



The global gold investment markets

Traits for Shariah-based
investment solutions

Deloitte Islamic finance insights series
Leading by engaging





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Foreword from Deloitte



Dr. Hatim El Tahir, FCISI
Director, Islamic Finance
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Dear industry practitioners,

The public health scare caused by the COVID-19 outbreak has had an impact on almost every country around the world, and every sector of the economy. The economic and social losses are yet to be ascertained. However, a sense of hope is emerging with the approval of several vaccines and vaccination programs already well on the way.

This current COVID-19 pandemic and its economic consequences have shone a light on new market services that leverage the digital transformation shaping our new economic models; gold, in particular, forms the subject of our report. Even more interesting is that the pandemic has reinforced long-standing concerns about social inequalities and economic and environmental risks our planet is experiencing. Perhaps this can be seen as a wake-up call to renew efforts towards achieving the vision of the UN's Sustainable Development Goals (SDGs).

The very nature of gold mining, processing and trading is particularly criticized for climate, environmental, social and human hazards in almost all its supply chain actors, both in upstream and downstream phases. Hence, it is essential for any gold investment players and Institutions offering Islamic Financial Services (IIFs) considering tapping into this strategic commodity to, develop new innovative approaches to Shariah-based gold investment practices and contribute to

set of rules and business models that will rectify this shortcoming.

This approach informs the 'thought process' of this industry study and the assessment of the strategic priorities for IIFs to adopt such an approach and develop business strategies. The industry survey and executive interviews provide supporting points to this analysis and thought process.

This study assesses the state of the Shariah-compliant gold market in seven countries, and looks at the regulatory and policy environment, products offered by the various market institutions and the regional differences in these markets. We also look at the gold supply chain actors and financing gaps where Islamic commercial and investment banks can step in to fill this space. We continue the discussion by presenting a high-level approach to align Maqasid al-Shariah with the aims of the SDGs and ESG and a look at how IIFs can leverage technology to design products that will diversify their product offerings and boost the social value to markets and societies.

Foreword from ISRA



Professor Mohamad Akram Laldin
Executive Director
International Shari'ah Research
Academy for Islamic Finance (ISRA)

Dear investors and industry practitioners,

From an initial public health crisis, the COVID-19 pandemic quickly evolved into a global financial crisis that has impacted financial markets on a global scale. The markets have witnessed a substantial sell-off when investors began moving out of risky assets into safe-haven assets to ensure effective portfolio diversification and to hedge against market volatility.

The relevance of gold as a strategic asset came into play as it is historically proven a durable and reliable asset class and recognized in its traditional role as a safe-haven asset in times of economic instability and uncertainty. For millennia, gold has been used as money and was the dominant currency during the early days

of Islam and continued to play a role in the international monetary system until the collapse of the Bretton Woods System in 1971.

It is no surprise that the global economic fallout from COVID-19 has revived interest in gold as a safe-haven investible asset. Several studies revealed that during a recession or economic crisis the current global monetary system based on fiat money gets impaired through debt-generated money creation. Widespread reluctance to take on new debt during a general economic downturn leads to a shrinkage in the money supply and slower circulation of money in the economy. This creates a downward cycle of lower demand, reduced production and business transactions, decreased business revenues, and many other socio-economic challenges. Unlike fiat money, gold as an asset class can provide the much-desired stability investors are looking for to mitigate their market risk.

It is worth noting that gold and gold-backed products and services offered by financial institutions provide a great opportunity for investors to invest in gold. Such an initiative allows retail and institutional investors to buy and sell gold without the obstacles related to its physical transfer.

In line with this, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) has issued Shariah Standard No. 57 on Gold and Its Trading Controls. The standard covers the Shariah rulings for gold in its various types and forms, the Shariah parameters for trading in gold, and the Shariah rulings for gold-

based financial products in institutions. It is expected that this standard will be widely adopted by Islamic banks, brokerages, and other financial institutions. It will also enable gold to be maintained as an investment asset in a Shariah-compliant account.

This report, which is jointly produced by ISRA and Deloitte Middle East, provides an analysis of the gold market investment landscape by presenting the experiences of key markets in the Middle East, Asia and Turkey. The report also emphasizes the role of gold as a strategic asset and how to make it a viable commodity to design Shariah-compliant products and services that will augment the Islamic investment asset-class market. The report is expected to raise stakeholders' awareness of the market institutions' practices and gold supply chain requirements as well as the regulatory and policy environment that can strengthen the rise of Shariah-compliant, gold-backed products and services. The technology opportunities and the prospects of leveraging on fintech to boost the market size and create an efficient Shariah-compliant gold-linked product are also examined.

I would like to take this opportunity to express my gratitude to Deloitte Middle East for collaborating with us in producing this report. My profound thanks also go to all the contributors and the production team from ISRA and Deloitte Middle East for their relentless efforts. This report would not come into fruition without your support.

Acknowledgments

Deloitte and ISRA would like to thank the sponsors of this industry study for their generous support and thank a number of contributors.

We extend our gratitude and appreciation to the respondents of our online survey questionnaire and Deloitte professionals who contributed to this report. We are also grateful to fellow colleagues and practitioners who contributed in developing the country cases and stimulated the research discussions and the market growth analysis.

Last but not least, we would like to thank Andrew Naylor, Head of ASEAN and Public Policy, and his team from the World Gold Council (WGC), who have tirelessly provided useful market insights.

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Executive summary

The macroeconomic environment and fiscal policies shaped around lowering interest rates in key Western economies and the current COVID-19 pandemic have both contributed to the increased emphasis on gold trading and investment.

Numerous technology-driven platforms have been launched, offering new, innovative gold investment products, including Shariah-compliant products, and have impacted consumers' behavior patterns. This structural change in the gold market and other strategic factors have prompted our interest in conducting this study, jointly with the International Shariah Research Academy for Islamic Finance (ISRA).

This study provides an analysis of the gold market investment landscape in key markets in the Middle East, South Asia and Turkey. The main objective is to engage Islamic finance industry practitioners, policy makers and regulators in a dialogue to examine the commercial and social value that Shariah-based, gold-backed solutions can deliver to societies. What are the business, policy, governance and regulatory enablers that can help in designing a sound, new asset class in the industry?

In the following analysis, we examine three intersecting areas of the gold investment markets we consider pivotal to stimulating products and new asset class innovation amongst Institutions offering Islamic Financial Services (IIFs) and achieving sustainable growth and societal impact:

- The regulatory and policy environments that help or hinder gold investment markets.
- The financing gaps offered by the different processes in the gold supply chain.
- The financial technology (fintech) and digital advancement that can lure IIFs to broaden their offerings of Shariah-based gold investment solutions.

What has prompted this study?

01	The new guidelines from the AAOIFI in respect to gold trading and investment – the AAOIFI Shariah Standard No. 57 on Gold and its Trading Controls.
02	The need for the diversification of Shariah products to broaden base asset classes and enhance portfolio performance.
03	Increased use of technology and digitalized assets in the finance and investment space.
04	The interest from investors in precious metal commodities, including gold as a strategic asset class.
05	To explore the social values that gold-backed solutions can bring to societies and governments.
06	To attract the Institutions offering Islamic Financial Services (IIFs) into the gold investment market.
07	To capitalize on the prevailing good returns on gold and design Shariah-based investment solutions.

Research objectives

This industry report aims to develop a better understanding of the global gold market and examine the underpinning factors of its importance as a strategic asset class. It explores how this precious metal can be integrated into the innovation of Shariah-based products and services. More precisely, it encourages industry leaders to align efforts and collaboration to design and promote savings, investment and financing products that will add social value to communities.

The report analyzes the key market drivers, the use of technology, and bold change initiatives in gold trade and investment. It also examines the potential offered by the gold supply chain – the different level of operations, processes, and supporting sectors that build the gold ecosystem.

Essentially, the report attempts to:

- Provide an overview of the gold-related regulatory and policy environments in key markets in the GCC, Turkey and South Asia, and Shariah-compliant products offered in these markets.
- Establish a better understanding of the limitations and prospects of developing

Numerous technology-driven platforms have been launched, offering new, innovative gold investment products, including Shariah-compliant products.

Shariah-compliant gold investment solutions.

- Give more insights into the gold supply chain and potential financing opportunities for small and medium enterprises (SMEs), considering both downstream and upstream production.
- Assess the prospects of leveraging the new technology platforms (fintech) to boost the size of the gold market and to create efficient, Shariah-compliant gold investment asset classes.
- Promote greater awareness of this strategic asset class and stimulate more product research and development in establishing a conducive Shariah-based gold investment ecosystem.

Introduction



Key messages:

- New capital market investment products such as ETFs.
- Increased interest from retail investors caused by a growing middle class base in many parts of the world.
- Reemphasis on gold as a safe haven and repository of value after the 2008 financial crisis.
- The COVID-19 crisis and the prevailing economic uncertainty have further boosted the appeal of gold as a commodity.

The resilience of gold as a commodity

The World Gold Council (WGC) states that since 2001 investment demand for gold worldwide has grown, on average, 15% per year. This has been driven in part by the advent of new ways to access the market, such as physical, gold-backed, exchange-traded funds (ETFs), but also by the expansion of the middle class in Asia and a renewed focus on effective risk management following the 2008–2009 financial crisis in the US and Europe.

Essentially, gold investment has many characteristics which make it an important asset class including:

- Source of long-term returns
- Highly liquid assets
- Portfolio diversifier
- Risk mitigator

Shariah-compliant gold investment products have the potential to grow and attract much more international institutional, as well as retail, investors worldwide.

As a strategic asset class, the commodity of gold has emerged as a strong candidate for developing innovative, Shariah-

compliant financing and investment solutions, driven by a defined social value purpose to serve societies and communities around the world. Building this business proposition into something that achieves these goals and enhances the social value delivered by Islamic finance will require strategic collaborative efforts across the market participants and governments of countries where there are key Islamic financial markets to design clear visions and policies that support building the market.

This report initiates a discussion of the above, with an overview of the global gold market supply and demand patterns and key markets and players, followed by a brief analysis of the gold supply chain, main actors and financing requirements in these upstream and downstream phases. Then it moves to the research questions: the case for Shariah-compliant investment solutions, the regulatory and sustainability imperative to support our views that the Shariah-based approach can be built around achieving the 'two-goal' concept: the goals of the Shariah (Maqasid al-Shariah) and the goals of ESG and the SDGs.

1. The global gold market

Chart 1: Global gold investment data FY 2020

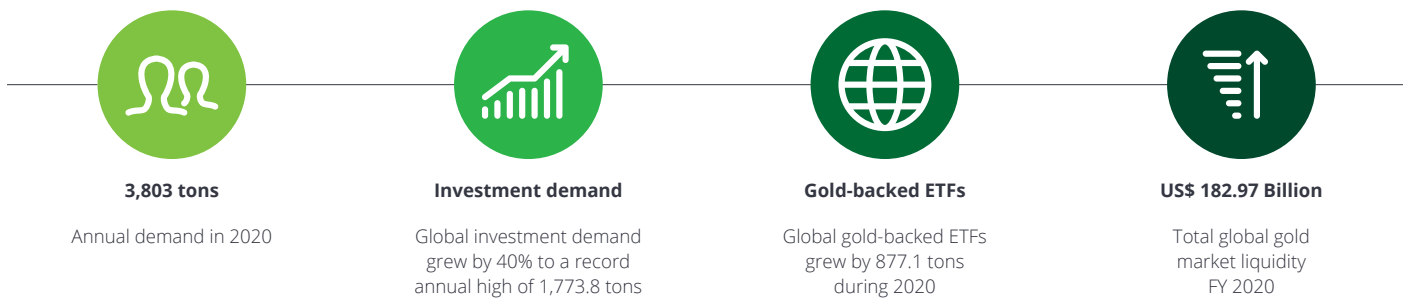


Chart 1 highlights the global gold investment trends in the year 2020. As can be seen, investment demand grew by 40% and reached an annual record of 1,773.8 tons. This was attributed to the COVID-19 pandemic, which evidently shifted investment strategies to physical and other gold-linked products.

On the gold supply front, the market experienced significant resilience in the face of the COVID-19 outbreak, which helped stabilize the gold market supply generally, although the total annual supply fell 4% compared with the previous year.

A. Gold is king

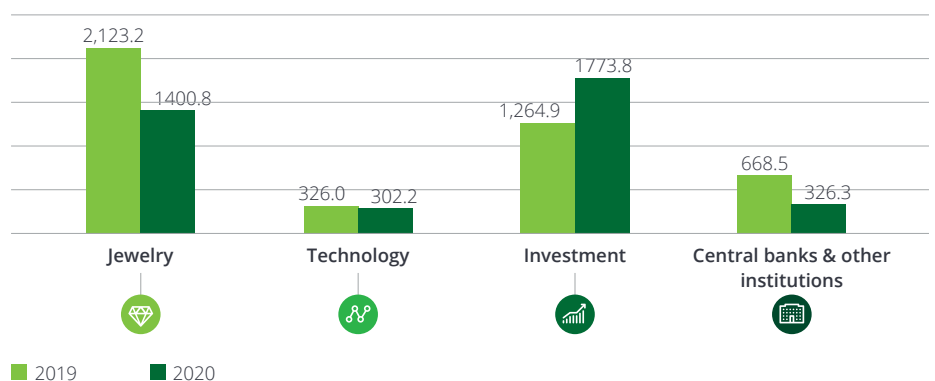
Gold has a dual nature – it is both an investment asset (which can be countercyclical) and a retail/consumption asset (which can be pro-cyclical). Due to a combination of heightened economic uncertainty and lockdowns in 2020, consumer demand fell. But it was a combination of economic uncertainty and a low interest rate environment that led to renewed institutional investment interest in gold. Central banks tend to be long term holders of gold and are still net buyers.

Despite the disruptions caused to the gold supply chain during the COVID-19 pandemic, as well as the lockdowns and travel restrictions which have all impacted economies adversely during the year 2020, the commodity of gold remained king. A growing focus on safe haven assets has influenced the strategy of global investors to buy gold. Overall, gold as an asset class became a leading performer during the year 2020. This is attributed to three main factors: low interest rates in the USA and other western countries, economic uncertainty caused by the pandemic, which created high risk on other investments

such as stocks while gold became seen as a safe haven, and, finally, the positive return on gold prices, especially towards the middle of the year when the price peaked at the US\$ 2,000 an ounce mark.

Chart 2 shows the decline by total tons in gold investment players, namely, jewelry, technology and central banks and financial institutions, while investment increased by 40% in 2020. In addition, Table 1 gives key highlights of the global gold demand and supply during 2019 and 2020, and reflects the changes caused by the COVID-19 pandemic in year-on-year figures.

