



## THOUGHTLEADERSHIP

### Path Solutions' Thought Leadership series continue with iMAL\*2RetailPortal

**Path Solutions extends its unified suite of financial services applications to cover iMAL\*2RetailPortal, a unique web portal which allows banks to offer value-added services to their retail clients.**

The internet technology is shaping the world around us creating a parallel virtual space for people to connect to each other and to connect to businesses. Internet is renovating traditional banking and allowing for more creative and advanced models for serving customers. The banking industry was not late to adopt the internet channel to provide financial services. Internet banking along with other delivery channels are now considered as a strategic plan for a revenue source and cost saving approach. Financial institutions are competing on providing high quality services and increasing the return on IT investments of their clients.

Internet banking is enforcing the concept of branchless banking which is saving financial institutions from operational costs incurred from branch management. It allows for higher efficiency, better productivity, and enhanced customer relationship management.

Individual customers consider delivery channels including internet banking as part of the checklist for a good banking experience. So, internet banking is opening a new market horizon for the banks and allowing them to meet their customer expectations and thus increasing customers' loyalty to their products and brands. In addition internet banking is acting as a cross-selling medium for banks where customers are exposed to all the products and services offered by the bank.

Three main elements constitute a good internet banking service: Security, User Experience, and Rich Functionalities. Customers expect to have a safe, secure, and private banking experience using a user friendly, fast, and convenient medium which allows them to perform wide array of banking services.

Path Solutions offers a Retail Portal solution representing a full solution with unparalleled flexibility, scalability, and reliability to cater for a large number of

banking transactions. Due to technology advances and the rapid growth of the internet, iMAL\*2RetailPortal (previously named iMAL\*Connect) solution is essential for success in the increasingly competitive financial services market. With iMAL\*2RetailPortal, financial institutions are able to remain competitive advantage and to properly service the needs of their demanding customer base.

iMAL\*2RetailPortal represents a convenient online banking service that can be offered by financial institutions to their retail customers. Built on a J2EE platform, the solution is designed for intensive deployment environments that demand scalability and high availability.

With security as a top priority for banks and their customers, iMAL\*2RetailPortal represents a secure hub where customers can perform safe and secure banking. Advanced and common security practices are supported including data encryption, multi-factor authentication, password management, user account management, user activity logging, database security, session management, and other basic protective features.

iMAL\*2RetailPortal is flexible to integrate with other core banking systems through an integration layer, which facilitates the communication with various types of systems via APIs, web services, ISO 8583 text messages, and others. iMAL\*2RetailPortal provides rich functionalities, including but not limited to:

- **Product Requests:** Customers are able to submit requests for banking products like accounts, cards, chequebooks, and financings.
- **Fund Transfers:** Customers are able to transfer funds internally within the same bank, locally within the same country via local switch, and internationally via the SWIFT network. Customers can also submit Standing Orders instructions.
- **Bill Payments:** Customers are able to pay their due bills and top-up their prepaid services.
- **Agency Payments:** Customers are able to submit payments for agencies like universities, ZAKAT, charity, and others.
- **Financing Repayments:** Customers are able to settle their financing payments due.
- **Account Positions & Transactions History:** Customers are able to view a list of their Current, Savings, and Fixed Maturity accounts. The system also provides a snapshot of accounts positions and provides a history of transactions.
- **Status Reports:** Customers are able to track their requests and products status via various status reports like Cards Status report, Chequebook Status report, Facility Status report and others.
- **Investments:** Customers are able to submit requests for purchase/sale for securities and track their portfolio positions.

iMAL\*2RetailPortal provides financial institutions with a service which helps them to develop and maintain an ongoing relationship with their customers by offering easy

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access to a broad array of products and services. It also helps banks to reduce administrative expenses, improve productivity and better manage cash and investments in a comprehensive processing.

*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

# La Banque Albaraka d'Algérie annonce la mise en place réussie de la solution iMAL en version française

**Le 1er Août 2012** - La Banque Albaraka d'Algérie, une filiale du Groupe Albaraka Banking (ABG), et Path Solutions, le leader dans la livraison de progiciels bancaires islamiques, annoncent la mise en œuvre réussie de la solution bancaire islamique iMAL au siège de la banque à Alger. Cette mise en œuvre a remplacé les systèmes informatiques bancaires existants de la banque, sans pour autant interrompre ses activités.

Visant à favoriser une croissance et un ambitieux plan d'expansion, la Banque Albaraka d'Algérie a pris la décision de remplacer son propre système informatique par iMAL tout en s'assurant que la nouvelle solution est pleinement intégrée aux autres systèmes de la banque. Certaines des exigences clés pour la banque comprenaient une structure adaptée au client et soutenue par une plateforme centralisée qui permet d'améliorer la qualité de service et d'optimiser les performances pour faire gagner en efficacité et en rentabilité.

La Banque Albaraka d'Algérie est l'un des plus grands établissements bancaires de services financiers islamiques et le premier dans un pays francophone en Afrique du Nord à utiliser la solution de pointe iMAL fournie par Path Solutions. Cette mise en place réussie permettra à Path Solutions d'accentuer la pénétration de marché et d'étendre son activité dans la région.

