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Middle East Regional Technical Assistance Center

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IMF's Middle East Center for Economics and Finance (CEF) and the Middle East Regional Technical Assistance Center (METAC) conclude Workshop on "Necessary Infrastructure for Effective Supervision of Institutions Offering Islamic Financial services" (IIFS)

The International Monetary Fund's Middle East Center for Economics and Finance (CEF) and the Middle East Regional Technical Assistance Center (METAC) organized a regional workshop on "Necessary Infrastructure for Effective Supervision of Institutions Offering Islamic Financial services (IIFS)," in Kuwait City, Kuwait during November 7-10, 2016.

The workshop attracted directors, deputy directors, and senior bank supervisors from Arab League countries. The workshop was attended by 30 participants from Bahrain, Egypt, Iraq, Kuwait, Libya, Mauritania, Morocco, Qatar, Saudi Arabia, Sudan, Syria, United Arab Emirates, and West Bank and Gaza.

The workshop discussed a number of thematic topics that are necessary for establishing an efficient banking supervision regime, including (i) methodologies and approaches for implementing core principles for regulation and supervision of IIFS, (ii) risk-based supervision and key risks in IIFS, (iii) governance and board of directors' oversight of IIFS, (iv) eligible capital and shariah-compliant instruments, (v) determination of Alpha in measuring capital adequacy of IIFS, (vi) key elements in the supervisory review process, and (vii) stress testing as an essential tool for assessing capital.

Participants acquired practical methods on identifying and measuring risks in IIFS. They shared experiences on how IIFS in their jurisdictions are supervised, and provided case studies about the identification of key risks in IIFS and measuring capital adequacy ratio under stressed situations.