Chart 2: Global gold demand in tons FY 2019-2020



Source: World Gold Council, Gold Demand Trends FY 2019-2020

Table1: Global gold demand & supply FY 2019- 2020

Global gold demand	Global gold supply
<ul style="list-style-type: none"> • In 2020 Global gold demand fell by 14%, driven by a fall in retail demand due to COVID-19. Investment demand helped offset this weakness, with physically-backed ETFs seeing record inflows in 2020. • Gold jewelry represents the largest source of annual demand for gold per sector, and accounts for around 36.8% of total demand in 2020. • In 2020, the total annual jewelry demand dropped to 1,400.8 tons, the lowest annual record. The COVID-19 outbreak is to blame for this drop. • Gold jewelry demand in both Turkey and the Middle East went down by around 32.7 % in 2020. • Bar and coin demand strengthened; it grew by 11.78% to 269.4 tons in Q4 2020. • During 2020, global investment demand grew 40% to a record annual high of 1,773.8 tons. 	<ul style="list-style-type: none"> • Mine production accounts for the largest part of gold supply – typically 75% each year. • The total annual supply went down to 3.9% in 2020 to 4619.6 tons. • Total annual gold supply of 4619.6 in 2020 was 3.94% lower y-o-y, the largest annual fall since 2013. This drop in supply was largely explained by COVID-19 related disruption to mine production. • Top gold producers in 2019 were China 10.84%, Russia 9.32%, Australia 9.2%, US 5.67% Canada 5.18% which together accounted for 40.2% of total production in 2019.

Source: Demand and supply figures from World Gold Council Report and Statistics.

B. The available Shariah-compliant products

Investment products appear to be offered in different ways and platforms across the countries we studied. Gold-backed investment products are offered in the majority by banking institutions. However, exchange traded funds and other structured products are equally made available in countries like Malaysia. Most recently, fintech companies emerged as key drivers for gold-backed investment products. The main features of investment products are listed below. The core markets for gold-backed products are mostly in countries like Indonesia, Malaysia and Turkey. More discussion on this will be offered in our country cases in the Appendices.

Main features of gold investment products

14 asset management firms offer Shariah-compliant products.

40 banks offer Shariah-compliant, gold-backed products. AUM amounts to US\$ 1.1 billion.

 **Indonesia, Malaysia, and Turkey** are the key markets for Shariah-compliant products.

 **Banks' gold accounts, and Islamic ETFs** are the most popular Shariah-compliant products.

Source: Compiled from the Global Shariah Gold Research Report, produced by REDmoney for the World Gold Council, 2019.

C. The gold supply chain

The gold production industry comprises a broad range of participants as illustrated in Table 2, which includes producers, refineries, and financial institutions who provide an important role in offering financing, providing trading liquidity and offering broader services (e.g., selling of gold bars). Other important players in the

gold supply chain include manufacturers and retailers.

Essentially, the gold supply chain can be described by two main stages with five main 'chain actors':

1. The 'upstream' phase, which consists largely of the gold mining production and refining process. This includes artisanal and small-scale miners (ASMs) who require different sets of financing products and services corresponding

to the level of business and risk profile associated with these operational stages of the industry.

2. The 'downstream' phase, which is generally characterized by gold trading and investment. This has different supply chain players depending on the level of maturity of the industry in a country. This simple segmentation is used and designed to map possible products and services that can be offered by the Islamic financial industry.

Table 2: Global Supply Chain: Potential for Islamic Financial Services

	Upstream			Downstream	
	Gold producers	Refineries	Financial institutions	Manufacturers & fabrication	Retailers
Financing requirements	Finance <ul style="list-style-type: none"> • Technology and equipment purchases • Production optimization • New concessions and expansions 	Refining <ul style="list-style-type: none"> • Capital expenditure • Working capital • Concessions and expansions 	Gold investment and trading <ul style="list-style-type: none"> • Vaulting • Clearing • Trading 	Production <ul style="list-style-type: none"> Working capital Central bank holdings <ul style="list-style-type: none"> Physical gold vaulting Investment <ul style="list-style-type: none"> Gold-backed investment products 	Selling gold <ul style="list-style-type: none"> • Capital expenditure • Working capital
Potential Islamic financiers	<ul style="list-style-type: none"> • Islamic commercial banks • Islamic investment banks 	<ul style="list-style-type: none"> • Islamic commercial banks • Islamic investment banks 	<ul style="list-style-type: none"> • Islamic investment banks • Capital markets 	<ul style="list-style-type: none"> • Islamic commercial banks • Islamic investment Banks • Private equity funds 	<ul style="list-style-type: none"> • Islamic commercial banks
Potential products	Gold-backed Sukuk	Gold-backed Sukuk	<ul style="list-style-type: none"> • Islamic gold ETFs • Islamic spot contract 	<ul style="list-style-type: none"> • Gold investment/savings accounts • Islamic gold ETFs • Islamic spot contract 	<ul style="list-style-type: none"> • Gold investment accounts • Gold saving plans • Gold certificates
Type of investors	Institutional investors	Institutional investors	Institutional and individual investors	Institutional and individual investors	Individual investors

In each phase and for each ‘chain supplier’, Islamic financial services can be designed to provide funding for the operational and business expansion requirements, especially short- and medium-term financing for operational and capital expenditure requirements. Other long-term financing modes can be considered for the longer term, higher risk mining and refinery big scale projects. Gold-backed Sukuk can be structured to finance capital-intensive ultra-mining projects and make a good portfolio diversification for institutional investors globally.

D. Market growth for Shariah-based products

Conceptually speaking, the potential gold market for Shariah-based products and services, both on the financing and investment fronts, encompasses all the processes of the supply chain needs. However, in practice, IIFMs ought to look at the financing gaps in the upstream

supply phase and design products that will add value to their customers and local communities. Likewise, they need to leverage the evolution of technology and design innovative investment products and broaden their customer base in areas such as wealth management, which historically has experienced limited Shariah-compliant investment products.

However, there are several key strategic priorities to resolve the constraints that have impeded the growth of Shariah-based products and which are evidently supported by our survey’s participants.

E. IIFM and WGC initiative to develop standards for gold-based Islamic contracts

In 2018, the World Gold Council (WGC) and the Bahrain-based International Islamic Financial Market (IIFM) held an initial consultative meeting, which discussed the development of a series of standard

templates for Shariah-compliant gold contracts, aiming to enhance the use of bullion in Islamic finance.

The IIFM and the World Gold Council are working closely to develop and promote standardized product and transaction documentation in respect of Shariah-compliant gold products. These products (and their associated transactions) include:

- Physical vaulted gold / physical gold investment accounts;
- Physical gold regular savings plans;
- Physical gold certificates;
- Physical gold ETFs;
- Physical gold undertakings.

The creation of a suite of standardized documentation will facilitate the establishment of a broader range of savings, hedging and diversification products, enabling Islamic banks and other financial institutions to grow their customer bases. (IIFM, 2018)

2. Regulatory and sustainability policies

A. General regulatory environment

Our analysis shows that the main two regulators for gold trading and investments are either the central bank or the capital market authority. Both types of regulators provide regulatory guidance on the trade and investment of gold as a commodity, depending on the company business lines and product offerings relating to gold-based investment products and services. This may naturally vary from simple bar and coin trading to designing structured products and funds such as exchange traded funds (ETFs).

Our survey results show that 45% of respondents agree that the central bank is the main regulatory authority for the gold market in their region/country. However, different regions/countries have different systems and governmental organizations. Among respondents, 31% indicated that the main regulator of the gold market in their region/country was the commodities authority.

Generally, an apparent lack of awareness of policies/initiatives by regulators and governments to support gold-based products poses challenges to IIFs and slows the development of gold-backed investment solutions. However, some countries have initiatives in place, indicating that the demand for gold might accelerate the process. Among our survey respondents, 41% indicated that they do not know of any policies, initiatives, saving channels, or government-related projects in gold.

An apparent lack of awareness of policies/initiatives by regulators and governments to support gold-based products poses challenges to IIFs and slows the development of gold-backed investment solutions.

Nevertheless, over 90% of respondents agree that investing in gold is highly relevant and somehow relevant to their risk appetite and investment strategies. They also perceive gold as a universally accepted asset class and valuable collateral.

These insights support the view that gold investment is a pivotal asset class in the Islamic finance business and requires government and policy support to harness growth and value to customers and stakeholders.

For instance, there are three necessary components for enabling the regulatory and policy environment that can strengthen the rise of Shariah-based gold-backed products and services.

- Coordination between financial regulators and other commercial and government agencies.
- Government policies of support to encourage social value strategies in the finance and investment landscape.
- Collaborative industry efforts to harmonize practices and maintain integrity and sustainability.

In recent years, investors around the world have increasingly emphasized the need to integrate environmental, social and governance (ESG) considerations as part

of their investment process. Nearly 90% of European investors now take ESG factors into account when they make investment decisions. This increased emphasis on ESG reflects pressure for businesses to actively manage ESG risks. It also emphasizes that good ESG performance could lead to better long-term financial performance, according to the OECD.

This shift towards a greater integration has important implications for gold, which needs to demonstrate that it is produced and sourced responsibly, as well as the role that gold can play in supporting ESG objectives within a portfolio.

Financial institutions, regulators, policy makers and Islamic finance industry stakeholders are all considering the opportunities and risks associated with new Shariah-based products backed by gold as a commodity, and how the digital evolution may speed the growth of this asset class.

The pace of technological change, therefore, requires serious thinking from industry participants to leverage new opportunities presented to the IIFs and develop products and services aligned to global responsible and sustainable investment governance. John Mulligan, director, Climate Change Lead and

Market Relations, World Gold Council, argues that “it’s important to remind investors and stakeholders that the sector will be absolutely vital in delivering the applications, technology and infrastructure needed to move towards a cleaner, safer world”.

As can be observed, industry associations and other practice agencies across the world continue to design and set high standards in their businesses to maintain a strong and resilient economy, driven by social values and sustainable and responsible investment. In this respect, the World Bank created the Climate-Smart Mining Initiative and asserts that ‘negative impacts from mining activities will increase, affecting already-vulnerable communities in developing countries, as well as the environment in which they operate’. It also adds that the Climate-Smart Mining approach has been developed in concert with the broader UN Sustainable Development Goals (SDGs) to ensure that the decarbonization of the mining and energy sectors also benefits resource-rich countries that host these strategic minerals and the communities directly impacted by their extraction.

B. Sustainable and responsible governance

This section sheds some light on the leading responsible and sustainable practices and how the industry principals can be aligned to the prospective Shariah-based investment solutions.

It is interesting to note that the WGC has led the designing of a set of responsible and best practices for the gold mining industry.

The WGC’s responsible principles

Investing in gold mining and other metals has come under much scrutiny and been subject to increasing policy guidance for sustainable and responsible investment traits to ensure good governance practices and strengthen societal environments. In line with these developments, the World Gold Council has undertaken a number of sustainability initiatives, including the development of the Responsible Gold Mining Principles (RGMPs). The Responsible Gold Mining Principles (RGMPs) sets clear expectations for consumers, investors and the downstream gold supply chain as to what constitutes responsible gold mining.

Investing in gold mining and other metals has come under much scrutiny and been subject to increasing policy guidance for sustainable and responsible investment traits to ensure good governance practices and strengthen societal environments.

Stella Cox, CBE, MD, DDCAP Group

Investing in Gold: Shariah Compliance and ESG Alignment

In recent years, gold has become an increasingly accepted Shariah-compliant investment asset class. Due to various factors, gold is seen by many to be a natural fit within Islamic finance and interest in gold from Islamic countries and market participants has escalated since AAOIFI issued its Shariah Standard No. 57 in 2016 with technical support by the World Gold Council (WGC). As the prevalence and preference for gold-based Shariah-compliant investments have grown, there has however been increased scrutiny on the significance of environmental, social and governance (ESG) considerations surrounding the metal. Since ESG considerations are intrinsic to the Maqasid al-Shariah, it is not unreasonable to ponder whether these points should now be reviewed by the industry when determining the acceptability of gold as a Shariah-compliant investment.

There has been much written that gold is a problematic asset class because its mining is water-intensive and chemical-laden, posing risks to local communities and environments close to mining sites. Meanwhile, advocates of gold stress that its post-mining processing has a relatively small carbon footprint (as compared to other metals) and that processed gold is almost entirely recyclable.

In fact, the gold industry has focused on responsible mining for almost a decade. In 2012, the WGC, in partnership with its membership,

developed the WGC Conflict-Free Gold Standard, which provides confirmation that gold has been extracted without causing harm, supporting or benefiting unlawful armed conflict or contributing to degradation of human rights. In 2019, the WGC launched the Responsible Gold Mining Principles (RGMPs), which set out key ESG issues for the sector. This is complemented by the London Bullion Market Association’s Responsible Sourcing program, which includes measures to combat money laundering, terrorist financing and human rights abuses within the gold supply chain and was developed building on existing standards for refiners’ due diligence, including the Organization for Economic Cooperation and Development OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDRSC). The work of the WGC and its industry mirrors the work being undertaken in other hard commodities, such as that of the London Metal Exchange and the London Platinum and Palladium Market, both of which have put in place responsible sourcing regimes building on the OECD DDRSC. Their focus on responsible supply chains now continues through more recent initiatives to promote greater environmental sustainability in their markets, including low carbon alternatives to the metals traded within their environment. In a world and an industry

transitioning to a lower, and possibly zero, carbon economy, whilst it is important to highlight current practices which may be problematic, it is also important to review the achievements and continuing efforts to improve environmental and social impacts and their corresponding outcomes. In this regard, led by industry-specific efforts of the OECD and WGC, gold stands on a similar footing with other metals on the journey to greater sustainability and responsibility, underpinning its credentials as a Shariah-compliant investment class that affords Islamic investors choice and diversification as well as prospectively enhancing risk management capability within the sector.

Point of View: George Littlejohn, Senior Advisor, Chartered Institute for Securities and Investment, UK

“Thought leadership” is sometimes regarded as one of the great management-speak clichés of our days. For Americans, the death knell for the slogan might have been sounded some years ago, when David Brooks wrote in The New York Times: “Each year, [the thought leader] gets to speak at the Clinton Global Initiative, where successful people gather to express compassion for those not invited.”

I beg to question Mr Brooks’ otherwise sound judgment and perspective. For his article appeared in the Times’ opinion pages on the very first day of Deloitte Middle East’s sparkingly successful thought leadership series of annual events on Islamic finance in December 2013, which we at the Chartered Institute for Securities & Investment (CISI) have been delighted and honored to support since that exciting beginning.

Under the leadership and guidance of Deloitte ME, and with the unstinting support of a legion of Islamic finance experts, and many from related fields of ethical, responsible, sustainable finance, we have seen year after year both events which consistently take leapfrogs in thinking in this already vibrant field, but which also spawn tremendous spin-offs like this excellent report on gold. Going back in time, CISI members learned first about the now all-pervasive Sustainable Development Goals

(SDGs) from the Islamic finance forum, and subsequent issues of CISI Review, some five years ago, and likewise in the following years about the soaring environmental and business importance of renewal energy.

