfolio currency or any other currency. Other important reports generated by the system are the balance sheet and the income statement.

iSHRAQ*Invest management system is a real time, Internet-based, secure system optimized to provide maximum performance, scalability, and availability to customers.

Disclaimer: Statements concerning Path Solutions' plans and product releases are by nature, forward-looking statements that involve a number of uncertainties and risks, and cannot be guaranteed. Based on the market and customers' needs and requirements, changes in the stated plans and products may be done. ■

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RECENT NEWS

Banque Islamique de Mauritanie to launch Islamic banking operations with iMAL

October 14, 2011 – Path Solutions and Banque Islamique de Mauritanie (BIM) today announced the successful Go Live of iMAL Islamic banking solution at BIM ■ » **P. 02**

main branch in Nouakchott, Mauritania, on Sunday the 2nd of October.

BIM is one of the four West African banks falling under Dakar-based Tamweel Africa Group, which engaged Path Solutions, back in December 2010, in order to align their core banking systems while respecting the standards of AAOIFI (The Accounting and Auditing Organization for Islamic Financial Institutions). BIM is a startup universal bank with a paid-up capital of MRO 6,000,000,000 equivalent to USD 21,201,401. Tamweel Africa Holding, the main shareholder of BIM (99.99%) is a joint-venture between the ICD (60%), the private sector arm of the Islamic Development Bank Group and Bank Asya (40%), the leading participation bank in the Republic of Turkey.

The implementation included Retail and Corporate financing, Branch Automation, Trade Finance operations, Sukuk Management, Islamic Profit Calculation, Credit Pre-Approval and Regulatory Reporting. BIM started with their first branch in Nouakchott and are expected to expand their network rapidly with a strategy to open the second branch before end of this year, along with 3 more branches during 2012.

"We are delighted to be strengthening our presence and opportunities in West Africa," commented Alain Abou Khalil, SVP Professional Services at Path Solutions. "In fact, we are very proud to be playing an integral role in assisting Banque Islamique de Mauritanie deliver full Sharia-compliant operations while offering competitive Islamic financing products. Our AAOIFI-certified solution will definitely boost the bank's efficiency to meet its expectations in terms of business growth"

According to Abou Khalil, it is the first time that Path Solutions is undergoing a single implementation that caters for four banks located in different countries. BIM implementation included common analysis and design phases for the four banks simultaneously, in addition to a common training phase.

Alioune Badiane, Head of IT at Tamweel Group, said: "Path Solutions' extensive commitment and professionalism allowed BIM to go live according to plan and we were able to kick off our operations in Mauritania in a short period of time"

Badiane added, "We are very keen to carry on this partnership with Path Solutions to witness the opening of the Group's remaining affiliates in Senegal, Guinea and Niger"

Path Solutions offers complete end-to-end solutions for the Islamic finance sector which enable its clients to have a 'one-stop shop' for their overall needs. The AAOIFI-certified iMAL has achieved an unprecedented success by continuing to deliver superior performance, flexibility and ease-of-use. ■

Path Solutions Wins KLIFF Islamic Finance Award in Eighth Kuala Lumpur Islamic Finance Forum



October 5, 2011 – We take great pride in announcing that Path Solutions, a worldwide Islamic banking software provider has won the KLIFF 2011 Award for 'Most Outstanding IT Company for Islamic Finance'.

The awards were presented to winners at the KLIFF Islamic Finance Awards Gala Dinner Ceremony on Tuesday 4 October at the Grand Mahkota Ballroom, Hotel Istana, Kuala Lumpur City Centre in Malaysia in the presence of this year's guest of honour Y.B. Tan Sri Nor Mohamed Yacop, Minister in the Prime Minister's Department. Three award categories have been established with the objectives to recognize, reward and encourage activities that lead to the promoting of outstanding works and performance in the fields of Islamic banking and finance by key players in the industry.

"We are very proud to have been selected by KLIFF panel of judges for this important award for the second year in a row. This win is the direct result of culmination of a long-term strategy and a proven track record in developing, delivering and supporting best-of-breed Sharia-compliant software solutions that exceed our customers' needs and expectations. We thank the jury and the awards organization for having conferred this respect to us," said Mohammed Kateeb, Group Chairman & CEO, Path Solutions.

Path Solutions and Apliman Technologies announce partnership agreement

September 8, 2011 – Path Solutions, the global provider of Islamic and investment software solutions, today announced that it has entered into a partnership agreement with Apliman Technologies, a leading telecommunications solutions provider. As result of the partnership contract, iMAL*2Mobile new offering will utilize Apliman's SMS Gateway and USSD Gateway for providing mobile banking channels through SMS and USSD. The partnership will also enable Path Solutions to offer Apliman's phone banking services including Call Center and IVR which enhance customer relationship management.