Ce go live qui s'est déroulé avec succès a été un processus long et complexe, impliquant une mise en œuvre considérable et des tâches de personnalisation importantes. Le champ de travail a porté sur les domaines suivants : Les services bancaires de détail, les services bancaires aux entreprises, les opérations du commerce extérieur, le service comptabilité-finances, les terminaux de paiement électronique, le SWIFT et l'interface avec la Banque Centrale.

De plus, les interfaces suivantes ont été livrées dans le cadre du champ de travail :

- La télécompensation – Intégration au système interbancaire de compensation automatisée
- L'importation et l'exportation des données de la Centrale Des Impayés (CDI)
- Les opérations monétiques en mode online ou offline ; Intégration au serveur monétique de la SATIM
- Un système en temps réel à règlement brut
- L'intégration au système d'information d'Algérie Poste
- La Centrale des Risques (CDR).

En outre, l'équipe du projet a effectué la migration complète jusqu' à 6 années de données historiques ainsi que d'autres données qui datent depuis la création de la banque. La Banque Albaraka d'Algérie est riche en données historiques et transactions quotidiennes avec plus que 1,752,238 d'écritures comptables (de Juillet 2011 à Juin 2012), et 139,000 comptes d'investissements islamiques en cours.

« Nous sommes très heureux d'avoir réalisé une mise en production réussie de ce projet d'envergure », a déclaré Mohamed Rami, Directeur Général Adjoint, Directeur du Projet de la Banque Albaraka d'Algérie. « Nous profitons de l'occasion pour remercier les consultants de Path Solutions pour les efforts considérables déployés pour mener ce projet à terme. L'équipe de Path Solutions a travaillé en totale harmonie avec nos experts, ce qui a permis d'évoluer dans des conditions plus qu'acceptables ».

« Le système bancaire islamique iMAL est particulièrement centré sur le client avec une visibilité totale en fonction d'informations clients obtenues en temps réel. De plus, le système comporte des dispositifs de contrôle et d'audit interne des opérations bancaires diverses. De même, c'est un système en ligne connecté simultanément à l'ensemble des agences pour assurer le traitement précis et rapide des transactions clients. Il est conforme aux normes comptables algériennes et internationales, ainsi qu'aux meilleures pratiques d'audit. La solution iMAL proposée par Path Solutions permet l'expansion des réseaux d'agences ; La Banque Albaraka d'Algérie poursuit son expansion dans les régions du sud et de l'ouest du pays. Actuellement elle dispose de 25 agences opérationnelles et 6 autres en cours d'aménagement », a souligné Mr. Rami.

Alain Abou Khalil, Vice Président, Services d'Accompagnement Projet de Path Solutions a noté: « Ce projet était un réel challenge pour nos équipes, compte tenu du niveau d'exigence demandé par la banque. À travers cette transformation technologique, la Banque Albaraka pourra en tirer des avantages significatifs notamment en termes de croissance et d'efficacité opérationnelle. La technologie joue un rôle essentiel dans l'innovation bancaire et nous nous sommes engagés à collaborer avec les banques progressives comme Albaraka afin de définir de nouveaux critères d'excellence en finance islamique ».

Il ajouta, « La région a une importance stratégique pour nous, et nous avons hâte de continuer ce partenariat avec la Banque Albaraka pour ses futurs plans de croissance et d'innovation en Afrique du Nord ».

La Banque Albaraka d'Algérie, membre du Groupe Bancaire Albaraka rejoint les Banques Albaraka Syrie et Albaraka Soudan ayant dans le passé implanté le système iMAL de Path Solutions. Le groupe ABG est une société à participation bahreïnienne introduite à la bourse de Bahreïn et NASDAQ Dubai. Œuvrant en tant que banque islamique de premier plan sur autorisation de la Banque Centrale de Bahreïn, le groupe propose des services bancaires de détail, des services bancaires aux entreprises, d'investissement et de trésorerie en conformité avec les principes de la Charia. Le capital social de l'ABG s'élève à 1.5 milliard de dollars américains et opère dans 15 pays à travers 450 filiales. ■

# Bank Sohar, Path Solutions ink pact for Islamic banking system



July 9, 2012 – Bank Sohar, Oman’s most youthful and dynamic banking institution and Path Solutions, a global provider of software solutions to the Islamic financial services industry yesterday announced that they have inked pact at a signing ceremony in Muscat, Oman. As per the deal, Path Solutions’ pioneering Islamic banking system iMAL will be implemented at Bank Sohar to assist the bank extend Islamic banking services.

Bank Sohar selected Path Solutions after evaluating several software solutions providers. Bank Sohar has become the fourth bank in the Sultanate of Oman to adopt Path Solutions’ iMAL system reaffirming Path Solutions’ position as a leading banking and financial software powerhouse in the region.