Today, “ESG” is never far from financiers’ or commentators’ lips, especially in this year of COP26, the great gatherings of climate professionals planned for late 2020 in Glasgow and Milan. But as with so much in the world of finance, especially where it interacts with ethical concerns, many of the arguments, and necessary approaches, are much more nuanced than they appear at first sight. Gold, and in particular its supply chains, is a paramount example of the need for the well-informed professionalism that Deloitte ME have brought to bear in this report, as they have done in so many others over the years.



Today, “ESG” is never far from financiers’ or commentators’ lips, especially in this year of COP26, the great gatherings of climate professionals planned for late 2020 in Glasgow and Milan.

C. Differences in regional practices

Table 3 delineates different information regarding regulation and sustainable policies, product offerings and technology maturity in gold and gold-related activities gathered from seven countries of focus, i.e., the UAE, Saudi Arabia, Bahrain, Turkey, Malaysia, Indonesia, and Pakistan.

Table 3: Different regional practices and treatments for gold and gold-related activities

Practice/Region	The Middle East and Turkey	Asia
<p>Regulation and sustainable policies</p>	<p>UAE On 6 December 2020, the Ministerial Development Council adopted four initiatives to promote the UAE's position as a global hub for gold trade, including the establishment of the UAE Good Delivery Standard and a federal platform for gold trading and tracking.</p> <p>Saudi Arabia In June 2020, Saudi Arabia's cabinet approved a new mining law that aims to accelerate foreign investment in the sector as part of its efforts to diversify its economy away from hydrocarbons. As regards gold financial products and services, there are no specific laws and regulations. However, existing banking and capital market regulations are conducive and might cover gold financial products.</p> <p>Turkey The Turkish government has set favorable laws and regulations on foreign investment in the mining industry.</p> <p>Borsa Istanbul issued various regulations to govern the operations of the Precious Metals and Diamond Market, which consists of three sub-markets, i.e., (i) Precious Metals Market; (ii) Precious Metal Lending Market; and (iii) Diamond and Precious Stone Market.</p>	<p>Malaysia Bank Negara Malaysia regulates any deposit-taking in the gold trade offered by financial institutions which are governed by the Financial Services Act 2013 and Islamic Financial Services Act 2013. Similarly, Securities Commission Malaysia and Bursa Malaysia regulate gold-related capital market products such as gold futures and gold funds.</p> <p>Indonesia Prior to the financial services regulation moving to OJK (Otoritas Jasa Keuangan), Bank Indonesia issued regulations on gold pawning and Murabahah gold in 2012. It is understood that OJK has maintained the same regulations on gold pawning and Murabahah gold for banks. On the other hand, BAPPEPTI is the regulatory body responsible for issuing rules on gold futures contracts traded on the commodity exchanges, JFX and ICDX.</p> <p>Pakistan Commodity brokers dealing in gold need to register with Pakistan Mercantile Exchange (PMEX) and acquire a license from the Securities and Exchange Commission of Pakistan (SECP). On the other hand, the gold trading and investment market offered by financial institutions is not developed and it appears that favorable regulations and policies are lacking in the country.</p>

Practice/Region	The Middle East and Turkey	Asia
<p>Product offerings</p>	<p>Banking products</p> <ul style="list-style-type: none"> • Shariah-compliant gold structured products • Shariah-compliant bullion financing solutions • Shariah gold accounts <p>Capital market</p> <ul style="list-style-type: none"> • The DGCX Spot Gold contract – Shariah-compliant <p>Gold Sukuk</p> <ul style="list-style-type: none"> • UAE - The Gold Reserve Sukuk is the first gold-backed Islamic Sukuk which empowers investors to invest in physical gold. The Sukuk type is Wakalah. <p>Funds (e.g., ETFs)</p> <ul style="list-style-type: none"> • Albilad Gold ETF is an open-ended exchange traded fund that offers investors a Shariah-compliant opportunity to invest in physical gold without the difficulty of storing or insuring gold bullions. 	<p>Banking products</p> <ul style="list-style-type: none"> • Shariah-compliant gold savings/investment accounts • Shariah-compliant gold pawnbroking services <p>Capital market</p> <ul style="list-style-type: none"> • Gold futures – not Shariah-compliant <p>Gold Sukuk</p> <ul style="list-style-type: none"> • No gold-based Sukuk has been issued within Asia so far <p>Funds (e.g., ETFs)</p> <ul style="list-style-type: none"> • The Trade Plus Shariah Gold Tracker is a Shariah-compliant gold exchange-traded fund on Bursa Malaysia.
<p>Technology maturity</p>	<p>GCC countries adapt to rapidly advancing technologies.</p> <p>Bahrain: The Central Bank of Bahrain has been very active in the adoption of financial technology, putting in place regulations to cover regulatory sandboxes, open banking rules, forming fintech unit, issuance of rules pertaining to Crypto-assets, and Robo-advisory and payment services.</p> <p>UAE: Abu Dhabi Global Market (ADGM) RegLab is a set of regulations that provides a controlled environment for Fintech participants to develop and test innovative solutions within the UAE financial services market, both for emerging players and to foster innovation within existing institutions associated with the market.</p>	<p>South East Asian countries are fast embracing new technologies in the provision of financial solutions.</p> <ul style="list-style-type: none"> • Malaysia is home to the world's first Shariah-compliant gold fintech platform called HelloGold, which was launched in 2016. • Several digital gold platforms facilitate gold transactions in small denominations such as IndoGold, Treasury, MasDuit and Pegadaian Digital Service in Indonesia. • Pakistan does not currently support financial technology innovations in gold trading and investment.

3. Our industry survey highlights

Our industry survey has revealed insightful views on the market sentiments, and how industry practitioners view investment in gold as a commodity.

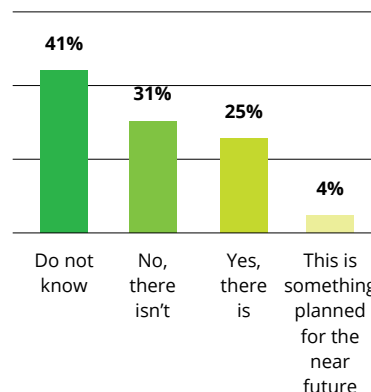
As is widely understandable, gold is often viewed as a safe-haven, and considering the current global economic downturn, institutions offering Islamic financial services should seize the opportunity to design and develop products to capture this increasing demand. Investors are essentially using gold as a hedging tool to mitigate their market risks.

Investors also use gold as an instrument to ensure effective portfolio diversification and as a risk management tool to hedge against market volatility.

A significant number of our survey participants, 78% of respondents, agree that they would consider investing in Shariah-compliant gold products. Clearly, this constitutes a market for Shariah-compliant gold investment products. Below are the key highlights of the survey. For more insights and key findings please refer to Appendix A.

Regulatory support and readiness

In your region/country, is there any government policy/initiative to support the use of gold-backed products for liquidity management, saving channels or government-related projects?

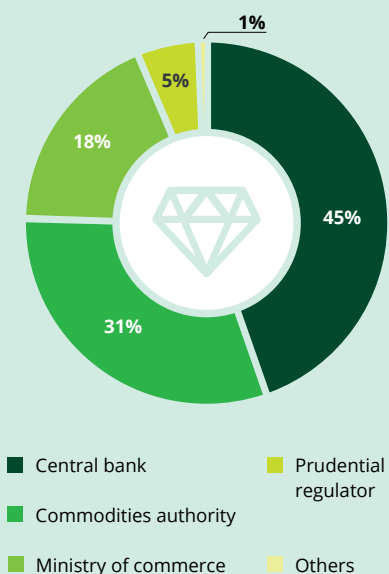


- 41% of respondents indicated that they do not know of any policies, initiatives, saving channels, or government-related projects in gold.
- However, 31% stated that there is no existing policy or initiative to support saving channels and government projects related to gold-backed products.
- The apparent lack of awareness of policies/initiatives by regulators and governments to support gold-based products poses challenges to IIFs and has slowed the development of gold-backed investment solutions. However, some countries have initiatives in place, indicating that the demand for gold might accelerate the process.

Survey highlights

Regulatory support and readiness

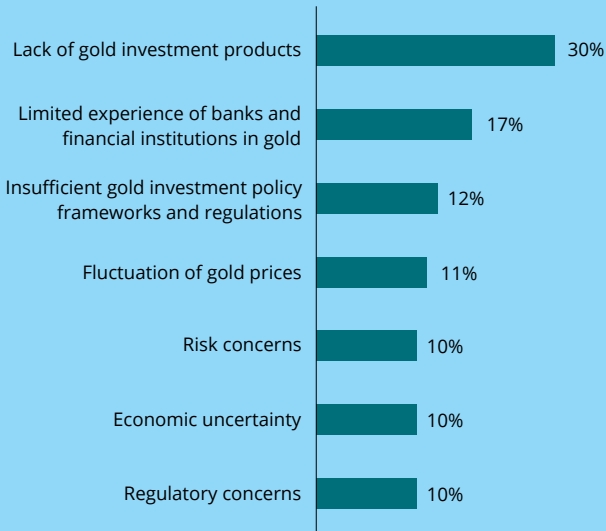
In your region/country, which regulatory authority is responsible for regulating the gold market?



- 45% of survey respondents agreed that the central bank is the main regulatory authority for the gold market in their region/country. 31% indicated that the main regulator of the gold market in their region/country is a commodities authority.
- Each country/region has developed a specific regulatory system, depending on the nature of the market and its circumstances.

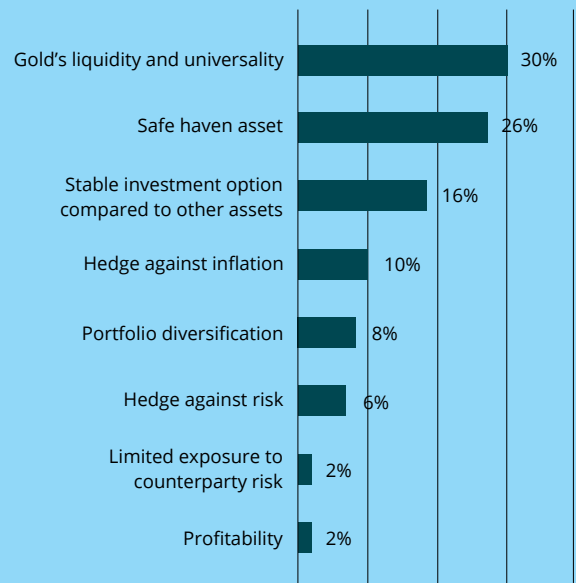
Market demand

In terms of business challenges, which of the following are the most significant in relation to gold investing and trading within your region?



- 30% of respondents identified that the lack of gold investment products in the market posed the highest challenge, while 17% believe that the limited experience of banks and financial institutions in gold investment solutions caused them not to invest in gold.
- These apparent shortcomings can be filled by developing gold-backed investment products that can be offered to different customer bases (retail, corporate and institutional investors).

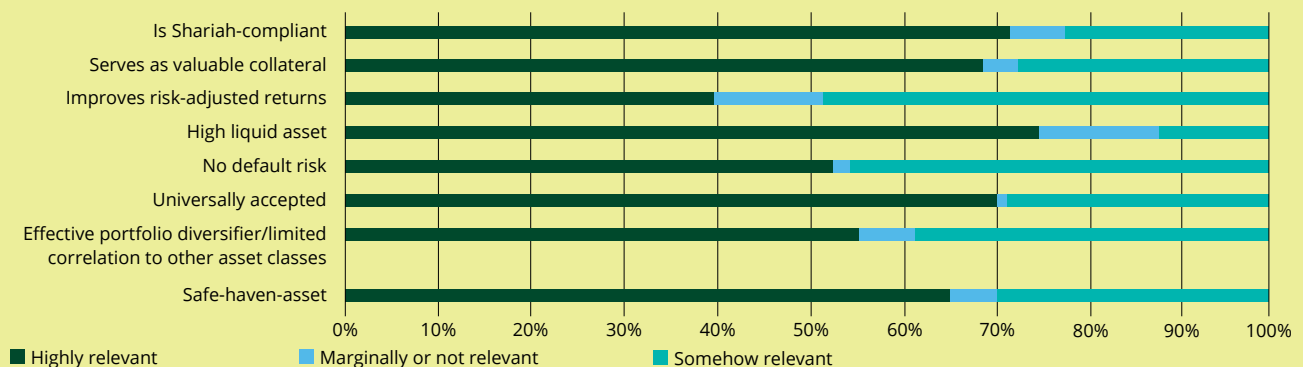
In your opinion, what is the main benefit of investing in gold?



- More than half of respondents agree on gold's highly liquid nature, its universality, and its use as a safe-haven asset. These factors have contributed to their choice of gold investment.

Gold investment appetite

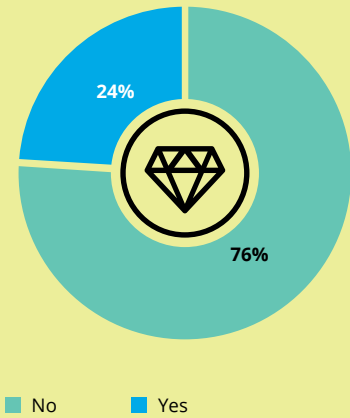
Rate the following reasons, based on their relevancy, that contribute toward increasing the appetite of governments, institutions and individuals to invest in gold.



Most respondents believe that investing in gold is highly relevant to their investment strategies as a safe-haven, highly liquid and universally accepted asset. They also perceive gold as a universally accepted asset class and valuable collateral.

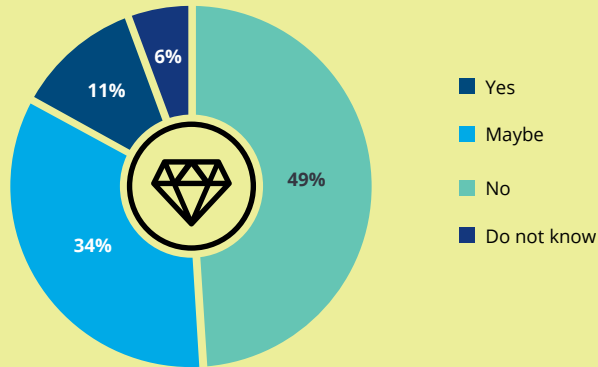
Gold investment appetite

Do you currently invest in gold?



Most respondents indicated that they do not currently invest in gold. This is possibly due to the limited product availability or inadequate awareness about the concept of gold-backed assets, whether Shariah-compliant or conventional.