Apliman Technologies was founded in 1990 in Dallas, Texas, and is currently located

The KLIFF Islamic Finance Awards Ceremony has been organised in conjunction with the 8th Kuala Lumpur Islamic Finance Forum, of which Path Solutions was the Bronze Sponsor. The forum has been held annually since year 2004. It offers an integrated basis for promoting Islamic financial system dialogue among speakers and delegates to foster the orderly development of an efficient, competitive, sound and innovative Islamic finance in a rapidly changing global environment.



About Path Solutions

Founded in 1992, Path Solutions is a leading software house, specialized in the provision of integrated solutions and services to the Islamic financial marketplace. The company offers a wide range of AAOIFI and IAS compliant integrated solutions covering Core Banking, Customer Universal Services, Investment and Private Equity, Treasury, Fund Management and Securities Trading system in the GCC and Global Capital Markets. Services include Project Management and Business Consulting addressing the whole spectrum of the global finance industry and in specific the Islamic finance industry.

Path Solutions is dedicated to the satisfaction of its clients and employs leading edge technologies while guaranteeing reliable performance and levels of excellence in the quality and efficiency of its services.

Path Solutions has 20 years of market experience using unrivalled software implementation expertise at forward-thinking Islamic banks and financial institutions. To date, Path serves more than 73 Islamic financial institutions in more than 27 countries worldwide. This strong market share is testament to its ability to maintain technology advantage. ■

in Beirut, Lebanon. Holder of several patents in the United States, Apliman Technologies offers a set of value added services including advanced voice and messaging solutions, in addition to mobile advertising and customer care solutions that greatly enrich operators and service providers' portfolios. Apliman offerings have reached thus far 36 countries and 38 mobile operators servicing hundreds of millions of subscribers.

Tarek Itani, Chairman & CEO, Apliman Technologies commented, "The partnership with Path Solutions is a significant step forward for Apliman Technologies in a strategic growing sector. We are keen to serve Path Solutions' existing and prospective clients in the Islamic banking industry with comprehensive and advanced telephony technology, and we believe that Apliman's vast industry knowledge and expertise in the telecommunications sector will boost the added-value of iMAL*2Mobile, Path Solutions' new mobile banking solution".

Itani added that Apliman's products are running live at several Lebanese banks such as Bank Audi, SGBL, Banque du Liban, Credit Libanais, Banque Libano Francaise as well as mobile operators MTN Africa, AFRICELL Africa, ALFA Lebanon and others.

For his part, Path Solutions' Group Chairman & CEO, Mohammed Kateeb said, "The contract announced today will complement our existing suite of software solutions for the coverage of essential areas in iMAL*2Mobile and will allow provisioning of superior phone banking services. This partnership will open up joint business and growth opportunities for both Path Solutions and Apliman Technologies".

About Apliman Technologies

Apliman Technologies is a leading Telecommunications Solutions provider in the Middle East, Europe, Africa, and Asia. The company has an international portfolio of installations spanning 4 continents and serving hundreds of millions of subscribers worldwide. Apliman solutions range from Messaging, Voice, USSD, and Mobile Advertising to Enterprise and Customer Care solutions. Ever since its founding, Apliman Technologies has been at the forefront of developments in the field. The company has existed long enough in the market to establish customer loyalty and become a trademark of trust. ■

Jaiz International Bank PLC licences Path Solutions' iMAL

August 10, 2011 – Path Solutions, the leading provider of Islamic banking software solutions to the financial services industry, today announced that Jaiz International Bank, the first licensed Islamic bank in Nigeria has selected iMAL to achieve growth objectives and future plans. The new agreement represents an important milestone for Path Solutions as it confirms its leading position in the nascent West African Islamic banking market.

Jaiz International Bank PLC was incorporated on 1st April 2003 as a public limited company with an authorised share capital of US \$18.5 Million which increased since then to about US \$170 Million. The bank has very aggressive plans to be operational by September 30th. During its first year of operation, it is expected to reach a total of 201,500 accounts, 6,203 term deposits, 168,809 savings accounts and 280,000 transactions.

After conducting an extensive evaluation process in which a number of leading software vendors were also considered, Jaiz International Bank opted for iMAL to support its entire operations.

"This partnership is an important breakthrough for Path Solutions as it provides momentum for our ongoing expansion program in West Africa. Nigeria is a promising market for Islamic banking which highlights the importance of this great reference for us", stated Mohammed Kateeb, Path Solutions' Group Chairman & CEO. "We are excited to be working with Jaiz International Bank to deliver a flexible yet secure Islamic banking system. Once implemented, it will be crucial in helping the bank realise its product innovation plans and associated growth potential".

Nigeria's quest for an inclusive banking reform had led to the adoption of several policies and strategies that would truly give the nation's economy an edge towards growth and sustainability.

The CBN (Central Bank of Nigeria) had emphasised on its readiness to give licences to banks wishing to operate interest-free banking system and the regulatory authority recently released a draft framework for the regulation and supervision of non-interest banks in the country.

Mohammed Mustapha Bintube, Managing Director & CEO, Jaiz International Bank explained "In this highly dynamic and competitive banking environment, the area of Islamic banking is a unique innovation of financing methods that provide an opportunity to all irrespective of race or religion to fulfill common banking needs".