Speaking on the occasion, Dr. Mohamed Abdulaziz Kalmoor, CEO of Bank Sohar said that innovation is imperative in this era of globalization and added, “We were impressed with Path Solutions’ willingness to meet our needs in providing end-to-end AAOIFI-certified Islamic banking solution. iMAL is a flexible and scalable banking platform that will drive new business models around Sharia principles, which will in turn increase the volume of our business, thus helping Bank Sohar achieve and maintain competitive edge.”

Recently Bank Sohar partnered with Dar al Sharia, a reputed Sharia consultancy firm, to make sure that there is no compromise in the development of products, processes and systems and to also make sure that the staff is trained by experts from the region.

Bank Sohar has identified three areas of utmost importance for ensuring that its Islamic window is a solution that respects the basic tenets of Islam, the sensibilities of Omanis and is within the guidelines of the Central Bank of Oman. These include proper training and development of staff to deliver Islamic products, a proper and certified Islamic banking system and products that have a proper grounding in Sharia and are backed up by relevant Fatwa from respected scholars.

Mujahid Said al Zadjali, AGM and Head of IT, Bank Sohar said. “The bank leverages IT to make the customer’s experience more convenient, effective and effi-

cient through services such as ‘Anytime, Anywhere Banking’ through a range of Delivery Channels, such as Branches, ATMs, e-Banking and SMS, and across Payment and Settlement systems and it is our endeavour to implement Islamic banking solution smoothly within a given time frame.”

Mohammed Kateeb, Group Chairman & CEO, Path Solutions commented, “We consider this opportunity to work with Bank Sohar an endorsement of Path Solutions’ leadership positioning in the Islamic banking sector. Bank Sohar will seek to service a market niche in Oman that has only been lightly tapped by local financial institutions, becoming a major participant in the market for Sharia-compliant Islamic securities, treasury and investment products. We look forward to working with Bank Sohar for the successful completion of this project.”

Path Solutions’ customer base spans across 28 countries. The company has a strong presence in the Middle East, Africa, Asia Pacific and England. Path Solutions’ other customers in the Sultanate of Oman include Bank Nizwa, Bank Dhofar and Ahli Bank Oman.

## About Path Solutions

A premier provider of Islamic software solutions to the financial services industry, Kuwait based Path Solutions has over 20 years of market experience using unrivalled software implementation expertise at forward-thinking Islamic banks and financial institutions.

Path Solutions’ flagship product, iMAL is built on open architecture, offers low cost of ownership and uses established standards such as HTTP/S and XML. It is also available as a Model Bank implementation, with best practice processes built-in.

Gartner places Path Solutions in its ‘Market Trends’ 2011 report at the forefront as the first IT service provider for the Islamic banking industry in regulatory compliance and technology flexibility and with a solid expertise in a number of system replacements.

## About Bank Sohar

Bank Sohar was incorporated with a paid-in capital of RO 100 Million. Major shareholders of Bank Sohar comprise a team of founders who invested in 60% of the initial share holding.

Major Promoter Shareholders:

- The Palace Office Affairs, a sovereign government entity
- Government-run Pension Funds
- Oman Investment Fund promoted by

the Ministry of Finance

- Al Ghadeer Al Arabia LLC, a private investment company
- Leading business houses of Oman.

Bank Sohar has raised 40% of the paid up capital through an Initial Public Offering (IPO) in January 2007 which was oversubscribed six times. The bank’s shares are listed on the Muscat Securities Market.

Major Shareholders of the bank as on 31st March 2012 are:

- Royal Court Affairs 14.57%\*
- Omani Wealth Funds 8.87%\*
- Omani Pension Funds 12.59%\*
- Oman Investment & Finance Co. SAOG (OIFC) 9.91%
- Al Ghadeer Investments 8.00%
- Oman Investment Fund 6.09%\*

\* The deemed government and related holdings in Bank Sohar were 42.12% as on 31st March 2012. ■

## Path Solutions and Banque Islamique du Senegal announce iMAL Go Live

July 5, 2012 – Path Solutions, a leading software solutions firm announced today that Banque Islamique du Senegal (“BIS”), the first Islamic bank in West Africa and a member of the Tamweel Africa Holding, has gone live successfully with iMAL Islamic banking system in a record time of 8 months.

Established back in 1983, BIS has undergone changes over the past two years following the implementation of the Channel Strategy of ICD (a member of the IDB Group) that aims at promoting Islamic finance. Accordingly, a holding company was created for this purpose, Tamweel Africa Holding with 60% of capital held by the ICD and 40% by Bank Asya, bringing together all Islamic banks in the sub-region i.e. Senegal, Mauritania, Niger, Guinea.

The implementation of iMAL at BIS was achieved following a tough implementation schedule that covered the complete core banking solution, data migration and some complex system integrations in addition to the following areas: Accounting & Financial Control, Branch Automation, Credit and Facility Management, Islamic Financing, Trade Finance Operations, SWIFT Transfers, Internet Banking and interfacing with the Central Bank.

“The success of BIS implementation project will once again reinforce the strong partnership we have with Tamweel Africa Holding. For us, the relationship of trust is based above all on

respecting our commitments to deliver ground-breaking technologies with comprehensive capabilities, backed by a dedication to client support," declared Alain Abou Khalil, SVP Professional Services, Path Solutions. And he added, "The project management team has exercised very strict project management practices and was able to respond swiftly to project changes."