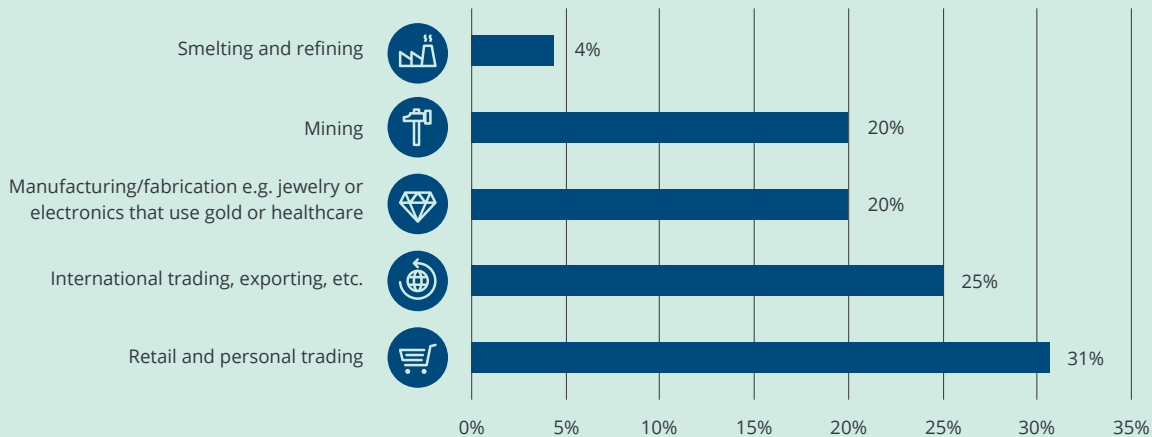
Are you considering investing in gold in the next 3 years?



Almost half of respondents would consider investing in gold in the next three years. This could be due to the recent developments in the gold market. Gold has been known to react well to crises. Gold prices tend to go up during times of uncertainty and crisis, rather than crash like stock prices. This is also evident during the COVID-19 pandemic, which showed a hike in gold prices.

Social impact of gold value chain

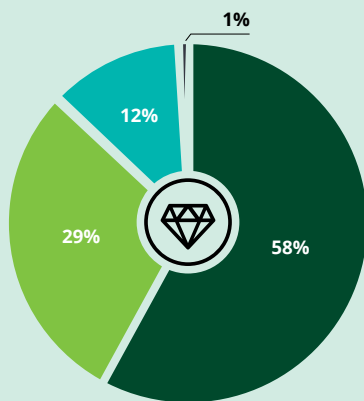
Which stage of the gold supply chain would have the highest contribution to the prosperity of the relevant countries/ communities?



31% believe that the highest contribution comes from the retail and personal trading sector, while 25% believe that the contribution comes from international trading and exporting. 20% indicated that manufacturing and fabrication were the highest contributors, while a further 20% indicated that they believe the mining sector to be the highest contributor.

AAOIFI breakthrough

With regard to the AAOIFI Shariah Standard on Gold, do you think the issuance of this standard will provide more opportunities to develop Shariah-compliant investment solutions to invest in the gold market?

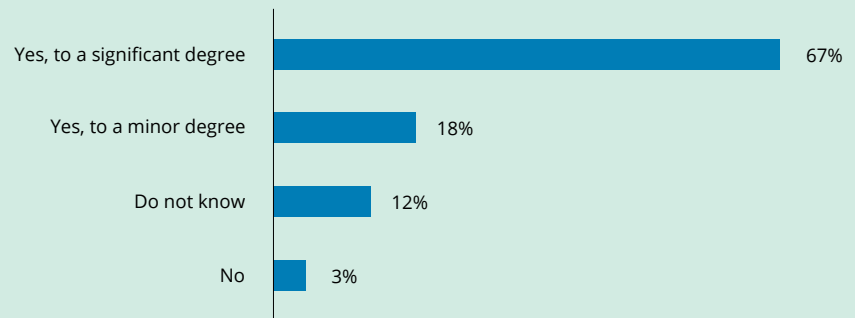


- Yes, significantly
- Yes, moderate
- Do not know
- No

- The majority of respondents agree on the benefits of the new standards and policy formation from the AAOIFI to drive growth in gold investment markets.
- Likewise, investors will have the required comfort and confidence to invest in Shariah-compliant gold investment solutions. The new standard should also be supported with more guidance and awareness from the AAOIFI to help boost the gold investment markets.
- Overall, the development of a gold-backed and Shariah-compliant asset opens an entirely new asset class, allowing for new market growth opportunities globally.

AAOIFI breakthrough

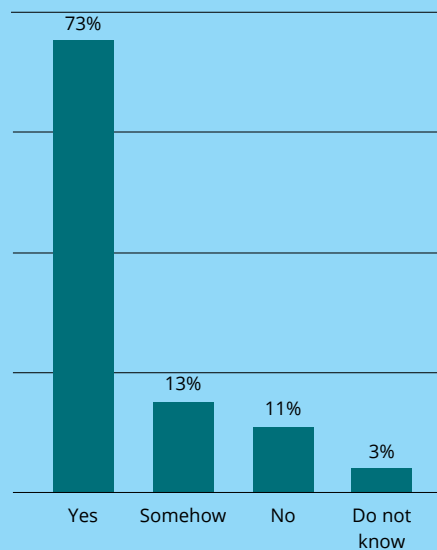
Do you think the introduction of the AAOIFI Shariah Standard on Gold will give the investors more confidence to invest in gold?



67% of respondents indicated that they believe to a significant degree that the introduction of the AAOIFI Shariah Standard on Gold will give investors more confidence to invest in gold, while 18% only believe this to be true to a minor extent, 12% indicated that they do not know and 3% said they did not believe this.

Social values and responsible investment

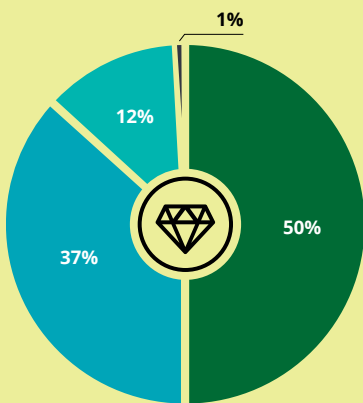
In your opinion, are social and economic factors important considerations when investing in gold?



- 73% believe that social and economic factors are important considerations when investing in gold, while 11% think that they are not relevant to gold investment.

Social values and responsible investment

Given the increasing importance placed on demonstrating environmental, social and governance (ESG) principles, how important is this to the gold investment industry? (Relating to the different levels of the mining process)

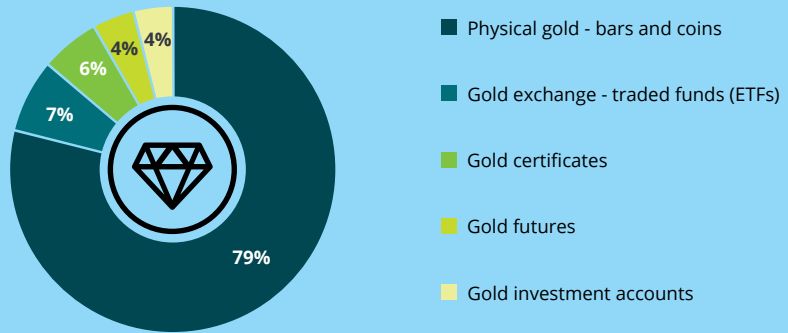


■ Significantly ■ Moderately
 ■ Do not know ■ Not at all

- 50% of respondents indicated that they believe environmental, social and governance principles are significantly important to the gold investment industry. On the other hand, only 1% completely disagreed, while 37% of respondents believe they are moderately relevant, and 12% said they do not know.
- Social responsibility requires that the industry be fully transparent. According to the WGC, many companies in the mining industry have ESG programs that insure they can track, mitigate, and report on ESG principles.

Products offerings

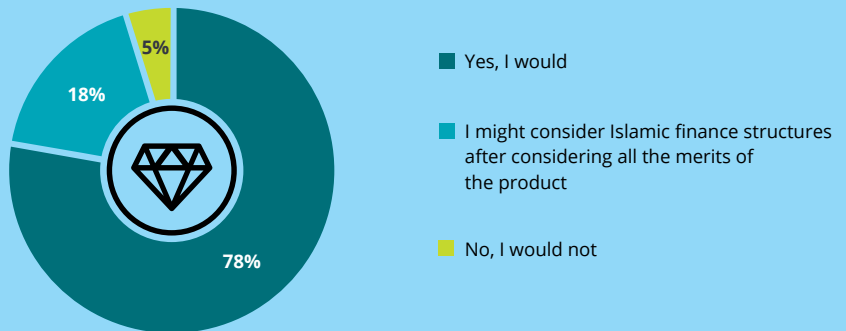
What is the most dominant gold investment product within your country?



79% of survey respondents indicated that the most dominant gold investment product in their country is physical gold. Other respondents were divided on the matter: 7% stated that exchange traded funds were the most dominant, 6% indicated that gold certificates were the most dominant, while 4% indicated that gold futures were the most dominant investment, and finally 4% indicated that the most dominant form was gold investment accounts.

Products offerings

Compared to conventional gold investment instruments, would you consider Shariah-compliant structures for investing in gold?

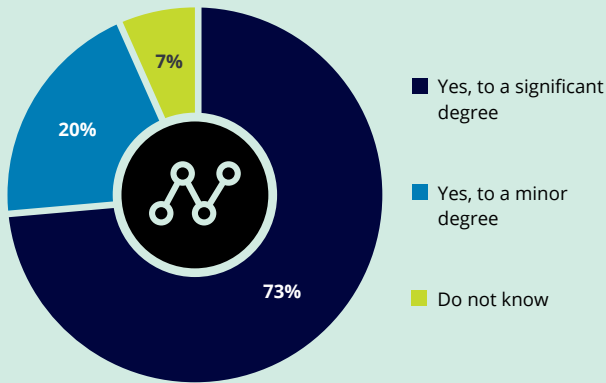


A majority of respondents agree that they would consider investing in Shariah-compliant gold products. Clearly, this constitutes a market for Shariah-compliant gold investment products.

More effort from the relevant industry players is needed to educate customers and investors on the salient benefits of Shariah-compliant and gold-backed investment assets.

Technology

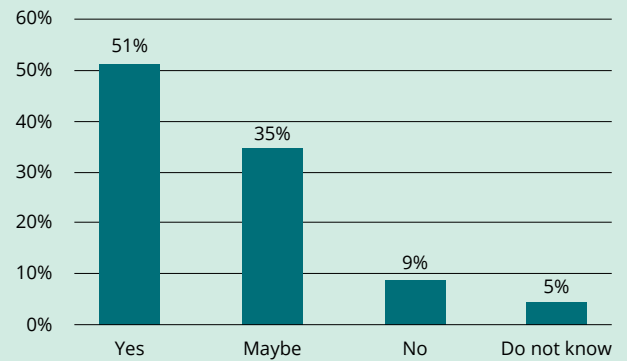
In light of new technology, do you believe that the digital transformation will impact the world gold markets and their trading?



The digital transformation has already resulted in extensive changes in the business world, and over 90% of respondents' responses could indicate that there is in fact a shift towards digitalization in the gold market and its trading. This is true and is not only limited to the trade of ETFs and futures but also with physical gold. An example of this is Kuveyt Turk bank, which has digitized its physical gold offerings, allowing customers to use a smartphone application to purchase and trade physical gold.

Technology

Would you prefer to invest in gold through the innovative online applications?



51% of respondents indicated that they would prefer to invest in gold through innovative online applications, while only 9% indicated that they would not. Interestingly, 35% are on standby, giving the response of 'maybe', while 5% said that they do not know at this time.

The use of digital platforms makes it easier for investors to invest in gold as smartphone apps now allow for investment anywhere and anytime. Platforms such as Malaysia's HelloGold and Turkey's Kuveyt gold banking app allow investors to purchase physical gold on the go.

4. Shariah-based investment solutions

The recent issuance of AAOIFI Shariah Standard No. 57 on Gold and Its Trading Controls has been widely welcomed by the Islamic finance and gold investment players. The standard provides practical understanding relating to Shariah methodology and the approach to designing gold-backed and Shariah-based investment products. However, the market is yet to see more value and clarity from this standard to guide the industry and inspire innovative product designers and policy makers to standardize products and services that will help grow this new asset class.

The standard also offers guidance and approval on three main gold trade and investment spaces: physical gold and gold-backed ETFs, vaulted gold investment products (both savings and investment accounts), and gold certificate programs. These are generally offered by banking institutions, financial technology companies, etc.

The purpose

The prime purpose of this industry-driven research is to establish a market demand for new, innovative, gold-based Shariah-compliant products and services opportunities. The assessment of this market demand reveals interesting trends in gold financing and investment and expectedly feasible growth market opportunities for IIFs to explore.

However, the research hypothesis is based around driving product innovation through financial technology, and most importantly, products and services should be fundamentally anchored with a social value purpose, aligned with leading responsible investment governance. This, we suggest, is also a Shariah-based approach.

What is the difference?

First it is important to define what makes a Shariah-based approach and how it may differ from the commonly used Shariah-compliant term. Naturally, we are not intending to provide a new scientific definition, but rather a practical industry definition to differentiate a product that is based on an approach and methodology of designing and developing Islamic financial and investment products that correspond to the fundamentals of Maqasid al-Shariah. In addition, this approach can further be enhanced with sustainable and responsible social and investment governance (ESG, SRI, PRI, SDGs, etc).

Combining these noble Shariah and investment goals will be crucial to drive new, innovative, Shariah-based investment products that will not only achieve the element of social purpose but also meet the increasing requirements of international investors and institutions to link business and product strategies with those of global responsible investment governance. Our industry survey and interviews with industry leaders provide supporting views to this

premise. In particular, the survey analysis provides positive views about the AAOIFI Shariah Standard No. 57. Nearly 60% of respondents agreed that the introduction of AAOIFI's Shariah Standard on gold will provide more opportunities to develop Shariah-compliant investment solutions, while 29% moderately agreed with the above statement, 12% of respondents indicated that they do not know, and only 1% disagreed completely.

The majority of respondents agree on the benefits of the new standards and policy formation from the AAOIFI to drive growth in gold investment markets.

Overall, the development of a gold-backed and Shariah-compliant asset opens an entirely new asset market, allowing for new, innovative, precious metal-linked products that help market growth opportunities globally.

In particular, the survey analysis provides positive views about the AAOIFI Shariah Standard No. 57. Nearly 60% of respondents agreed that the introduction of AAOIFI's Shariah Standard on gold will provide more opportunities to develop Shariah-compliant investment solutions.

As shown in Box 1 and Table 4, the WGC has summarized the most important principles of the AAOIFI Shariah Standard. It provides insightful guidance on product design, gold ownership, structuring and tradability from a Shariah point of view.

Other important aspects of designing Shariah-based gold products include the need to address the market and country risk associated with the gold industry in a particular country or market. Adequate risk assessments will be required to choose the right supply chain for the gold and identify

products and services opportunities. Some of the broad concerns around social and environmental risks can be divided into the following main points:

Country risks

The level of political stability and investment regulations and governance in the country and employment and foreign investment laws: needless to say, corruption and other economic impact issues, such as exchange rates, inflation, etc.

Sector risks

Health and safety legislation and work environment policies in the mining sector. In particular, IIFs and other gold market participants need to be wary of risks associated with traditional mining practices and artisanal and small-scale mining (ASM), which have been historically criticized for the absence of health and safety laws and poor environment controls.