And he added, "We were looking for a state-of-the-art, Sharia-compliant, advanced and robust core banking system. ■ ■ ■ » P. 04

Path Solutions launches new Mobile Banking solution

August 23, 2011 – Multi-award winning software provider Path Solutions announced yesterday that it has launched iMAL*2Mobile, a new Mobile Banking solution that allows financial institutions to better respond to the growing and evolving customer demand for mobile-based capabilities using smart phones.

iMAL*2Mobile is a multi-channel mobile solution for customers to conduct banking transactions via Mobile Web browsers, but it also allows quick access to their account positions and transactions history. It boasts powerful end-user features including value-added services such as instant Chequebook requests, fund transfers and bill payments.

Built on jQuery Mobile platform, iMAL*2Mobile provides a scalable and valuable remote service channel for customers where banking can be done anytime and anywhere. The solution is compatible with various mobile operating systems including iOS, Android, BlackBerry, and Symbian. It is also compatible with various mobile Web browsers; including Nokia browser, BlackBerry, Opera mini, Safari, and Android browser.

The new solution provides financial institutions with cutting edge, next-generation technology while maintaining high level security standards and features covering server and software client. Advanced security features are applied on the various channels of mobile to protect customers' data and confidentiality.

Path Solutions' new Mobile Banking solution enables financial institutions to deepen their customer relationships, keep up with markets trends, while reducing costs and enhancing revenue. Bank customers will be able to enjoy convenient and efficient means of banking away from physical branches. ■

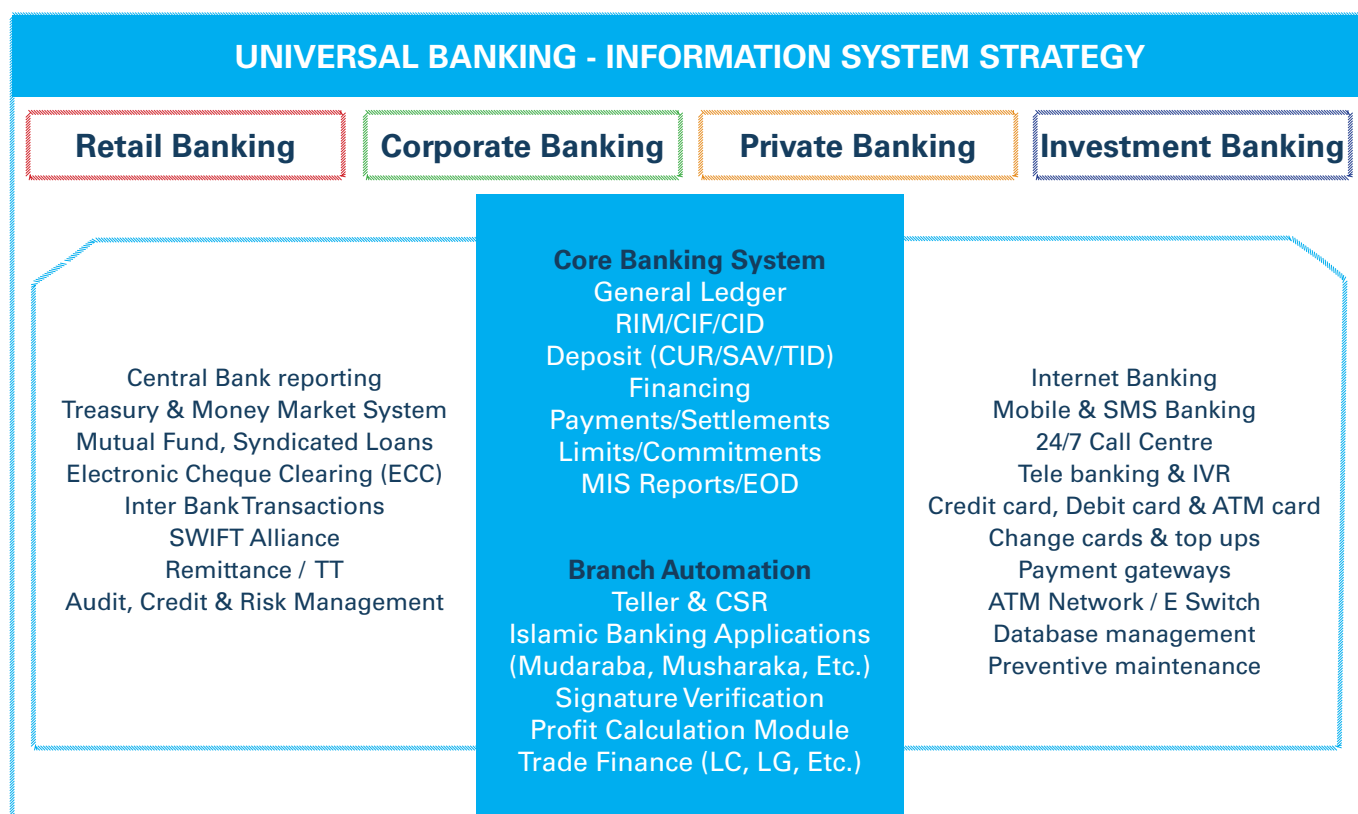
There are more than 300 Islamic Financial Institutions (IFIs) globally managing more than US\$1 trillion, a figure expected to reach US\$4 trillion by 2012. Industry experts maintain that the industry is growing at a rate of 10% to 15% per annum across borders even in non-Muslims countries.