"We are extremely proud of that success. Path Solutions has demonstrated broad sector knowledge capture and transfer, and agile project management that differentiate it from its competition" said Babacar Ndoeye, General Manager of BIS.

"I would like to thank the management and all staffs of BIS and Path Solutions for their efforts, dedication and determination from the project kickoff session up to now. I hope this support will continue to implement truly new solutions across our banks for the delivery of most innovative Islamic financing products"

BIS has a network of 17 branches nationwide and is looking to extend its network to achieve a better geographical coverage. With BIS live, Path Solutions is adding a second Islamic user operational on iMAL in West Arica after the successful go live of Banque Islamique de Mauritanie. ■

## Path Solutions integrates DIGIPASS technology into its financial and investment software offering for the Islamic banking market

June 19, 2012 – VASCO Data Security International, Inc. (Nasdaq: VDSI) ([www.vasco.com](http://www.vasco.com)), a leading software security company specializing in authentication products, today announced that it has partnered with Path Solutions ([www.path-solutions.com](http://www.path-solutions.com)), a global provider of technology solutions, consulting services and outsourcing addressing the whole spectrum of the global finance industry and in specific the Islamic finance industry.

Path Solutions is a Kuwait-based multi award-winning provider of Islamic and Investment software solutions offering integrated business solutions and services for the Islamic banking and investment segment. The partnership allows Path Solutions to offer Islamic financial institutions an integrated high-standard solution providing authentication security with VASCO's best of breed authentication technology.

Path Solutions has integrated VASCO's leading DIGIPASS technology into its core internet banking applications iMAL\*2RetailPortal, iMAL\*2CorporatePortal and iMAL\*2Mobile, a new generation of comprehensive enterprise Islamic banking and investment systems, providing customers with strong authentication and secure online accessibility to personal accounts as well as ensuring transaction integrity.

iMAL empowers financial organizations to run their businesses in real time mode, ensuring the availability of information on real time basis. By integrating VASCO's DIGIPASS technology, financial organizations using iMAL enable their customer base to securely access their online personal accounts anywhere at any time.

"VASCO has a longstanding experience in providing security solutions for the banking business which is inherently prone to fraud and hacking attempts," says Path Solutions' Group Chairman & CEO, Mohammed Kateeb. "With its authentication technology and DIGIPASS offering, VASCO provides an additional security layer for our internet and mobile banking applications. This strategic partnership with VASCO brings the best of leading-edge technologies together and underwrites Path Solutions' vision to be the most trusted and innovative provider of information technology solutions and services for the global finance industry and in specific the Islamic finance industry".

"We believe that this partnership will bring an added value to both our joint customers and prospects," says Jan Valcke, VASCO's President and COO. "Together with Path Solutions we can provide the best of breed technologies to the regional market enabling customers to integrate high-level security and gain competitive advantage by boosting their customers' trust".

### About VASCO

VASCO is a leading supplier of strong authentication and e-signature solutions and services specializing in Internet Security applications and transactions. VASCO has positioned itself as global software company for Internet Security serving a customer base of approximately 10,000 companies in more than 100 countries, including approximately 1,700 international financial institutions. VASCO's prime markets are the financial sector, enterprise security, e-commerce and e-government. ■

## Path Solutions awarded Best Islamic IT Solutions Provider in 2012

June 8, 2012 – Path Solutions, a worldwide provider of Islamic and Investment software solutions for the Islamic finance industry, today announced that it has won the prestigious 'Best Islamic IT Solutions Provider' award at the London Sukuk Summit Awards organised by ICG Events on 6th June 2012. The Gala Dinner & Awards Ceremony was held on Wednesday 6th June at the Jumeirah Carlton Tower hotel in London.



Mohammed Kateeb, Group Chairman & CEO of Path Solutions collected the award and commented: "We are thrilled to be chosen as the winner of our category, overcoming stiff competition from the other finalists. This win demonstrates the significant role Path Solutions plays

within the Islamic banking segment and validates the strong market position of our business".

He also added, "We're excited about the implications of this success for continuous improvement of industry-specific and differentiated product offerings that continue to elevate the value iMAL is able to bring to the Islamic banking market. Winning this award adds to the many prestigious awards Path Solutions have won over the years. Earlier this year, Path Solutions won the 'Best Islamic Technology Provider' award for the 4th year running in REDmoney's IFN Awards Best Service Providers Poll 2011 announced last December".

The much respected and valued industry Sukuk Summit Awards were established to help raise the standards in the Islamic finance sector and to set the highest benchmarks for the industry globally. The Awards' panel of judges is made up of respected industry experts from across the GCC, Europe and South East Asia and is responsible for nominating those institutions that they deem to have attained outstanding achievement, success and excellence over the past months. ■

## CONGRATULATIONS



Path Solutions is pleased to congratulate Qatar National Bank (QNB) on winning the award for 'Best Bank in the Middle East and Best Bank in Qatar in 2011'. The announcement came during the recent Banker Middle East Industry Awards ceremony held in Dubai, UAE.