Box 1: Most important principles of AAOIFI Shariah Standard No. 57 on Gold and Its Trading Controls

- A. Gold must be traded on a spot basis (hand to hand): This means that conventional forwards and futures are not possible.
- B. Gold can be owned on a physical or constructive basis: This is very important as it allows gold products to be structured.
- C. In the case of constructive possession, gold has to be fully allocated: Unallocated gold is not permissible. No paper gold products are allowed.
- D. Allocation can occur through either T+0 settlement or the receipt of a certificate/ email specifying bar ownership: This is because in Islamic Finance you must own something before you are allowed to sell it.
- E. It is permissible to own gold jointly, where each partner owns an undivided beneficial interest in a trust: This is important for structuring purposes, such as for some physical gold ETFs.

Table 4: Shariah-compliant gold products

Retail market	Investment market
<p>Gold investment accounts Ad hoc purchases of gold, often online via a bank or non-bank financial institution. The gold is fully allocated and professionally stored on the owner’s behalf. The owner can take physical delivery if they wish.</p>	<p>Physical gold ETFs Fully-backed gold funds traded on an exchange used by both individual and institutional investors.</p>
<p>Gold saving plans Similar to investment accounts but where the consumer buys gold regularly.</p>	<p>Gold spot contracts Exchange-traded contracts are often used by end-users of gold such as fabricators and jewelers, or investors seeking quick physical delivery of a large amount of gold.</p>
<p>Gold certificate programs Ad hoc or regular purchases of gold, evidenced through the issuance of a certificate.</p>	<p>Gold backed Sukuk Often based on the Ijarah structure.</p>

Source: World Gold Council (WGC)

Source: World Gold Council (WGC), Product Design

Key challenges with gold investment

Governance

- Social, environmental concerns.
- Mercury (which is banned by international treaties) is used in many developing and emerging markets, causing serious health hazards.
- Miners with operations in Africa are susceptible to high labor risks. In January 2017, the Economist Intelligence Unit rated South Africa, Ghana, Democratic Republic of Congo, and Nigeria as high labor risk countries. For instance, South Africa has had several labor strikes, and in 2014, the country lost over nine million working days due to labor strikes.
- Stricter regulations introduced in several countries to improve work conditions.

Process

- Gold reserves for most of the players are depleting, as they are not spending enough to replenish those reserves.
- Increasing cost of production and capital expenditure.
- Poor and inadequate operating environment in emerging markets' gold mining sectors such as South Africa and Ghana.

People

- Limited expertise in gold-backed investment products in the Islamic finance industry and IIFs need to harness market knowledge capabilities and strategies to diversify their offerings.

Technology

- Intense competition in fintech and inves-tech start-ups will likely continue to increase.
- This will help boost product innovation in the Shariah-compliant gold markets and invite more industry players to design and develop digitally-driven gold backed products and services.



The 'Two-goal' matrix

The key theme that we would like to highlight here is to explain what makes a Shariah-based approach different from the commonly used Shariah-compliant term. For reasons of practicality and simplicity, it is important to distinguish the two terms or approaches with the fact that the latter is meant to design financial products and services driven by the very 'back to basics' norm, where IIFSs would want to link the product purpose and target markets with achieving one or more goals of Shariah (Maqasid al-Shariah). This fundamental objective has been overlooked in many ways in the past! It is probably good timing now with the COVID-19 pandemic exposing many governments and markets around the world to social, environmental and economic inequalities and concerns. In so choosing, it will be essential to streamline Maqasid al-Shariah with the noble goals of business and investment governance, such as the ESG, PRIs and SDGs.

Combining this set of goals in a matrix will be crucial to drive new, innovative, Shariah-based investment products that will not only achieve an element of social purpose but also achieve the increasing requirements of international investors and institutions to link business and product strategies with those of global responsible investment governance.

Chart 4 provides a simplistic illustration of the 'two-goal' matrix, which demonstrates the interaction and alignment between the desired social, Shariah and investment governance.

Essentially, the 'two-goal' matrix is meant to visualize the possible alignment of achieving Maqasid al-Shariah with a sustainable agenda, such as SDGs and ESG, in designing products to finance upstream or downstream gold supply chain actors.

Chart 4: The 'Two-goal' matrix: The Shariah-based framework



Source: Deloitte and ISRA Research and Analysis

Individual IIFSs or gold enterprise players have the freedom and flexibility to design their products and services around these factors and goals and select what is desired to achieve.

In other words, IIFSs will be able to combine sound global investment governance with a distinct Shariah goals theme (social value purpose and sector focus) to structure and design innovative products and services that will boost product offerings and improve portfolio performance.

Strategic and operational priorities

Building the long-term resilience of Shariah-based investment solutions to boost gold-backed products and services requires a set of strategic and operational priorities. The key differentiating factor will be the need to embed the social, sustainable and responsible investment governance traits proposed earlier. This approach can be modified to the specific market focus, sector or region, and needless to say the risk appetite of an IIFS or gold investment player.

This approach to gold investment will create growth in areas such as Islamic wealth management, which has been historically limited with product offerings. Some practice and functional priorities need to be addressed:

Sustainable and responsible investment

- Tapping into the unique opportunity for inspiring Islamic finance and investment leaders to empower the culture of social value, sustainable and responsible governance of the institutions' offerings of products and services.
- Integrate ESG, PRIs and social inclusion traits such as SDGs into the strategic business and risk framework and action plans.
- Partner with regional and international industry working groups – which promote good governance in sustainable and responsible investment - to create a bespoke or personalized standard practice in a given market or region.

Technology: Winning the next frontier

- IIFs and other gold investment players who are keen to develop Shariah-based, gold-backed products and services need to capitalize on the value of technology.
- Identify updates and modification requirements on core banking systems and information systems using a Shariah-based approach proposed to develop solutions that will create social value and purpose for local communities.
- Introduce new technology traits such as cloud deployment, blockchain, artificial intelligence (AI), etc., and update business models to achieve agility and scale.

Talent: Boosting productivity

- Emphasize new talent strategies that will establish an adequate mix of Shariah knowledge, technology and investment and finance skillsets.
- Foster the life-learning concept and maintain loyalty policies to ensure sustainable business growth and market recognition.
- Develop work exchange programs with peer IIFs and engage in wider cross-regional (e.g., industry exposure visits) Shariah-based knowledge programs and activities.

Operation and process

- IIFs can deploy the new Shariah-based gold investment approach, embracing the leading and sustainable investment governance of ESG, PRIs, SDGs, etc., and blend this with their own distinct Shariah goals theme (social value purpose and sector focus) to structure and design innovative products and services that will boost product offerings and improve portfolio performance.
- IIFs and other gold enterprises can team up with specialized financial technology firms to strengthen their technology expertise and drive growth for their customers and investors.
- Likewise, IIFs are advised to capitalize on forming 'peer to peer' business partnerships and alliances to offer cross-country, cross-region services and achieve scale and efficiency.

IIFs and other gold enterprises can team up with specialized financial technology firms to strengthen their technology expertise and drive growth for their customers and investors.

Point of View: Sohail Jaffer, MD, Genesis Consulting sarl-s Luxembourg

The recent Deloitte survey on investment in the gold commodity is timely, especially given the scarcity of Shariah-compliant gold products. Gold offers low correlation to stocks, bonds and real estate and is viewed as a safe haven in market crises and political turbulence. Whilst traditional investment in gold and precious metals offers portfolio diversification and a hedge against inflation, especially in times of economic uncertainty, global investor demand remains limited.

Gold has a market capitalization of US\$ 7 trillion, 24 times larger than the outstanding volume of Sukuk. Average daily turnover on the London OTC market is US\$ 240 billion, making it more liquid than both the German and UK sovereign bond markets. More than half of gold demand comes from Asia. Exposure to gold usually takes the form of investment in physical bullion, bars, coins and jewelry, stocks of gold mining companies and precious metals, gold exchange traded and index funds. Even though the price of gold reached an all-time high of around US\$ 2200 per ounce in 2020, the primary investors were emerging market countries and central banks looking to diversify their foreign exchange holdings.

The AAOIFI Shariah Standard No. 57 on Gold issued in November 2016 deals with the Shariah rulings for gold in its various forms and categories, the Shariah parameters

for gold transactions and the rulings for gold-based financial products in institutions. The standard sets specific rules for the use of gold as an investment in the Islamic finance industry. The new standard shows that investment in gold is permissible provided that all the relevant Shariah rulings are satisfied, including those relating to taking possession of gold and the proper calculation of Zakat.

The standard will help open up a new investment asset class, enabling Islamic banks and other financial institutions to grow their customer base and facilitate the creation of a broader range of saving, hedging and diversification products. In September 2020, UK-based Minted, a Shariah-compliant gold trading platform, announced plans to launch services and aims at making gold trading simple, secure and affordable. With the advent of digital applications and blockchain, there is tremendous potential to further develop smart and efficient investment solutions in gold and precious metals.



In September 2020, UK-based Minted, a Shariah-compliant gold trading platform, announced plans to launch services and aims at making gold trading simple, secure and affordable.

Point of View: Gary Dugan, CEO, Purple Asset Management (PAM)

How can Islamic financial institutions and the wider gold investment companies benefit from tapping into the Islamic finance space, and add social value to societies?

- If there are two things that global investors are searching for presently, they are investments that make for a better world, and assets that can protect their wealth over extended periods. Shariah-compliant gold can meet these two investor needs.
- In recent years, gold has seen broader investor interest as mounting government debt and central policymaking have undermined investor confidence in the financial system. Investors looking for security and diversification in their investments have allocated increasing amounts of their wealth to gold. That appetite for investing in gold remains strong.
- Across the world, investors are also making an evident push into financial products that meet their aspirations for a better world. Investors are looking for practical ways of shifting their investments line by line into alternative vehicles aligned with their broad ESG goals. The issue of ESG applies to precious metals as much as it does to any other asset class.
- Those with an awareness of Islamic finance would appreciate that ESG investing concepts have been embedded in Islamic finance for centuries. In a sense, Islamic finance's history and breadth give it an air of credibility relative to more recent ESG initiatives that sometimes lack substance. Hence,

Islamic finance has a significant opportunity to make itself relevant to a much broader spectrum of investors in the future.

- Shariah-compliant gold products can provide investors with the two things they desire, a secure investment constructed in an ESG-compliant manner.



Delivering the Inves-Tech value

Tapping into invest-techs for innovation has increasingly become strategically important for business to sustain growth and achieve cost efficiencies and scale. IIFSs are no different and constantly in a race with competitors to digitalize their business models as well as their products and services offering.






So, what can the invest-tech platforms offer to IIFSs and other gold investors and how can invest-tech deliver the scale and value that IIFSs require to sustain growth and diversify their product portfolios and offerings?

Basically, invest-tech companies use advanced technology and data analytics to provide innovative investment solutions for both retail and institutional investors. Hence, they are able to drive invest-tech gold-backed products and target the digitally savvy and younger mobile application users.

The rise of fintech and digital platforms has impacted on structural change in the financial service ecosystem and paved the way for a new set of rules, business models and customer experiences all together. Investment platforms such as Malaysia's HelloGold and Turkey's Kuveyt gold banking application have been successful in tapping into new investors looking to purchase physical gold more easily.

Table 5 shows the rise of fintech and digital investment platforms, tapping into Shariah-compliant gold-linked products. The product offering ranges from ETFs to physical gold funds, gold accounts, spot gold contracts and cryptocurrency. These companies are aimed at an increasing niche market of digitally savvy and younger mobile applications users. IIFSs have great potential to leverage this market demand and benefit from the retail customer base to develop Shariah-based invest-tech gold-linked products and offer them on digital platforms.

Table 5: Islamic gold products and gold digital applications

Company	Product	Gold Exchange Traded Funds (ETF)	Gold Exchange Traded Certificate (ETC)	Physical Gold Fund/Account	Spot Gold Contracts	Technology Platform/Applications	Cryptocurrency
 GLD SPDR Gold Shares	SPDR® Gold Trust (Trust)	●					
 GLD SPDR Gold Shares	SPDR® Gold MiniShares Trust (the "Fund" or "GLDM")	●					
 Invesco	Invesco Physical Gold ETC		●				
 AFFIN HWANG CAPITAL	The TradePlus Shariah Gold Tracker Exchange-Traded Fund	●					
 AFFIN ISLAMIC	Affin Emas-i			●			
 DGCX	DGCX Spot Gold Contract				●		
 Bank Muamalat	Muamalat Gold-i			●			
 HelloGold® "Shariah Gold"	HelloGold app					●	
 THE PERTH MINT AUSTRALIA	The Perth Mint					●	
 PHYSICAL GOLD FUND Au	Physical Gold Fund			●			
 QUANTUM METAL "THE FIRST GOLD COMPANY"	Quantum Metal			●			
 ONEGRAM	Digital Asset Backed by Gold: Islamic Cryptocurrency						●
 بنك البلاد Bank Albilad	Albilad Gold ETF	●					
 Noorcoin	Gold-backed cryptocurrencies						●
 noor CAPITAL KAPITAL JGU	Gold Funds, Physical Gold			●			
 tamasia	Gold digital platform					●	

Point of View | Mohammad Ridzuan Abdul Aziz, President of Fintech Association of Malaysia (FAOM)

Fintech and gold trading: establishing a digital gold trading eco-system

- Fintech entities in Malaysia experienced growth following the Covid-19 outbreak as various stakeholders, including customers, shifted to digital transactions and eco-systems.
- FAOM leverages on the unique feature of gold as a universal value store with global acceptance to attract innovation from fintech practitioners.
- It analyzes from the perspective of the following 5 key elements the needs for the establishment of a digital gold eco-system: talent, technology, funding/investment, value proposition, and governance, risk management and compliance (GRC).
- It proposes to establish a comprehensive Digital Gold Eco-System Playbook that will involve the participation of varying levels of fintech entities to join the existing digital eco-system. The playbook will spell out key roles that each key stakeholder will play in establishing and operating the system, managing risks, and ensuring business continuity under different circumstances (business as usual, going-concern, gone-concern).
- Fintech companies are keen to explore:
 - i. Establishing a fully digital gold trading eco-system that covers the end-to-end value chain, from vault to eventual redemption. This will improve data sharing, transparency, operating costs and inter-operability.
 - ii. Integrating with existing eco-systems (fund managers, banks, broking houses, micro-savings platforms) to provide wider use-cases and value to customers,

- without compromising security and recourse.
- iii. Setting up P2P digital platforms that would be allowed to accept digitalized and/or tokenized gold (kept by an authenticated vault manager who plays the role of trustee) that would enable effective P2P matching of supply and demand.
- iv. Putting in place an industry-wide recovery resolution program (RRP) to address systemic failure and inter-dependency support in the event of going- and gone-concern by any of the eco-system players.