IFIs must create a robust IT platform of solutions to deliver technology driven innovative products and services to their clientele. There are more than 35 global and regional vendors that offer Islamic Banking System (IBS) services for Islamic banks & IFIs. Efforts to computerize the IT system in accordance with Shariah tend to be developed in-house in the initial stages, directly under the supervision of Shariah scholars and Islamic banking experts.

Alternatively, global vendors can build a competitive edge by getting their software endorsed by independent Islamic finance institutions namely Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and such. Islamic banking IT solutions can be resolved either by implementing a new system or installing only the relevant functional system or modules from existing core banking systems.

This system implementation is a pivotal transition which comes with some major risks. To date, a number of banks have gone through this transition since there is no complete 'off the shelf' product. It will not be an easy task to implement the system successfully without an excellent project management process, and without a team inclusive of technical experts, Shariah scholars and banking specialists, consultants and such.

The IT team especially cannot enjoy the liberty of implementing IT systems like in conventional banks. In IBS each and every matter has to go through a Shariah Supervisory Board (SSB) to obtain the necessary approvals. Furthermore, Islamic banking systems require more information disclosure. This transition or system implementation in an Islamic bank will easily consume a minimum of six months and above depending on the complexity of the implementation project.



Constant growth in the number of IFIs and Islamic banks require that IT systems are in place to compete with both new entrants and existing market players, whether conventional or Islamic. Advanced technology will reduce cost significantly, as well as manual workload, inefficiencies, transaction processing time and so on while enhancing customer satisfaction with sophisticated facilities.

This Shariah-compliant system involves an out-of-the-box implementation which disturbs the existing IT system by requiring various customizations to the traditional core banking solution. Sometimes this layer sits on top of this Islamic finance functional application layer or else integration will not support other applications. Hence there may be a need for another middleware. Flexibility, timing and affordability become a question mark at this point.

The acquisition of ready-made, plug and play modern components can be integrated smoothly either by interfacing directly to the core banking software (or through an establishment of middleware). Today, Information System Strategy is at the heart of the banking sector and it will determine the success of the business.

Core issues

Conventional core banking software have been developed based on interest which is fixed and defined calculation methods. Once the formula is fixed the interest rates will be credited into the relevant accounts as per the command.

But in the case of IFIs and IBs, the profit is unknown until the maturity date of the business contract / investment made. In addition, the sharing of profit can vary according to Mudarib — Rab al Mal sharing percentages, types of accounts, tenor period, risk ratios, utilization percentages and profit equalization ratios. This may vary in different jurisdictions and between banks too.

Since profit distribution is one of the main differences between Islamic banks and conventional banks, profit distribution methodology should be thoroughly tested from Shariah to Accounting. IFIs require much matured profit distribution system, despite the increase in the number of global core banking system vendors incorporating the Islamic banking support to their product offerings.

From a technical point of view, Islamic banking IT solutions and software must be flexible, user friendly, accessible, scalable, compatible (able to run in different platforms and operating systems), highly secure with preventive features and have automated implementation with modern and reliable database technology.

With the latest developments in technology, Islamic banking software should be able to swiftly migrate or adapt to the advanced technology as and when necessary while constantly taking into consideration global best practices and processes. The system can be developed and installed as a browser platform / web based system or MS platform / desktop platform with advance programming languages. Even now the interest has been shifting to open source system for implementation.

Many software systems for the banks were developed with heavy development costs, after a number of years of research and development with equal amounts of testing. The Islamic finance industry is seeing everyday a new IFI. New start-up institutions will find it difficult to afford this strategic investment at the initial stages in order to build a robust IT platform with rich functionality.

On the other hand, the Islamic finance industry requires trained professionals with in-depth knowledge about Islamic finance and field expertise in this emerging sector in order to provide quality, uninterrupted service to clients.

Another important area to focus on is IBS training to bank staff, as well as translating the Islamic banking concepts, workflows and consequences to the technical experts so that they can develop and strategically fit a system to the IBs business strategy requirements.

Finally, customizations of conventional banking software have been overshadowed by the demand from IBs for IT platforms to develop their own competitive edge over others. Many software systems were developed for conventional banks. When Islamic banks request for a software system, conventional ones are generally customized to suit some of the IB's needs. Many are either customized to suit the IB's requirements, or come with worked solutions to expel in-built conventional parameters, including terminology and such. With just one core banking software available in the market for Islamic banking that is in line with the AAOIFI and IFSB regulations and that complies with international and Islamic regulations, the Islamic finance industry is projected to adopt competent banking systems satisfying its distinctive needs and requirements. ■

'This article was first published in IFN Volume 7 Issue 19 dated the 12th May 2010'

http://www.sheikhmubarak.com/lb_articles/A_Glimpse_into_Islamic_Banking_Software_Systems.pdf

INTERVIEW

Mr. Moustafa Asim **IT Manager - Islamic Corporation** **for the Development of the** **Private Sector (ICD)** **Member of the Islamic Development** **Bank (IDB) Group - KSA**



• *What stage is the project at now?*
ICD went Live with iMAL in May 2011.