This award guarantees the position of Qatar National Bank as a dominant market player, enhancing shareholder value and being the institution of choice for customers.

Path Solutions wishes QNB all the best and success in the years ahead!



Path Solutions is pleased to congratulate Seera Investment Bank on winning the 'Fastest Growing Bank in Bahrain Award' for the second consecutive year. The announcement came during a recent Banker Middle East Industry Awards ceremony held in Dubai, UAE.

This award guarantees the position of Seera Investment Bank as top performing bank in the country.

Path Solutions wishes Seera Investment Bank continued success and a distinguished future in the years ahead.



Path Solutions is pleased to congratulate National Bank of Abu Dhabi (NBAD) on winning the award for 'Best Asset Management House in the Middle East for 2012' by International Takaful Awards.

This award confirms the status of NBAD as a regional investment leader and as a provider of world-class Sharia-compliant investment management services.

Path Solutions wishes NBAD continued success and growth in the years ahead!

## PUBLISHED ARTICLES

by **Mr. Muath Mubarak - Director of Studies and Corporate Strategy**  
**First Global Knowledge Centre (FGKC) Colombo, Sri Lanka**

### Unveiling the importance of Islamic Agro Bank in Sri Lanka

*The global financial system is progressively moving from conventional banking to pure Sharia compliant and ethical banking practices since modern Islamic banking was invented three decades ago. Currently, the Islamic banking and finance has grown tremendously leaving its legacy in each and every region.*



The emergence of Islamic finance has not only brought in Islamic banking activities, but rather it contains various industry segments such as Takaful (Islamic Insurance), investment banking, mutual funds, trusts, project financing, Islamic indices, capital markets, insurance, wealth management, micro finance and many more.

Islamic finance is also keen on agriculture related financing and encourages growth in the provision of this source of financing for this purpose. There are some initiatives have been taken in Gulf Cooperation Council (GCC) countries including the Islamic Development Bank Group for agriculture sector financing but mainstream Islamic finance institutions have no direct involvement yet.

There is an increasing demand for agriculture financing globally and Islamic finance cannot escape from this market demand. Most of the big Islamic banks also consider agro-financing as one of the vital product for its portfolio.

This largely untapped market can be catered to by different Islamic finance techniques. These Islamic finance techniques will facilitate Sharia compliant transactions for the agriculture sector in any country irrespective of the race and religion. Agricultural financing could be performed under the following models (as in the diagram) of Islamic finance principle.

- Trade based Islamic financing techniques provides financing through goods and commodities with some basic classical concepts such as Murabaha, Musawama and Salam
- Rental-based Islamic finance products for the agriculture sector are products where the bank or financial institution will purchase assets or required equipment and offer those to customers / farmers on a rental basis via the Islamic finance concept called Ijara
- The ideal mode of financing for the agriculture sector is participatory mode of financing. This is where both the parties get involved based on participation in profit and loss. The main products are Musharaka, Mudaraba, Musaqaha, Muzara'a and Mugharasa.

The ideal participatory mode of financing for the agriculture sectors can be described as follows:

# Agriculture Financing



**Musaqaha (irrigation):** This is a partnership that depends on one party presenting designated plants/trees that produce usable goods to another in order to work on their irrigation in exchange for an agreed share in fruits. This mode of financing is very effective for the agriculture (orchards / trees) sector where a specified share of output will go to the labor and the other portion will go to the institution / enterprise. The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) has approved the Musaqaah related Sukuk (Islamic bond) for trading.

**Muzara'a (share cropping):** This partnership is in crops where primarily two or three parties are involved. One party presents land to another for cultivation and maintenance in exchange for an agreed share in the crop. In the case of three parties being involved in Muzara'a, one party will provide the land, second party will provide the input (seeds, chemicals, etc) and the third party may provide the labour for production. AAOIFI has permitted Sukuk for this and it is tradable. This can be used for a relatively short period time when financing agricultural products.

**Mugharasa (agricultural):** This is a legally viable option for financing of tree cultivation. This is a partnership in which one party presents a plot of land without trees to another to plant trees on it on the condition that they share the trees and fruits in accordance to a defined percentage. Mugharasa Sukuk also can be traded and this is used for longer time period of financing where farmers need the highest duration for repayment based on the harvest.

The agriculture sector is a vast area with different sub-sectors. This sector can be divided into two namely, the agricultural farm sector (crops, horticulture, floriculture, etc) and agricultural-off farm sector (dairy development, livestock, poultry, water management, etc). This agriculture sector has got issues such as finance institutions being very reluctant to offer facilities due to various reasons. One of the main issues is collateral where small farmers and business people will not have any acceptable collateral and they are not educated or illiterate in terms of financials and banking transactions.