Regulatory challenges in gold trading and investment

- While the Malaysian regulators have acknowledged the need for gold-based micro-investment digital platforms, what is needed is for the gold digital platforms to be integrated with other eco-systems (e.g., banks, fund-managers, broking houses) to enlarge use-cases and economies-of-scale and provide more value to customers.
- In this light, the regulatory challenges for gold trading and investment in Malaysia are:
 - i. Advocating gold as an acceptable asset class for regulated asset/fund managers to add it as part of their investment portfolios.
 - ii. The need for increased awareness among MSMEs and SMEs about the use of gold and knowledge about gold-trading as part of their capital management strategies (e.g., as working capital, for hedging downturns, in collateral management for credit purposes).
 - iii. The need for Shariah pronouncements on the acceptability of gold across other use-cases (e.g., fund/asset

- management, working capital, trading) at entity and sector levels.
- With the increasing pace of digital change, fintech companies expect policy makers to consider:
 - i. Allowing fintech solutions to address the existing inefficiencies (e.g., high latency on information sharing, market information asymmetry due to inferior technology/connection, lack of empowerment for investors due to unnecessary intermediation and lag in the settlement period).
 - ii. Tweak existing policy to be principle-based rather than descriptive (e.g. trading rules, listing requirements) with more focus on (i) continuous customers' awareness programs (especially for retail) in determining the level of sophistication, (ii) standard e-KYC/e-KYB on-boarding programs to facilitate entrance and continuous supervision of the marketplace for all stakeholders, including vendors. Principle-based policy is expected to facilitate better Public Private Partnership (PPP) formats, to empower the industry to decide and drive the market.



Point of View | Mohammad Ridzuan Abdul Aziz, President of Fintech Association of Malaysia (FAOM)

Integrating ESG in gold-backed investment services

- From a time-based perspective, ESG would be beneficial in the long-run, hence effective and sustainable integration needs the following:
 - i. Awareness among key stakeholders about the positive impact of ESG on the industry.
 - ii. Infrastructure for data-sharing amongst stakeholders to address less-friction implementation and lower arbitrage risks (opportunistic non-compliance, unnecessary and inadvertent disclosures, and additional costs not attributable to specific business outcomes).
 - iii. Introduction of triple-bottom line approach as a mandatory KPI to be complied with.
- In the short- and medium-term, there have not been any meaningful outcomes or credible initiatives due to:
 - i. Lack of infrastructure – especially on data-sharing.
 - ii. Unclear established policy that incentivizes ESG adoption.
 - iii. Plenty of dialogue but lacking credible and comprehensive action plans.

While the Malaysian regulators have acknowledged the need for gold-based micro-investment digital platforms, what is needed is for the gold digital platforms to be integrated with other eco-systems (e.g., banks, fund-managers, broking houses) to enlarge use-cases and economies-of-scale and provide more value to customers.



Concluding remarks

This study evaluated the current state of gold investment markets in core Islamic financial markets and analyzed the key economic and business drivers of gold trade and investment, in particular the Shariah-compliant product offerings, and looked at the opportunities that gold as a commodity offers for Shariah-based innovative investment solutions. In designing these solutions, we examined the key strategic priorities that will make these investment solutions attractive to retail and institutional investors, the regulatory and policy requirements, and how digital transformation will harness economic scale and improve marketability. In addition, Shariah-based products need to be aligned with a clear purpose of achieving Maqasid al-Shariah, empowered by leading governance related to responsible investment, sustainable and socially-driven objectives.

We also examined how the gold supply chain offers short- to medium-term financing opportunities for Islamic commercial and investments banks. In addition, we looked at the higher capital, high-risk, upstream gold mining phase, which can also offer long-term financing opportunities for IIFs to consider structuring asset-based gold Sukuk which will fit rather adequately in the Sukuk market and offer institutional investors a much-needed new asset class.

Prevailing sentiment around gold-linked products demonstrates confidence in gold as a strategic asset and makes it a viable commodity around which to design Shariah-based products and services that will augment the Islamic investment asset class market.

In doing so, we looked at the key traits that will help Shariah-based gold products to be differentiated and add a new characteristic to investment products. We suggested a high-level product traits matrix, which constitutes the alignment of Maqasid al-Shariah with international investment and ESG and development goals.

Market confidence

The effects of the COVID-19 global pandemic have understandably tempered investment sentiment generally, but the investment in gold as an asset remained intact and experienced a new set of investors seeking refuge from volatile stock markets. IIFs can leverage this trend and form industry partnerships to assess where to play and how to win this opportunity and develop priority strategies to boost their gold-backed asset classes. This prevailing sentiment around gold-linked products demonstrates confidence in gold as a strategic asset and makes it a

viable commodity around which to design Shariah-based products and services that will augment the Islamic investment asset class market.

Innovative leadership

Key to achieving a new breakthrough in Shariah-based investment solutions will be to continue stimulating the innovation process amongst industry practitioners and leaders and striking the right balance between the Shariah knowledge and skillset, technology, and financial and investment services.

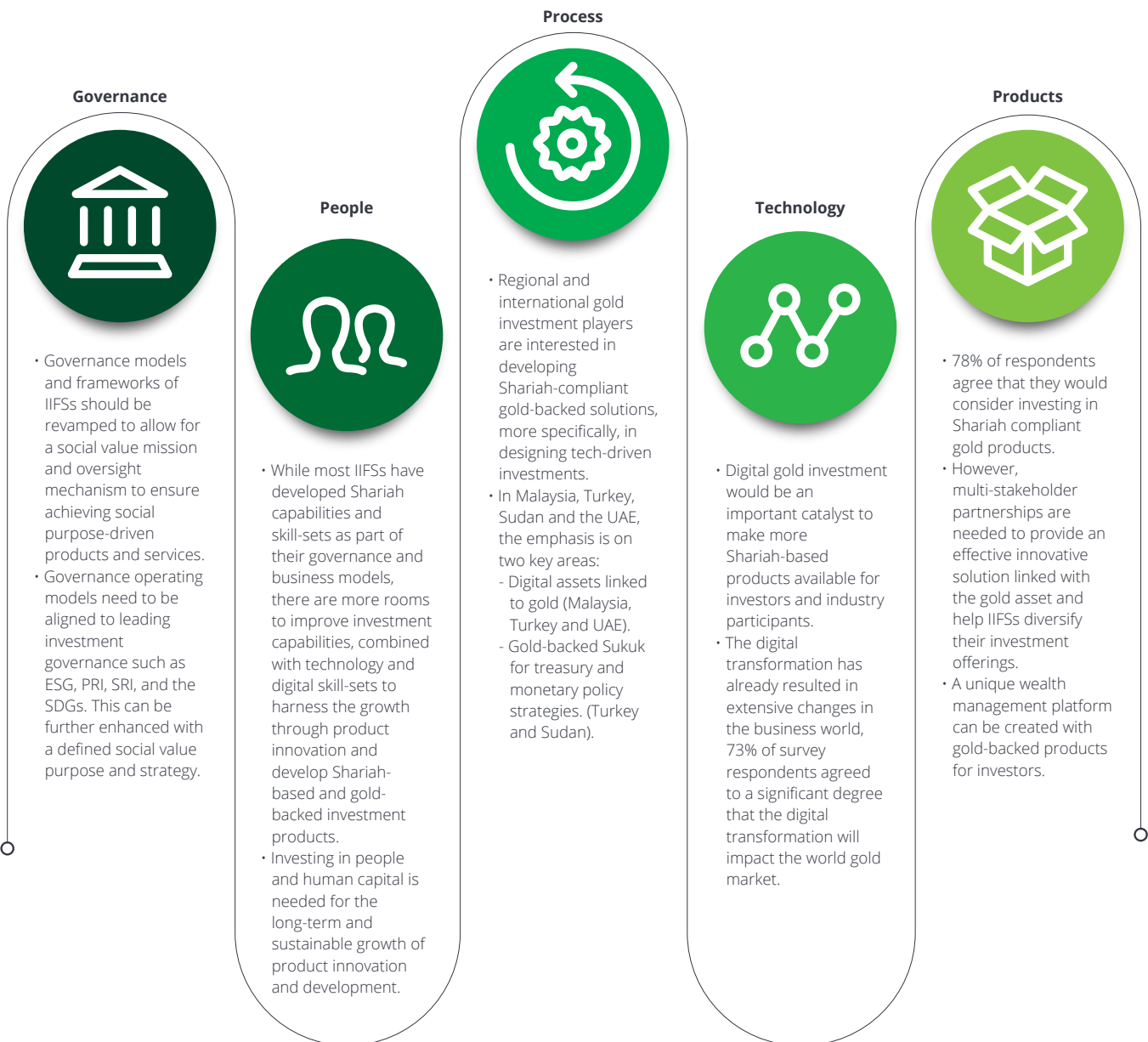
IIFs will need to have sound talent strategies, empowering talented investment bankers and wealth management product developers to work around ways to develop the new asset class in gold and create market growth plans.

Key takeaways

The analysis of gold investment markets and the need for new Shariah-based investment products has revealed a number of key points for industry leaders to take forward. The pandemic is reshaping the financial and investment industry

in a number of ways: ushering in a new competitive landscape, slowing growth in some services but interestingly prompting a new wave of innovation, and scaling up the digitization transformation. To leverage these changes and the digitalization trend, IIFs and other gold

investment players need to focus on a number of priority practice areas to uplift product innovation and stimulate growth in new Shariah-based gold offerings. These can be summarized in the below chart.

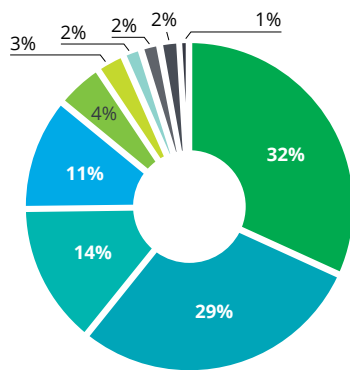


Appendix A: Practitioners' perspectives (Demographic)

This survey involved 107 participants from different demographics. The summary results of the survey are presented below.

Structure of participants

Please indicate your industry sector

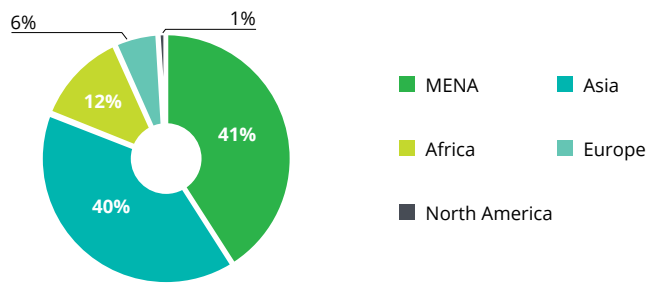


- Islamic banking
- Academic institution/research institution
- General financial services
- Enterprise/corporate
- Other
- Asset & wealth management
- Conventional banking
- Brokerage & investment
- Government or semi-government
- Law

- The survey respondents represent a broad spectrum of industries ranging from different sectors of the Islamic finance industry to government/semi-government and legal sectors. Hence, the findings of this survey are a true reflection of the opinions felt by the wider business community.
- The most dominant sectors are the Islamic banking and academic/research sectors, which constitute 61%. This gives the reader the advantage of exploring perspectives from both Islamic banking practitioners as well as academicians and scholars.

Geography

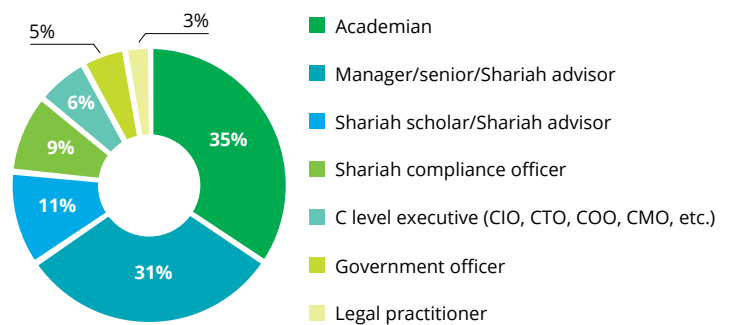
Please indicate your region



- Almost 80% of the respondents were from the MENA region and Asia, followed by Africa with 12% of total respondents. The remaining respondents were from Europe and North America.

Professions

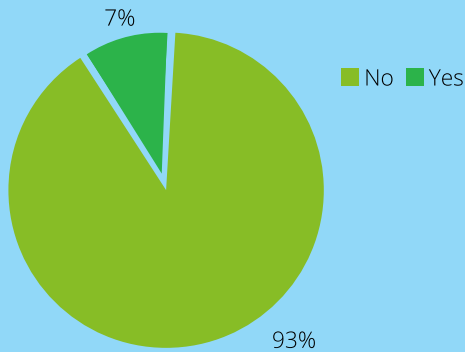
Which of the following most closely matches your job title?



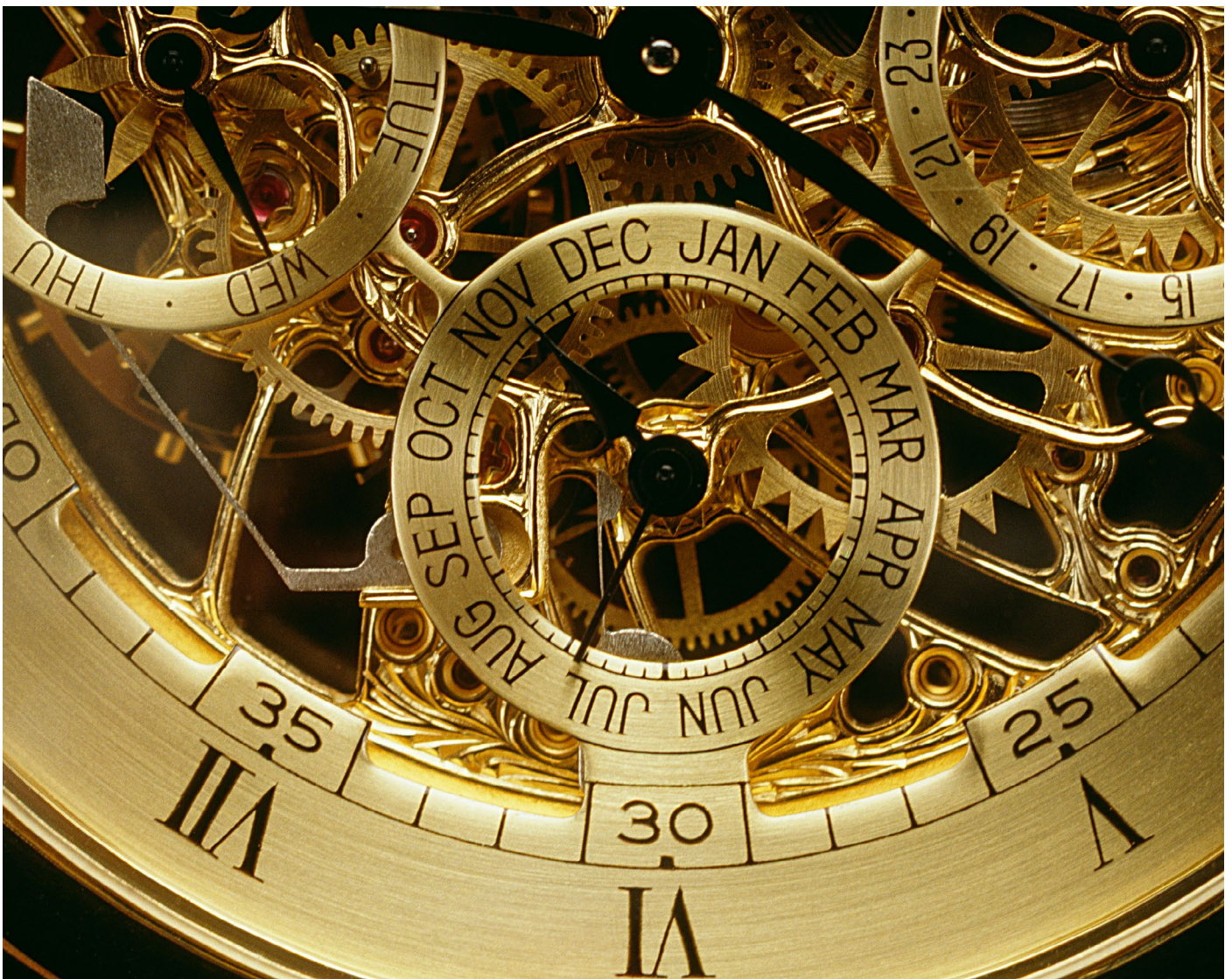
- 35% of respondents identified as being academicians, while 31% were in managerial/senior roles. 11% of respondents were Shariah scholars/advisors while 9% were Shariah compliance officers, with both fields being very pertinent to this study. The remaining 14% included legal practitioners, government officers, and executives.
- There was a balanced representative industry participation which gives weight and credibility to the responses and views shared by the participants.
- Respondents to this survey appear to have a significant amount of experience in their respective fields, as it is evident from their executive job titles.