• *What stages does the project implementation consist of?*
Analysis, Design/Build, Training, Test/UAT and Go Live.

• *Is there a lot of customization of the system?*
Minimal customization.

• *What functionality does the system cover?*
CSM, IIS, FMS, Treasury and Accounting.

• *What technology did it replace?*
Several small applications.

• *What other systems/applications is iMAL interfaced to?*
It's been interfaced to SAP applications.

• *Do you expect challenges with the transition?*
Yes, Data Migration, Training and User resistance.

• *Was the Go Live a 'big bang' or phased? Was there a parallel run of old and new systems?*
Right, a big bang with parallel run.

• *Do you have any third parties (consultants, integrators) who intervened with the implementation?*
No, we didn't have any.

On December 21, 2008 the Islamic Corporation for the Development of the Private Sector (ICD) located in Jeddah signed an agreement with Path Solutions, the leading provider of software solutions for the Islamic financial services industry for the provision of a true Islamic solution based on the Sharia rules and principles.

Path Solutions' iMAL was selected because of its strong functionality to further enhance ICD customer service as well as to ensure smooth operational processes.

Path Solutions offers complete end-to-end solutions for the Islamic finance sector which enable its clients to have a 'one-stop shop' for their overall needs.

The AAOIFI-certified iMAL has achieved an unprecedented success by continuing to deliver superior performance, flexibility and ease-of-use.

• *Why did the bank decide to implement a new system?*

To cater for its core business requirements, ICD has chosen to implement a new IT system.

• *How the system was selected?*

Though market research, tender and customer references.

• *When did the implementation begin?*

It started in November 2010.

• *Does Path Solutions have an onsite team?*
It does on an 'on and off' basis.

• *What advantages did the new technology bring to ICD?*
Controlled processes, integrated solution, informed decisions and faster reports for sure.

• *Anything else you'd like to add?*
In my opinion, if more resources were allocated to the site, the quality of implementation could have been even better.

EVENTS&CEREMONIES

Silver Sponsor Path Solutions participates in WIBC Bahrain

November 24, 2011 – More than 1200 delegates from over 50 countries joined the leaders from the global Islamic finance industry at the 18th Annual World Islamic Banking Conference (WIBC) which took place on 22 & 23 November at the Gulf International Conventional and Exhibition Centre in Bahrain, confirming the Kingdom of Bahrain's position as the leading global hub for Islamic finance.

Continuing its tradition of supporting growth and innovation in the international Islamic finance industry, and to demonstrate the development of software products in the 21st century, Path Solutions participated with a booth in a prime location in the exhibition hall where many senior IT Managers gathered to learn more about the software solutions that are driving the future of Islamic finance. ■

Path Solutions' delegates attend AAOIFI – World Bank Conference

October 25, 2011 – Path Solutions participated through high level delegation in the AAOIFI - World Bank Annual Conference on Islamic Banking and Finance held in Bahrain Conference Centre, Crowne Plaza Hotel, Manama on 23 & 24 October.

At the opening ceremony, the conference introduction was given by Dr. Mohamad Nedal Alchaar, Secretary General of AAOIFI and Minister of Economy and Trade of Syria; the welcome address by H.E. Shaikh Ebrahim Bin Khalifa Al Khalifa, Chairman of Board of Trustees of AAOIFI; the opening address by H.E. Rasheed Mohammed Al Maraj, Governor of the Central Bank of Bahrain; and the keynote address by Mr. Abayomi Alawode, Financial and Private Sector Development Network, World Bank.

This year's conference discussed important issues related to the Islamic banking system, the challenges and opportunities for the industry especially in the current international financial environment. Several Islamic banks and financial institutions operating in the region participated in the conference. ■

Successful participation of Path Solutions at WIRBC 2011 in Dubai

October 21, 2011 – Path Solutions is pleased to report that its participation at the 3rd Annual World Islamic Retail Banking Conference in Shangri-La Hotel Dubai on 18th, 19th and 20th October proved a huge success.

The conference focused on the 'Evolving economy: Spotlight in Islamic Retail Banking'. Ahmed Khizer Khan, Chief Operating Officer of ICD (part of Islamic Development Bank) gave a keynote address on 'Fundamentals of Islamic banking is the underlying focus on ethics: improvising operations'.

In its third year, the WIRBC has created an excellent networking platform for the global Islamic retail bankers.



Throughout the entire event, Path Solutions' Sales team forged a wide range of excellent business contacts.