There are many other reasons why a financial institution is not ready to deal with the agriculture sector and these are the main weak-

ness of the agriculture sector:

- Very limited access to farmers and non-availability of the right information about the financing facilities
- Collateral or security which is not acceptable
- Formal financing is more expensive than the informal methods such as getting a loan from a wealthy person from villages
- Lack of awareness and education about banking among village farmers
- Farmers being unskilled, and the absence of usage of modern technology in production
- Difficulty of obtaining basic requirements such as water, crops, proper soil, fertilizer, etc
- No market-focused approach, no communication and preference to over-produce
- Storing of the seeds, chemicals, fertilizers, harvested items and transportation issues to areas where demand arises
- Disorganised and non-documented sector. Needs / requirements and production values not registered.
- Lack of insurance policies for uncertainties and hazards.

The end of three decades of civil conflict has resulted in new hope and incredible opportunities dawning for Sri Lanka to realize its development potential and to build a strong foundation for long term peace and prosperity.

Sri Lanka is a tiny beautiful island of 65,610 square km's located in the Indian ocean with a population of approximately 20 million in 2010. Over 70% of the rural population in Sri Lanka is dependent on cultivation, livestock rearing or fishing for food and their livelihood. Sri Lanka's economy is dominated by agriculture (approximately 13% of GDP in 2010) where it produces plantation crops like tea, rubber, coconut, cocoa and spices for the export market.

The Sri Lankan budget for 2012 has highlighted many incentives and tax benefits for the agriculture sector (KPMG, 2011). These include the following:

- Having a vision towards becoming a self sufficient economy by improving agriculture productivity in terms of rice, coconut, tea, rubber and spices
- Depreciation of the currency by 3% in order to increase the price competitiveness in the global market
- Tax removed for rice mills using modern technology and for production of coconut, palmyrah and kithul
- Developing four rice exporting centres (South, East, Rajarata and North).

It is clear there is an untapped demand for agricultural financing and the government is also very optimistic in this regard, so it is highly advisable that Islamic Finance Institutions (IFIs) in Sri Lanka concentrate in this area rather than depending only on basic transactions and products.

The policy makers and finance service providers must create an opportunity for farmers throughout the country by active participation of IFIs for agricultural financing. This will definitely create some success stories and bring changes in the farmers' lives whilst enhancing cultivation.

*This article has been published by Islamic Finance News - Malaysia on 21st December 2011, CIMA's Edge Magazine for Jan/Feb 2012 Issue and Halal World - Sri Lanka Volume 1, Issue 3.*

*Muath Mubarak is a Director of Studies and Corporate Strategy for First Global Knowledge Centre (FGKC), a Sri Lanka-based conglomerate in the Islamic finance industry. He is an Associate member of Chartered Institute for Securities & Investments (CISI) UK and Associate Fellow Member of the Institute of Islamic Banking and Insurance (IIBI) UK.* ■

## INTERVIEW

### Ms. Margo Abou Jaoude Senior Manager - Head of Department Finance & Accounting Midclear S.A.L. - Lebanon



On January 25, 2010, Midclear S.A.L., the Custodian and Clearing Center of financial instruments for Lebanon and the Middle East selected Path Solutions' iMAL for transforming and routing the financial institution's different transactions.

The highlight project was to find a comprehensive solution that would be able to sustain the company's diverse operational requirements in the administration of mutual funds, multi family funds, SPVs while ensuring that the acquired solution will support Midclear's future offerings and overall growth plan.

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

We decided to implement a new system because we identified the need for an advanced mutual fund administration system designed to respond to our business needs.

• *How was the system selected?*

We selected it through market research.

• *What companies/systems did you look at?*

We looked at the systems of Path Solutions, Omega Financial Solutions & Olympic ERI.

• *What were the main criteria?*

We were looking for a new system versus the manual system we've had in place, and being able to produce the NAV of each fund under our administration, and to distribute such information to the managers of these funds.

• *Why was iMAL chosen?*

Because we believe that iMAL would fit our specific needs perfectly.

• *How long did the selection last and when was the contract signed?*

The selection process took roughly 2 months and the contract was signed on 25 January 2010.

• *When did the implementation begin?*

It started in February 2010.

• *What stage is the project at now?*

At the Production phase.

• *What stages will it consist of?*

Well, many as per the scope of work.

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

Yes, a lot and under completion.

• *What functionality will the system cover?*

The system will cover Accounting, Assets and Reporting tools.

• *What technology will it replace?*

It will replace Excel and Dolphin.

• *What other systems/applications will iMAL be interfaced to?*

iMAL will be interfaced to Excel and possibly SWIFT.

• *Do you expect challenges with the transition (e.g. data migration etc)?*

Yes we do.

• *Will the go-live be a "big bang" or phased?*

Phased.

• *Do you have any third parties helping you with the implementation?*

No.

• *Does Path Solutions have an onsite team?*

Yes.

• *What advantages will the new technology bring to your financial institution?*

It will help us accelerate the growth and expansion of our business through the ability to administer more and more mutual funds.

• *Anything else you'd like to add?*

Managing the replacements made for project managers and business consultants, was one of the project major challenges. ■

## EVENTS&CEREMONIES

### Path Solutions has been appraised at CMMI ML 3

Path Solutions is pleased to announce it has achieved and been rated at CMMI (Capability Maturity Model Integration) Level 3 for Development (DEV v1.3).

