

ذو الحجة 1434 - صفر 1435

«The Hour will certainly come. Therein is no doubt.
Yet most men believe not.»
Surat Al-Ghaafir, 40:59 Holy Quran



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Interview with Prof. Laurent Marliere

CEO of ISFIN

By Alberto Di Gennaro

Prof. Laurent Marliere Professor of Marketing - Ceo of ISFIN - Islamic Finance and Markets - Global expert in marketing for professional firms. Laurent Marliere is an acknowledged observer of the ISLAMIC Economy and HALAL industry. He frequently speaks at forums in Asia and the Middle East on how to accompany companies in developing a Halal capacity for their conventional products

Smart budgeting 2014 implies looking at Islamic markets

Q: Many companies and firms are currently going through their budget planning. What is your advise?

A: Since 2008, many firms have predominantly looked at cost cutting. Strategy was not the prime factor in their financial planning. They wanted to reduce their costs, sometimes quite irrelevantly as the frenzy was short-minded. However, sound budget planning is not just about spending money. It is about investing in the right sectors to manage income streams, as well. A budget is a two channels process.

Managing partners and their board have to look at macro-economics. Where will the economic and financial activity take place ?

The growth in the Eurozone remains dramatically low. Some politicians relayed by some media would like to announce positive news but when you assess the economical curves, it is unlikely that the UE will come back to substantial growth factors. Households are at threat and the retail industry just like real estate will provide poor results.

We have seen clear signs of weaknesses in the US. The threat of the shut down and the other potential “subprime crisis” are worrying signs showing that the United States are still heavily affected.

Q: What about the BRICS?

The BRICS have largely moved in the mainstream. Their estimate growth rate has shrunk and currently disappoint investors, although they will grow more substantially than in the West.

In a survey Goldman Sachs identified 11 countries that could rival the G7 over time and present interesting growth stories.

The N-11 include Bangladesh, Egypt, Indonesia, Iran, Korea, Mexico, Nigeria, Pakistan, Philippines, Turkey and Vietnam.

With the exception of Korea, Mexico and Vietnam, the N-11 are all predominantly Islamic markets or at least markets with a substantial Muslim population.

Their performance and prospects are remarkable along a range of sectors like energy, urbanisation, infrastructure, health and technology.

The N-11, which comprise 7% of the world economy, account for 9% of the world’s energy consumption.

Some of the N-11 are attractive destinations for infrastructure investment. Trillions have been invested in infrastructure projects between 1990 and now. Yet much more is needed going forward. Some of the «poorest» N-11 countries have been posting triple-digit growth in recent years. Many of the N-11 require advisory and professional services as well!

So if you combine in a global overview, which markets have the needs and assets to invest, you realize that the real areas of growth are Asia, GCC and Africa. These regions will not only experience growth locally, they now have huge amount of liquidities to invest. These investments occur on a global scale and sovereign funds for instance go shopping in Europe or in America. The most developed hubs like Dubai, Abu Dhabi, Doha or Kuala Lumpur tend to attract market shares from the West. Aviation traffic is a noticeable example. They are not quite there yet so they will need to invest further to achieve that goal of shifting south the belly-button of world economy.

Q: How can one look at those markets?

In Asia and the GCC, companies and professional firms generally had a country approach. We have seen those «Chinese desk», «Indian desk», «Turkish desk»,... flourish. Small offices have been opened in the Middle East with a limited amount of resident partners.

That is one way to do it.

Another way to do it, is to put your “Islamic spectacles” on.

Most of the emerging countries are homogenously or partially Muslim countries. Figures tell: In 2030, a third of World’s population will be Muslim, 65 % of the Muslims are Asians, India is the second largest country in the world, there are more Muslims in China than in the GCC...

Africa is currently going through an important process of islamization.

The conventional industry has clearly understood these trends and has started developing a “Islamic capacity” also called a “Halal capacity”. That means that the clients of the law firms in the Food, Cosmetic, Pharma, Transport, Banking, Real Estate,... sectors have embraced those market segments.

Professionals and advisors tend to be reactive rather than proactive and have not yet anticipated what is becoming the world’s fastest growing area of world industry. The Halal industry is there to stay. The investment power from the Muslim world, boosted by the high energy prizes, is there to stay.

Law, accounting and auditor firms, financial advisors will realize this when their clients will ask them to operate with that “Islamic capacity”. For some firms, it will be too late and they will lose market shares to more innovative or clairvoyant firms.

Q: To acquire that capacity is a substantial investment. How expensive in a budget can this be?

You can of course play the heavyweight and hire, poach or train qualified professionals in the area; open offices and develop the project from scratch. This is what global firms are doing. The Big Four, the top 10 London law firms and large banks are investing heavily there...

Or you can look at the value of networking which offers excellent value for money.

This is where our ISFIN project has proved to be very innovative. We were granted the attention of the Financial

Times Innovative Awards for our corporate strategy in the sector.

You do not need to have in-house Shariah-accredited professionals when most of the investments or transactions happen in a conventional way. When a deal has a Shariah compliant dimension than you can pull the expertise of the highly qualified lawyers of the network. ISFIN, which now covers some 60 jurisdictions with 60 top tier law firms, accompanies investors from the Muslim world into the Western world and vice-versa we help our Partner firms accompany their Western clients into the Muslim world.

We are an entrepreneurial project dedicated to facilitating the exchange of business and legal consultancy in the Islamic world. A company only specializing to promote the benefits of our partner firms and their clients when they deal in this fast growing sector.

The real challenge when dealing with the Muslim world or when dealing with the Western world is not the technicality, it is the cultural gap.

In 28 months of existence, we have become the world leader in the supply of legal advice to the Halal industry. We are now expanding to new sectors: Audit & accounting, Banking, Wealth, Real Estate, Consultancy.

We are confident that ISFIN will keep growing as it is a worldwide project with professional firms and advisors fulfilling a growing demand in Latin America, Africa, Asia, Europe,...

Intelligence is not a crime and partners, in charge of budget within professional advisory firms, will look at figures that open alternative income routes for their structure...