Other insights

Does your institution invest in gold or offer gold investment products?



- Only 7% of respondents indicated that their institutions invest in gold or gold-based products while 93% indicated that they do not.
- This suggests that there is an opportunity for Shariah-compliant, gold-based solutions, as there is a growing market demand now for gold as a safe-haven investment in these challenging times.
- Considering the current global economic downturn, due to several factors such as COVID-19 and low oil prices, institutions offering Islamic financial services should seize the opportunity to design and develop gold or gold-based products to capture this increasing demand.



Appendix B: Country cases

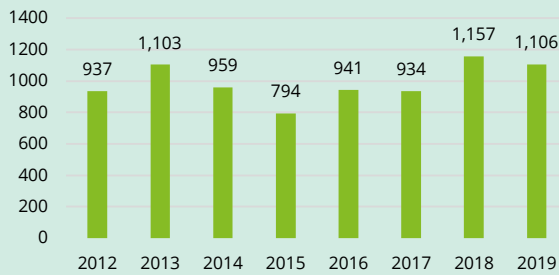


Country case 1: United Arab Emirates

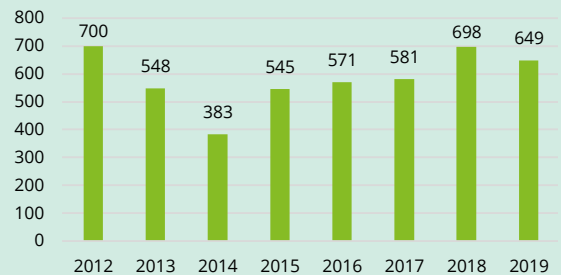
Socio-economic indicators		
GDP (US\$)	421.142 billion (2019, World Bank)	
Population	9,770,529 million (2019, World Bank)	
Commodity natural resources	<ul style="list-style-type: none"> Many minerals are currently mined in the United Arab Emirates, such as copper, precious stones and metals, including salt and marble. The gold, diamond and precious metals 	sector is one of the most important sectors for the UAE's economic diversification and is expected to witness significant growth.
Size of gold market	<ul style="list-style-type: none"> Gold is a significant commodity for the UAE, representing more than 29% of its non-oil exports (Zawya, 2020). The UAE gold market represents 11% of global gold exports (Zawya, 2020). The UAE increased its gold reserves to 	29.50 tons in the first quarter of 2020 from 12.41 tons in the fourth quarter of 2019, becoming the world's third largest buyer of gold in the first two months of 2020 (WGC, 2020).
Gold refinery companies	There are 10 main gold refinery companies in the UAE located in Dubai, Fujairah, and Sharjah. <ol style="list-style-type: none"> SAM Precious Metals Emirates Gold Refinery Fujairah Gold FZE Al Etihad Gold Refinery 	<ol style="list-style-type: none"> Gulf Gold Refinery Dijllah Gold Refinery FZC Premier Gold Refinery Kaloti Gold Factory Al Ghurair Gold Refinery Nadir Gold Dubai and IGR Global
Gold trading and investment	<ul style="list-style-type: none"> Dubai's gold trade grew in importance from the 1960s as a gold trading center from Europe into India, Pakistan, Iran and other markets in the region. The establishment of the Dubai Gold & Commodities Exchange (DGCX) in 2005 boosted this status of Dubai as a 	regional gold center and offered a range of gold trading instruments such as: <ul style="list-style-type: none"> Gold futures contract India Gold Quanto futures contract Spot Gold contract – Shariah-compliant

The gold market in the UAE		
<ul style="list-style-type: none"> The gold and jewelry sector has been given a priority status by the UAE government, with the intention of transforming it from a regional hub into a leading global center for bullion manufacture and design. The local 	gold market comprises extensive gold refining, gold wholesalers and distributors, a very large gold retail sector, as well as the emergence of gold trading and brokering operations. <ul style="list-style-type: none"> Dubai is the most active market for 	gold import and export in the UAE, as depicted in the charts below. There is a consistent growth in gold flowing in and out of Dubai since 2012, with 2018 recording the highest two-way flow total amount, i.e., 1855 tons.

Import of UAE gold volume (tons)



Export of UAE gold in volume (tons)



Regulations in the UAE for gold and gold-related Shariah-compliant products

The UAE, led by Dubai, has established key regulations pertaining to gold and its related products, namely:

- On 6th December 2020, the Ministerial Development Council established the UAE Good Delivery Standard that has three main pillars: governance, sustainability and innovation – with 10 separate strategic programs and initiatives including the establishment of a federal platform for gold trading and tracking, international marketing of the gold sector, and the use of technology in the production of gold.
- Dubai established the Dubai Multi Commodities Center (DMCC) in 2002, a dedicated global center for more than 18,000 businesses from a wide range of industries and sectors, as diverse as agro-industry, energy and financial services to diamonds, gold and base metals. With the support of the DMCC, Dubai now accounts for around 25%

of the global gold trade. The DMCC serves the entire gold value chain, from research and refining to trading and investing.

- The DMCC establishes the Dubai Gold and Commodities Exchange (DGCX) which provides gold derivative and spot platforms. Innovation on these platforms include the DMCC Tradeflow, a trade finance product; regional gold options trading; a Shariah-compliant hedge fund product.
- It has two accreditations for gold:
 - a. Dubai Good Delivery (DGD) Standards: an international benchmark for quality and technical specification to produce gold and/or silver. For gold refineries, the certification also includes responsible sourcing of gold in accordance with the ‘DMCC Rules for Risk-Based Due Diligence for Gold and Precious Metals’.

b. Market Deliverable Brand (MDB): an accreditation initiative that certifies gold and silver refineries (with a minimum of one year of operations) for their quality and technical production of gold and/or silver.

- DGCX trades many gold products, including:

Gold futures: The DGCX gold futures contract provides the international benchmark pricing gold contract for investors, speculators, hedgers and arbitragers. The gold futures contract was the first contract launched on DGCX platform in 2005 and has traded more than 5.4 million lots since then.

Shariah Gold: The Shariah-compliant Spot Gold product, launched in 2018, is a physically backed Shariah-compliant gold contract that marked the Exchange’s entry into the Islamic finance sector. Its contract specifications are detailed below:

Shariah spot gold - Contract specifications

Contract	Parameters
Contract type	Shariah Compliant
Contract name	Spot Gold Shariah Compliant
Underlying	Gold with a minimum purity of 0.995 of allocated and segregated 1 kilo gold bars
Contract size	32 troy ounces (approx. 1kg)
Notional contract value	32 x gold price quote in US\$ per troy ounces
Trading currency	US\$
Tick size	US\$ 0.10
Tick value	US\$ 3.20
Settlement basis	Physical delivery

Source: Dubai Gold and Commodities Exchange (DGCX)

Regulations in the UAE for gold and gold-related Shariah-compliant products

- The UAE Central Bank, which regulates any Shariah-compliant gold-related products offered by Islamic financial institutions, rules that they must comply to the AAOIFI Shariah Standards.
- Many Islamic banks in the UAE offer Shariah-compliant gold related-products; some of which are highlighted on the right.

Institution	Product	Type/Structure
Dubai Islamic Bank	DIB structured issuance program linked to the performance of gold	Private banking – structured investment solutions
Abu Dhabi Islamic Bank (ADIB)	ADIB structured products (gold investment)	Private banking – wealth management
Emirates Islamic Bank (EIB)	Gold certificate	Retail customers and private banking
Mashreq Al Islami	Shariah-compliant gold-structured products	Private banking – structured products
National Bank of Fujairah (Islamic window)	Shariah-compliant bullion financing solutions	Corporates – collateralized financing

- Apart from Shariah-compliant gold products offered by DMCC and Islamic banks, the UAE is home to other asset classes which are backed by gold, namely:

- **Sukuk:** The Gold Reserve Sukuk Limited – the first gold-backed Sukuk which empowers investors to invest in physical gold. It guarantees the full ownership of gold and enables investors to hold it outside the traditional banking system with the possibility of trading it on the NASDAQ Dubai or to request for physical delivery. Details of this Sukuk are provided in the table on the right.

Gold backed Sukuk	
Sukuk type	Wakalah
Issuer	Gold Reserve Sukuk Limited
Size	US\$ 5,000,000,000
Underlying asset	5x1 kilo bars of gold
Co-Arranger	Tabarak Investment Capital
Exchange	NASDAQ Dubai

- **Islamic fund: DSAM Kauthar Gold Fund** – an Islamic fund that aims to achieve absolute returns and long-term capital growth through investments in global gold and precious metal mining equities.

- **Shariah-compliant digital asset: OneGram** – the first cryptocurrency that has been certified as Shariah-compliant.

Each OneGram coin is backed by at least one gram of physical gold, which provides a stable floor price.



Country case 2: Saudi Arabia

Socio-economic indicators	
GDP (US\$)	792.967 billion (World Bank, 2019)
Population	34,268,528 million (World Bank, 2019)
Commodity natural resources	Apart from petroleum, the Kingdom's other natural resources include natural gas, iron ore, gold, and copper.
Size of gold market	<ul style="list-style-type: none"> • Saudi Arabia's gold reserves amounted to 323.1 tons in October 2020, representing 3.1% of its total reserves (WGC, 2020). • Saudi Arabia has a healthy reserve of untapped mining potential valued at SAR 4.88 trillion (US\$ 1.3 trillion), with 20 million ounces of below ground gold reserves. • Saudi Arabia is the largest gold producer in the Middle East, with a production of around 400,000 ounces in 2019. Its total estimated value of gold is US \$229 billion (Investsaudi.sa).
Gold refinery and mining companies	<ul style="list-style-type: none"> • The largest gold mining company in Saudi Arabia is Ma'aden, a government-backed gold mining and production company. Ma'aden is amongst the top ten mining firms in the world. • Ma'aden Gold and Base Metals Company (MGBM) is a wholly-owned subsidiary of Ma'aden, which operates six gold mines: <ol style="list-style-type: none"> 1. Ad Duwayhi Mine: Production commenced in 2016 and is currently Ma'aden's largest producer, with approximately 263,000 ounces of gold produced in 2019. 2. Al Amar Mine: Production commenced in 2009 and produced approximately 28,000 ounces of gold in 2019. 3. Bulghah & Sukhaybarat Mine: Produced a total of approximately 62,000 ounces of gold in 2019. 4. As Suq Mine: Commenced production in 2014, and produced approximately 19,000 ounces of gold in 2019. 5. Mahd Ad Dhahab Mine: An ancient gold mine dating back 3,000 years. Modern underground production commenced in 1988 and produced approximately 21,000 ounces of gold in 2019. 6. Mansourah-Massarrah Mine Project: Mansourah-Massarrah is a new gold project. The plant will employ carbon-in-leach and pressure oxidation processes technology for gold production. When in full production, Mansourah-Massarrah is expected to contribute 250,000 ounces of gold per year. • Gold accounts for the majority of MGBM's revenue, with copper, silver and zinc accounting for the remainder. Gold deposits are located throughout the central Arabian gold region of Saudi Arabia.
Gold trading and investment	<ul style="list-style-type: none"> • Saudi Central Bank (SAMA), the Ministry of Investment, the Tadawul, and other various banks, offer several gold investment products for retailers, dealing in both jewelry and gold bullions. • Some of the large Saudi commercial banks also offer physical gold and gold banking products. However, there are no exchange traded products or centralized spot gold exchanges in the Kingdom.

The gold market in Saudi Arabia

- Saudi Arabia's 2030 vision entails diversification of its economy, increasing non-oil global exports and the country's non-oil GDP, and developing mining sectors as the third pillar of the economy (after oil and gas and petrochemicals production).
- Even though the Kingdom has the largest mining industry, its gold financial market is still in its infancy.
- The contribution of the Saudi mining sector to the gross domestic product (GDP) is projected to soar by more than SAR 240 billion and to lower imports by SAR 37 billion and provide more than 200,000 direct and indirect job opportunities by 2030 according to Saudi Minister of Industry and Mineral Resources.

Gold investment trends

From January to December 2020, ETF holdings in the Kingdom recorded net inflows of 0.5 tons valued at US\$ 29.4 million, according to the latest data released by the World Gold Council (WGC).

In 2021, the Dubai Gold and Commodities Exchange joined forces with Albilad Capital to provide pricing data for the company's new Shariah-compliant, gold-backed exchange traded fund listed on Saudi Arabia's Tadawul exchange. The collaboration with the Saudi financial and investment company is expected to boost gold and Islamic finance markets across the region.

A minimum of 95% of the ETF's assets will be invested in physical gold, purchased from the DGCX market via its Shariah-compliant spot gold contract, and stored in a secured vault in Dubai. The product is primarily aimed at retail investors.

However, the offering of such products opens more avenues for existing and prospective investors. Moreover, these investment options would also attract foreign investors and make the market liquid and transparent.