CMMI provides guidance for efficient, effective improvement across multiple process disciplines in an organization. It benefits the organization by providing a common, integrated vision of improvement. The ultimate benefit is improved process performance that means, improved on-time delivery, productivity, quality, and improved customer satisfaction. The CMMI is a widely-recognized process model that ensures process effectiveness and process improvement in organizations hence ameliorating the quality of products and deliverables as well as developing best practices.

Earning the CMMI Level 3 rating is an important milestone for Path Solutions. This achievement further validates Path Solutions as the leader in providing information technology solutions, focused on proactive management and continuous improvement across all operating units, together with guaranteed customer satisfaction. ■



## Path Solutions at the 4th SLIBFC



July 30, 2012 – Islamic banking solutions provider, Path Solutions took part as Silver Sponsor in the '4th Sri Lanka Islamic Banking & Finance Conference' held on July 17 at the Hotel Galadari in Colombo.

Path Solutions' participation was also in the form of a speech on 'AAOIFI-Certified Banking Technologies – The Advantage' given by Nabil Alduraidi, Regional Director Sales at Path Solutions.

iMAL, being the only AAOIFI certified

banking system, created a very strong impact among participants.

The conference which was organized by UTO Educonsult (Pvt Ltd) brought more than 300 participants and its sessions covered contemporary issues ranging from Sukuk to unit trusts and information technology.

During the conference, Path Solutions has succeeded to increase brand awareness and establish a profound knowledge of its Sharia-compliant software solutions among local and regional professionals. ■



## Successful participation of Path Solutions at 3rd AAIBC



July 16, 2012 – Multi-award winning software provider, Path Solutions participated as Technology Partner of the 3rd Annual Asia Islamic Banking Conference held on the 10th & 11th July at Prince Hotel & Residence in Kuala Lumpur, Malaysia.

On the agenda of the conference was to address Malaysia's bond market and its positive developments, ongoing growth in Islamic finance and steady macroeconomic fundamentals in the country.

Supported by the Malaysia International Islamic Financial Centre (MIFC), the conference provided an insight into the different Islamic Structures, Islamic Capital Markets and Equity closing with the annual Fatwa session.

During the conference, Path Solutions' booth was regularly visited by local industry experts and IT Managers eager to understand how Path is able to deliver transformational engagements with measurable business value. ■

During the forum, Path Solutions has succeeded in establishing a profound knowledge of its Sharia-compliant products among local and international participants. The company often demonstrates broad sector knowledge that differentiates it from its competition. ■

## Path Solutions is the Technology Partner of Jordan's FACIB

June 29, 2012 – Multi-award winning software provider Path Solutions participated as Technology Partner of 'The First International Forum of Islamic Banks and Financial Institutions - FACIB 2012' that took place on June 27 & 28 at Kempinski Hotel in Amman.



The forum was held in cooperation with the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Association of Arab Banks (ABJ) and Development & Employment Fund (Reyada), and featured 35 internationally recognized speakers, whose presentations highlighted the latest issues affecting and influencing the development of Islamic finance throughout the region.

## Path Solutions, Global Sponsor of the London Sukuk Summit

June 9, 2012 – Path Solutions, a pioneer in developing market leading solutions and services to the Islamic financial services industry participated as a Thought Leader, Technology Partner and Global Sponsor of the 6th Annual London Sukuk Summit which was held on June 6 & 7 at the Jumeirah Carlton Hotel in London.

During the conference, Path Solutions has unveiled its latest product iSHRAQ\*Sukuk Management which supports the full business cycle of Sukuk management from initial public offering to management of Sukuk assets.

The system supports all types of Sukuk, mainly the zero coupon Sukuk, puttable Sukuk, callable Sukuk, convertible Sukuk and Sukuk which distribute additional amount on obligatory buy back and maturity dates according to the current assets of the Sukuk, but limited to certain ratio of the Sukuk par value.

The London Sukuk Summit served as an ideal platform for industry experts and those interested in accessing the Islamic Capital Markets. The event was followed by a Gala Dinner & Awards Ceremony celebrating outstanding achievement, success and excellence over the past months in Islamic Capital Markets. ■

## FRM Designation

Our colleague Christelle Abi Khalil, Assistant Product Manager - Risk Management at the Product Management Department has achieved the FRM (Financial Risk Manager) designation.

The FRM designation is an international professional certification offered by the Global Association of Risk Professionals. It is a globally recognized benchmark certification program for financial risk managers, and is considered to be the de facto global qualification in the practice of financial risk management.

To be awarded the FRM designation, candidates must complete rigorous two-part, practice-oriented examination that covers the major topics in financial risk management, demonstrate two years' professional work experience in financial risk management, and meet other requirements.

Congratulations Christelle!



## CORPORATE ACADEMY NEWS

### Train the Trainer

Our Corporate Academy focuses on the company's growth in staff and the development and support of the individuals and project teams that drive client satisfaction. It provides shared training and knowledge services to all Path Solutions' client-facing business units. This organizational profile attests to Path Solutions' understanding of the issues that impact the performance of its workforce and the academy's commitment to addressing these issues through certification programs, blended delivery of formal training and knowledge sharing.