CORPORATE ACADEMY NEWS

Tailored courses for clients to benefit from iMAL 12 release new features



With the aim to foster innovation and combine recent banking practices with Sharia prescripts, the Corporate Academy is organizing several customized training sessions on the latest version of iMAL Islamic Banking and Investment System.

The Academy has developed a series of training programs that have started last May and that could give its clients the skills and technical knowledge to successfully take on the challenges faced by the Islamic finance industry.

For more information on the recent iMAL 12 Training schedule, clients are requested to contact the Corporate Academy on +961 1697444; Ext. 268 or Corporateacademy@lb.path-solutions.com

CFA certification



Atish Dhiran, Product Manager - Risk Management & Business Intelligence at Path Solutions has achieved the CFA certification. Atish is already a holder of FRM certification and a GARP member.

Leaders Need Emotions, Too

By Joseph Moghabghab
Vice President - Corporate Academy
Branch Manager - Path Solutions' Lebanon Office



Mention leadership and emotional intelligence is not an attribute that immediately springs to mind. In fact, many would suggest that emotional awareness is a distinct disadvantage for a leader, especially during a company's difficult times. But the opposite view states that emotional intelligence is very important and that the most successful leaders are those that are emotionally intelligent.

What is Emotional Intelligence?

Although different models have been proposed for its definition and disagreement exists as to how the term should be used, a clear and useful definition, however, would be that it describes the ability, capacity, skill and self-perceived ability to identify, assess and manage the emotions of one's self, of others and of groups.

The Five Elements of Emotional Intelligence

Emotional intelligence does not mean, however, being at the caprice of one's emotions. Nor does it mean being the shoulder for everyone to cry on.

Emotional intelligence comprises:

- (I) Self-awareness;
- (II) Self-regulation;
- (III) Motivation;
- (IV) Empathy and
- (V) Social skill.

(I) Self-awareness

Any leader needs to understand what makes people do certain things - and not do others. This is less likely to happen if leaders have little understanding of themselves; their own emotions, their strengths and weaknesses and their needs and drives.

An understanding of these elements of their personality can help leaders plan how and when they work, avoiding tight deadlines if they know this makes them panic, or conversely setting themselves tight deadlines if they realize they need such a deadline to bring out the best in themselves.

A degree of self-awareness also helps with decisions concerning values or goals. Offered a new job, the self-aware person will understand if the job offers the right mix for him or her. Lack of self-awareness can mean that in the long-run decisions about a new job will prove to have been made for the wrong reason. Self-aware people tend to be candid and realistic when it comes to their own strengths and weaknesses. They realize that they have weaknesses, as well as strengths, and deal with them. They

often also have the ability to laugh at themselves, exhibiting a self-deprecating sense of humor.

This self-awareness means that they can talk about their own weaknesses and are happy to accept constructive criticism. Despite the fact that they recognize their weaknesses, self-aware individuals are self-confident and tend to play strengths, knowing already what they are capable of and what they are less capable of.

For leaders, such self-awareness is often considered in itself to be a weakness. Leaders are not renowned for their willingness to acknowledge that they have any weaknesses, let alone talk about them. But as the capabilities of top managers come under ever-closer scrutiny, particularly during a merger or acquisition, a degree of self-awareness and candor may be valuable. Acknowledging a weakness is the first step to doing something about it, for leaders and everyone else.

(II) Self-regulation

Think first, act second.

The second element of emotional intelligence is self-regulation. A mistaken assumption about emotions is that one is in thrall to one's emotions and that the heart rules the head. Obviously this need not be the case. Self-control is particularly important for a leader. Leaders who rant and rave will only succeed in creating fear among their employees and fear has never been the best of motivators. Leaders who have their emotions under control help create a calm and trusting atmosphere. Similarly, others are encouraged to keep their emotional swings in check.

In a competitive and pressurized environment panic is counter-productive. A calm leader encourages discussion and reasoned thought. Self-regulation means that the impulsive behavior that is often fraud and abuse is under control. Self-awareness and self-regulation are not how one would describe the classic charismatic leader. More often this person is pictured as an impulsive ideas person with a fiery temperament. But people with fiery temperaments often

find a victim to vent their disappointment on when something goes wrong. And good leadership is not about making subordinates victims.

(III) Motivation

Motivation comes with leadership. Emotional intelligence has another element, which is easily recognized as a leadership trait: motivation. Motivated people want a challenge, want to learn and like to see a job well done. They also keep on pushing and raising their performance, but they also want to track their progress and measure it.

Just as noticeable is the fact that motivated leaders remain optimistic even when the news is bad, and they motivate those around them. They also show commitment to their company and are likely to stay with their company despite better financial offers from elsewhere.

All the elements of motivation are clearly part of good leadership, as long as a leader's self-motivation also translates into motivating those around the leader. The best leaders do well at creating motivated teams that drive an organization forward.

(IV) Empathy

Another key factor in the emotional intelligence equation is empathy. This, perhaps, is the one that is the easiest to write off. Empathy can all too easily be considered a weakness rather than strength and be confused with sympathy. Empathy is the ability to imagine the experiences of someone else and this can be a powerful talent for any leader, particularly when faced with difficult decisions that will affect colleagues.

In today's environment empathy is a necessary component of successful leadership. The increasing use and reliance on teams, the rapid pace of change and globalization and the growing realization that organizations need to retain their most talented workers all call for strong people skills.

(V) Social skill

The power of networking. The last component of emotional intelligence is social skill. This reaches beyond being friendly, to the ability to establish rapport and common ground with all sorts of people. This manifests itself in the ability to persuade and the knack of knowing people in many different circles.

Networking is often decried as a waste of precious time, but a network of friends, acquaintances and colleagues with widely differing skills and knowledge is a valuable asset, over and above the personal attachments that develop. In many ways it is an informal database, which a leader can tap into when required, without taking advantage of others.

The measuring thing for those who feel that their emotional intelligence quota is on the low side is that emotional intelligence can be learned - given a real desire to improve these "soft" skills. Leaders in their ivory towers can acquire bad habits, but better habits can be learned. Some leaders may well be born emotionally intelligent, but their less fortunate peers can nurture their emotional skills. The question is, will they really want to?

But Then, Can Emotional Intelligence Be Learned?

Every businessperson knows a story about a highly intelligent, highly skilled executive who was promoted into a leadership position only to fail at the job. And they also know a story about someone with solid - but not extraordinary - intellectual abilities and technical skills who was promoted into a similar position and then soared.

Such anecdotes support the widespread belief that identifying individuals with the "right stuff" to be leaders is more art than science. After all, the personal styles of superb leaders vary: some leaders are subdued and analytical; others shout their manifestos from the mountaintops. And just as important, different situations call for different types of leadership. Most mergers need a sensitive negotiator at the helm, whereas many turnarounds require a more forceful authority.

The most effective leaders are alike in one crucial way: they all have a high degree of what has come to be known as emotional intelligence. It's not that IQ and technical skills are irrelevant, they do matter, but mainly as "threshold capabilities"; that is they are the entry level requirements for executive positions. But studies clearly show that emotional intelligence is the requirement of leadership. Without it, a person can have the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but he still won't make a great leader.

Emotional Intelligence: The Main Trait of Leadership

For ages, people have debated if leaders are born or made. So too goes the debate about emotional intelligence. Are people born with certain levels of empathy, for example, or do they acquire empathy as a result of life's experiences? The answer is both. Scientific inquiry strongly suggests that there is a genetic component to emotional intelligence. Psychological and developmental research indicates that nurture plays a role as well. How much of each perhaps will never be known, but research and practice clearly demonstrate that emotional intelligence

can be learned.

One thing is certain: emotional intelligence increases with age. There is an old-fashioned word for this phenomenon; maturity. Yet even with maturity, some people still need training to enhance their emotional intelligence. Unfortunately, far too many training programs that intend to build leadership skills - including emotional intelligence - are a waste of time and money. The problem is simple: they focus on the wrong part of the brain.

Emotional intelligence is born largely in the neurotransmitters (chemicals carrying communication between nerves) of the brain's limbic (the edge of various organs or body parts) system, which governs feelings, impulses, and drives. Research indicates that the limbic system learns best through motivation, extended practice, and feedback. Compare this with the kind of learning that goes on in the neocortex, which governs analytical and technical ability. The neocortex grasps concepts and logic. It is the part of the brain that figure out how to use a computer or make a sales call by reading a book. Not surprisingly - but mistakenly - it is also the part of the brain targeted by most training programs aimed at enhancing emotional intelligence. When such programs take, in effect, a neocortical approach, researches with the Consortium for Research on Emotional Intelligence in Organizations has shown they can even have a negative impact on people's job performance.

To enhance emotional intelligence, organizations must refocus their training to include the limbic system. They must help people break old behavioral habits and establish new ones. That not only takes much more time than conventional training programs, it also requires an individualized approach.

Imagine an executive who is thought to be low on empathy by his colleagues. Part of that deficit shows itself as an inability to listen, he interrupts people and doesn't pay close attention to what they're saying. To fix the problem, the executive needs to be motivated to change, and then he needs practice and feedback from others in the company. A colleague or coach could be tapped to let the executive know when he has been observed failing to listen. He would then have to replay the incident and give a better response, that is, demonstrate his ability to absorb what others are saying. And the executive could be directed to observe certain executives who listen well and to mimic their behavior.

With persistence and practice, such a process can lead to lasting results. The example of one executive who sought to improve his empathy - specifically his ability to read people's reactions and see their perspectives - is portrayed here. Before beginning his quest, the executive's subordinates were terrified of working with him. People even went so far as to hide bad news from him. Natu-

rally, he was shocked when finally confronted with these facts. He went home and told his family - but they only confirmed what he had heard at work. When their opinions on any given subject did not mesh with his, they, too, were frightened of him.