'Train the Trainer' seminar is part of the Trainer Certification Program during which the trainer goes through several required steps in order to be certified as a Black Belt holder in his field. ■

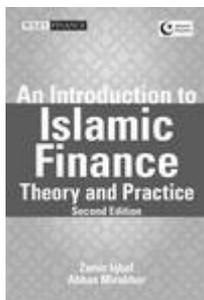
### iMAL Crash Courses

As part of its commitment to education and training, Path Solutions' Corporate Academy continuously offers crash courses on iMAL modules. September 2012 is going to be another meeting period for an intensive learning experience for Path Solutions' new hires in Beirut.

Main modules will include Core banking and Customer Service Management along with emphasis on Islamic Investment and Treasury. ■

## ISLAMIC BOOKS

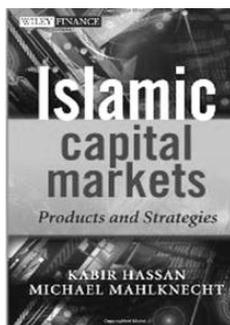
### An Introduction to Islamic Finance: Theory and Practice, Second Edition



**Author** Zamir Iqbal & Abbas Mirakhor  
**Paperback** 350 pages  
**Publisher** John Wiley & Sons  
**ISBN** 978-0-470-82808-3

*This book provides comprehensive coverage of the fundamental theory behind Islamic finance and banking, according to the core concepts of Shariah law and explains the distinct features of an Islamic financial system and how it compares with traditional financial models.*

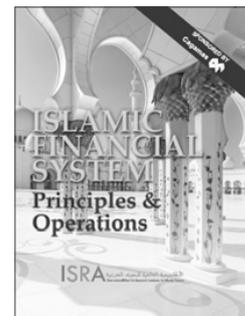
### Islamic Capital Markets: Products and Strategies



**Author** Kabir Hassan & Michael Mahlknecht  
**Paperback** 480 pages  
**Publisher** John Wiley & Sons  
**ISBN-10** 0470689579  
**ISBN-13** 978-0470689578

*This book focuses on the evolution of Islamic capital markets and the development of Sharia-compliant products. It covers general concepts and legal issues, including Rahn concepts in Saudi Arabia and analysis of the risks and strengths of Islamic capital markets compared to the conventional system.*

### Fundamentals of Shari'ah in Islamic Finance



**Author** Dr. Aznan Hasan  
**Paperback** 786 pages  
**Publisher** IBFIM Bookshoppe  
**ISBN** 978-967-0149-16-5

*This book explains the Shari'ah contracts and methods of structuring the current Islamic financial products and instruments through adopting Islamic contracts. It is used as a reference for Islamic banking and finance related courses.*

## PATH SOLUTIONS' EVENTS CALENDAR 2012

EVENT	DATE	LOCATION	ORGANIZER	EVENT
Global Islamic Finance Forum	18 - 20 September	Malaysia	IBFIM	Technology Partner
Banking Technology Egypt Summit	30 September/ 1,2 & 3 October	Egypt	IQPC Middle East FZ LLC	Exhibitor
4th Annual World Islamic Retail Banking Conference	9 - 10 October	UAE	Fleming Gulf	Technology Partner



### Leadership Program On High Performance Islamic Finance

This course is a 7 day training program (16 -22 November 2012) in Madinah, Saudi Arabia which includes world-renowned subject matter experts from Harvard, IE Business School, Durham and Oxford, industry leaders, scholars and CEOs from the Islamic Development Bank, Fajr Capital, World Islamic Economic Forum, McKinsey & Co., PwC, HSBC, International Islamic University Malaysia, and International Islamic Liquidity Management to provide the participants with the necessary gears to engage in the Islamic finance growing sector strategically.

### Course Syllabus

- Regional Live Cases
- Global Financial Crisis
- Flexible Business Models
- Facilitators/Moderators
- Islamic Finance Architecture
- Flexible Business Models
- Measuring the Brand Value of Islamic Finance
- Social Relevance, Value Proposition and Industry Building Efforts
- Complimentary Umrah

For more information: [hpif@mile.org](mailto:hpif@mile.org) or <http://www.mile.org/islamic-finance-high-performance.html>

## ISLAMIC BANKING COURSES



### Advanced Diploma in Islamic Finance

This program offers a qualification addressing the needs of both Islamic and conventional financial institutions providing Islamic banking services and products. It has been designed to:

- Provide a professional qualification for trade graduates to initiate a career in the banking sector
- Enhance career opportunities for those who are already in the banking sector but require a professional qualification

### Program Structure

- Islamic Commercial Jurisprudence
- Introduction to Trust, Banking, and Business Laws
- Islamic Insurance (Takaful)
- Islamic Treasury, Capital Markets and Risk Management
- Islamic Banking Operations
- Islamic Accounting Standards

### Admission Criteria

- BIBF Business English Program - Level 4
- Relevant Banking and Finance operations/management experience or a business commerce, banking or finance degree from a recognised university.

For more information, contact [sumayazain@bibf.com](mailto:sumayazain@bibf.com)

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