Enlisting the help of a coach, the executive went to work to heighten his empathy through practice and feedback. His first step was to take a vacation to a foreign country where he did not speak the language. While there, he monitored his reactions to the unfamiliar and his openness to people who were different from him. When he returned home, humbled by his week abroad, the executive asked his coach to shadow him for parts of the day, several times a week, in order to critique how he treated people with new or different perspectives. At the same time, he consciously used on-the-job interactions as opportunities to practice "hearing" ideas that differed from his. Finally, the executive had himself videotaped in meetings and asked those who worked for and with him to critique his ability to acknowledge and understand the feelings of others. It took several months, but the executive's emotional intelligence did ultimately rise, and the improvement was reflected in his overall performance on the job.

It's important to emphasize that building one's emotional intelligence cannot - will not - happen without sincere desire and concerted effort. A brief seminar won't help nor can one buy a how-to manual. It is much harder to learn to emphasize - to internalize empathy as a natural response to people - than it is to become adept at regression analysis. But it can be done. "Nothing great was ever achieved without enthusiasm," wrote Ralph Waldo Emerson. If your goal is to become a real leader, these words can serve as a guidepost in your efforts to develop high emotional intelligence. ■

The unexpected power of trust!



Workplace trust is the glue that binds individuals to each other and to the organization's mission. The most successful organizations promote productivity and quality by creating trusting relationships at all levels. Corporate values are more likely to be lived in a trusting environment. ■ >> P. 10

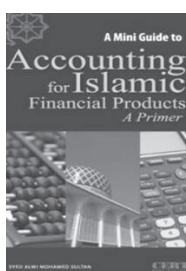
Path Solutions' Corporate Academy took the initiative by introducing the "Power of Trust" seminar to foster a happier, more relaxed and incredibly productive workplace. Two seminars were already been given by Joseph Moghabghab, GM Lebanon Office during the months of August and October 2011, and proved to be very successful in highlighting values, emotions and behaviors that promote a trusting environment. ■

PATH SOLUTIONS' EVENTS CALENDAR 2011

EVENT	DATE	LOCATION	ORGANIZER	SPONSORSHIP
Oman Islamic Economic Forum	17 – 18 December	Oman	Edbiz Consulting & Amjaad Developments	Technology Sponsor

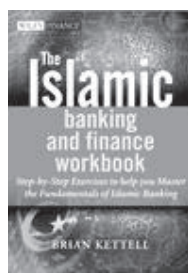
ISLAMIC BOOKS

Accounting for Islamic Financial Products



Author Syed Alwi Mohamed Sultan
Paperback 114 pages
Publisher Cert Publications
ISBN 978-983-42785-6-4

A Mini Guide to Accounting for Islamic Financial Products starts with the development of Islamic finance as well as accounting standards and development of AAOIFI which aims to develop standards on accounting, auditing, ethics and governance and disseminate them on the target market.

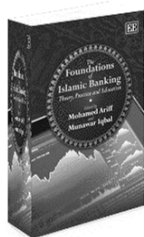


The Islamic Banking and Finance Workbook

Author Brian B. Kettell
Paperback 144 pages
Publisher John Wiley & Sons
ISBN 978-0-470-97805-4

The Islamic Banking and Finance Workbook allow readers to self-test their knowledge of Islamic finance and banking concepts. It tests the information covered in An Introduction to Islamic Finance and Banking, including the fundamentals of Sharia, Islamic interpretations and definitions and much more.

The Foundations of Islamic Banking



Author Mohamed Ariff, Munawar Iqbal
Publisher Edward Elgar Publishing Limited
ISBN13 9781849807920
ISBN 1849807922

After barely half a century of experience, Islamic banking has established a new niche industry across the world, offering new and sophisticated financial products designed to be compliant with Islamic legal principles and common law. This comprehensive book explores the theory, principles and practices underpinning this rapidly expanding sector of banking.

ISLAMIC BANKING COURSES



Auditing Islamic Finance

This 4-day training event (5-8 December 2011) in Kuala Lumpur is designed to provide an understanding of the audit techniques appropriate risks within Islamic banking and how these should be applied in practice.

This course available in-house, covers Islamic finance from both a technical and Sharia'a perspective, reviewing the risks applying and the controls operating within Islamic finance. Aimed at new and existing internal auditors within Sharia'a compliant finance, trade, investment and insurance, this course considers the nature of the risks that are specific to this industry and the internal audit tests, which are appropriate.

Methodologies

Classroom lectures and interactive practical workshops.



Islamic Banking

Islamic Banking is a one-day course in London to introduce workshop for bankers and credit risk management professionals wishing to better understand Islamic banking institutions and practices. It provides a structured approach to the credit analysis of Islamic banks.

Aim of this course is to demonstrate how to evaluate a bank operating under Islamic banking rules.

Participants will learn to understand the principles of Islamic Finance, Shariah Law and the key Islamic Products, to compare and contrast the components of an Islamic financial institution's balance sheet and income statement to those of a non-Islamic financial institution.

Content of the Course

- Overview of Islamic Banking
- Analytic Overview
- Operating Environment
- Financial Fundamentals
- Challenges for Islamic Banks.

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