Regulations in Saudi Arabia for gold and gold-related Shariah-compliant products

- There are no specific laws and regulations related to gold financial products and services. However, the existing banking and capital market regulations are conducive and might cover gold financial products. Some examples of the applicable laws are:
- **Saudi Central Bank (SAMA):** Rules Governing the Opening of Bank Accounts and General Operational Guidelines in Saudi Arabia (Fourth Update 2012) are applicable for gold-based investment accounts offered by Saudi banks.
- **KSA's Capital Market Authority (CMA):** Closed-ended Investment Traded Funds Instructions (applicable for any gold-based fund); Financial Technology Experimental Permit Instructions (covers fintech-based gold products); Investments Funds regulations (applicable for gold-based funds including gold backed/based ETFs); Investment Accounts Instructions (regulates gold-based investment accounts).

- **Ministry of Commerce and Industry:** The Ministry of Commerce and Industry supervises and controls the trade and industry of precious metals.
- **General Authority of Zakat and Tax (GAZT – KSA):** GAZT issues Zakat and tax guidelines for investment metals. These guidelines are for businesses involved in the metals investment sector, including producers, refiners, operators, wholesalers, retailers, and those using investment metals for industrial, commercial and investment purposes.
- Some Shariah-compliant gold products offered in Saudi Arabia are provided in the following table:

- When the Kingdom introduced value-added tax (VAT) in 2018, 5% tax was imposed on the sale of jewelry to both retailers and consumers. Services provided by refiners, such as refining, leaching, granulating, casting, and re-casting, are also subject to the same VAT rate.
- In June 2020, Saudi Arabia's cabinet approved a new mining law that aims to accelerate foreign investment in the sector as part of efforts to diversify its economy away from hydrocarbons. The new law facilitates investor access to financing and supports exploration and geological survey activities.

Institution	Product	Type/Structure
Al Rajhi Bank	Gold trading	Treasury
National Commercial Bank (NCB)	Gold Account: 999.9 PURE GOLD	Individuals – personal banking
Albilad Capital	Shariah-compliant Gold ETF	Individuals, corporations, companies, government agencies and other sectors



Country case 3: Bahrain

Socio-economic indicators	
GDP (US\$)	38.574 billion (World Bank, 2019)
Population	1,641,172 million (World Bank, 2019)
Commodity natural resources	Petroleum and natural gas are the most important natural resources in Bahrain.
Size of gold market	<ul style="list-style-type: none"> Bahrain has a diverse number of gold sellers, jewelers, bullion traders, and investment account providers such as banks. Bahrain's gold reserves amounted to 4.7 tons in August 2020, representing 6.1% of its total reserves. 183 shops in Gold City Manama sell a wide range of jewelry, coins, and bullion
Gold refinery and mining companies	No significant mining operations

The gold market in Bahrain		
<ul style="list-style-type: none"> Some jewelry shops offer a gold saving scheme. For instance, "Devji jewelers Swarna Varsha plan" offered by Devji jewelers allows customers to convert their cash instalments into gold at the prevailing gold rate, which will then be credited into their accounts. 	<ul style="list-style-type: none"> The release of AAOIFI's Shariah Standard on Gold, which allows different Islamic capital market instruments backed by gold such as Sukuk and ETFs, may open up more investment opportunities for investors who do not wish to purchase gold 	<ul style="list-style-type: none"> outright. Al Bahrain Jewellers LLC has become an associate member of the London Bullion Market Association (LBMA), an international association that has been representing the market for gold and silver bullion since 2011.

Regulations in Bahrain for gold and gold-related Shariah-compliant products		
<p>Key regulators that are responsible for the gold market in Bahrain include the Central Bank of Bahrain (CBB) Ministry of Industry, Commerce and Tourism which provides precious metals assay services</p>	<p>AAOIFI, and the National Bureau for Revenue (NBR). The following table sets out key regulations issued for gold and gold-related products.</p>	
<p>Central Bank of Bahrain</p>	<p>Gold contracts Gold contracts are treated the same as foreign exchange contracts for the purpose of calculating credit risk except that contracts with an original maturity of 14 calendar days or less are included.</p> <p>Gold options (conventional) The CBB has identified gold's position in conventional gold options as follows:</p> <ul style="list-style-type: none"> The net delta-based equivalent of the foreign currency and gold options are 	<p>incorporated in the measurement of the exposure for the respective currency or gold position.</p> <ul style="list-style-type: none"> All assets and liabilities must be included at closing mid-market spot exchange rates. Marked-to-market items must be included on the basis of the current market value of the positions. However, conventional bank licensees which base their normal management accounting on net present values must use the net present values of each position,

Regulations in Bahrain for gold and gold-related Shariah-compliant products

<p>Central Bank of Bahrain</p>	<p>discounted using current interest rates and valued at current spot rates, for measuring their forward currency and gold positions.</p> <p>The Wakalah investments products have the main feature of undertaking trading activities in foreign exchange such as, shares and or commodities, including Commodity Murabaha Transaction (CMT).</p> <p>The CBB identified that the Wakalah investments in gold are the same as those in foreign currencies, which are subject to the following regulation:</p> <ul style="list-style-type: none"> • An investment in foreign exchange and trading in gold or silver must be measured according to the treatment as set out in Section CA-5.5, which requires an 8% capital charge on the greater of either net long or net short positions and an 8% capital charge on the net position of gold/silver. 	<p>Gold coins and bullion</p> <p>The CBB, when defining options, includes gold together with palladium, platinum, silver or other commodities.</p> <ul style="list-style-type: none"> • Article 20 of Foreign Exchange Transactions: The Central Bank may buy, sell and deal in gold coins and bullion, foreign currencies, treasury notes and other bonds and to open and maintain accounts abroad, and to act as an agent or correspondent for foreign central banks or similar institutions as well as for foreign governments and international financial institutions. • Credit risk regulation for Islamic banks: Gold bullion held in a bank's own vaults or on an allocated basis to the extent it is backed by bullion liabilities must be treated as cash and therefore risk-weighted at 0%.
<p>The National Bureau for Revenue Tax</p>	<p>The supply or import of gold, silver and platinum for investment purposes, provided the purity of the metal is not less than 99% and it is tradeable in the global bullion market based on a certificate issued by the relevant body in Bahrain,</p>	<p>will be subject to VAT at the zero-rate. The first supply of gold, silver, and platinum by way of sale for trading purposes after extraction is subject to VAT at the zero-rate.</p>
<p>AAOIFI</p>	<p>The AAOIFI Shariah Standard No. 57 on Gold and Its Trading Controls</p> <p>This standard covers the Shariah rulings for gold in its various types and forms, the</p>	<p>Shariah parameters for trading in gold, and the Shariah rulings for gold-based financial products in institutions.</p>

There is insufficient data and details about existing gold products. However, investors can invest in gold bullion either by physically purchasing it from the market or through the various retail banks in the Kingdom.



Country case 4: Malaysia

Socio-economic indicators	
GDP (US\$)	364.702 billion (World Bank, 2019)
Population	31,949,777 million (World Bank, 2019)
Commodity natural resources	<ul style="list-style-type: none"> • Petroleum and natural gas are the most valuable minerals which contribute a significant portion Malaysia’s commodity export earnings. • Major metallic ores include tin, bauxite (aluminum), copper and iron, while minor ores are manganese, antimony, mercury and gold. • Malaysia is the second largest palm oil producer after Indonesia, contributing 26% of global production in 2019.
Size of gold market	<ul style="list-style-type: none"> • Malaysia has 38.9 tons of gold reserves as of December 2020, representing 2.2% of the total foreign reserves (WGC, 2021). • Malaysia has a healthy gold market with an emphasis on gold jewelry fabrication. More than 40 tons of gold is used annually for jewelry fabrication in Malaysia, the majority of which is exported. • Due to limited gold production from domestic gold mining, most of Malaysia’s gold supply is imported from Switzerland, the UAE, Singapore, Turkey, Hong Kong, the United States or Thailand. • Malaysian gold jewelry exports stood at US\$ 6.3 billion in 2019. However, due to Covid-19, the number plunged by between 70-80% in 2020.
Gold refinery and mining companies	<p>There are a few companies that operate in different mining locations in the states of Pahang, Kelantan, Terengganu and Sarawak:</p> <ul style="list-style-type: none"> • Pasir Emas Mining Sdn Bhd • Raub Australian Gold Mining Sdn Bhd, a subsidiary of Peninsular Gold Ltd • Segar Padu (M) Sdn Bhd • Specific Resources Sdn Bhd • Anchor Resources Limited • Monument Mining Limited • Besra Gold Inc.
Gold trading and investment	<p>Gold trading and investment in Malaysia involve different gold products:</p> <ul style="list-style-type: none"> • Physical gold – gold bullion (bars, ingots and coins) and gold jewelry • Gold-related financial products – gold investments/savings accounts and gold pawning services • Gold securities – gold futures (FGLD), gold exchange-traded funds (ETFs) on Bursa Malaysia. However, these products are not well-developed, suggesting further improvement potential.

The gold market in Malaysia

- Malaysia's gold market focuses on gold jewelry fabrication, especially for exports. Its plain gold jewelry market accounts for about 85% of Malaysia's precious jewelry market, which is estimated at RM6 billion (circa US\$ 1.5 billion) per year.
- Malaysia's import of raw gold bullion for manufacturing jewelry and its export of plain gold jewelry from 2014-2017 are depicted below:
 - In 1993, Malaysia introduced Islamic pawn shops, known as the Al-Rahnu scheme, which uses only gold as collateral, through a joint effort between Bank Negara Malaysia (which supplies the financing expertise), Islamic Economic Development Foundation Malaysia (YAPEIM) as the funder, and Bank Kerjasama Rakyat Malaysia Berhad (which supplies infrastructure and manages the transactions). Later, YAPEIM and some Islamic financial institutions also began offering the Al-Rahnu scheme.
 - In 2001, the Central Bank, i.e., Bank Negara Malaysia, issued bullion gold coins named Kijang Emas, which are recognized as legal tender, with 99.99%
- Malaysia is considered the 12th country in the world to produce its own bullion gold coins, which are available in three different sizes, i.e., ¼ oz, ½ oz, and 1 oz. Kijang Emas can be purchased at select Maybank branches.
- Although the gold market in Malaysia is relatively small compared to its northern and southern neighbors, Thailand and Singapore, the widespread accessibility of gold bars or coins in goldsmith and jewelry shops, gold companies and financial institutions indicates that gold has a growing demand among Malaysia's general population due to its intrinsic value.

Year	Gold bullion import		Plain gold jewelry export	
	RM (million)	Tons (approx.)	RM (million)	Tons (approx.)
2014	10,933	70	6,827	40
2015	11,338	68	7,766	45
2016	9,603	70	7,186	52
2017	13,932	84	6,714	40

Regulations in Malaysia for gold and gold-related Shariah-compliant products

- According to the Exchange Control (Gold Exemption) Order 1986, residents and non-residents in Malaysia are free to buy, sell, exchange, borrow, lend, retain, use, import or export gold. Hence, no special license or approval from any authorities are required to trade and deal with gold.
- Nonetheless, Bank Negara Malaysia (BNM) regulates any deposit-taking in the gold trade offered by financial institutions, which are governed by the Financial Services Act 2013 and Islamic Financial Services Act 2013. Similarly, the Securities Commission Malaysia and Bursa Malaysia regulate gold-related capital market products such as gold futures and gold funds.
- The following table gives some examples of Shariah-compliant gold investment/savings accounts offered by Islamic financial institutions which are regulated by BNM.

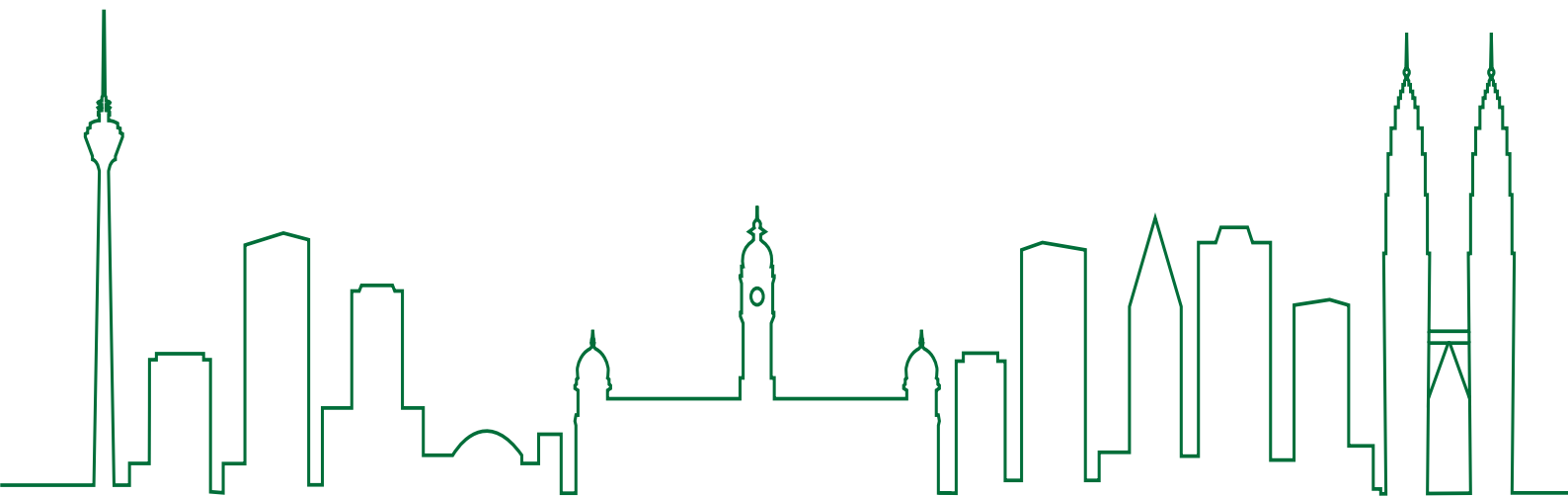
Institution	Product	Type/Structure
Affin Islamic	Affin Emas-i	Retail
Al Rajhi Bank Malaysia	Al Rajhi Gold-i	Retail
Bank Muamalat	Muamalat Gold-i	Retail
KFH Malaysia	Gold Account-i	Retail
Maybank Islamic	Maybank Islamic Gold Account-i	Retail

Regulations in Malaysia for gold and gold-related Shariah-compliant products

- Malaysia's first Shariah-compliant gold ETF, the TradePlus Shariah Gold Tracker, was launched in 2017 and funds are traded on Bursa Malaysia and regulated by the Securities Commission Malaysia. The following table provides the fund's details:
- Apart from the below gold products, Malaysia is home to the world's first Shariah-compliant gold platform called HelloGold which was launched in 2016. HelloGold offers two main products: HelloGold Basic and HelloGold Pro.

TradePlus Shariah Gold Tracker

Fund category	Shariah-compliant ETF
Fund type	Gold price performance tracking fund
Asset allocation	Physical gold bars: Minimum 95% of the Funds NAV Islamic money market instruments / Islamic deposits: Remaining % of the Funds NAV
Investor profile	The Fund is suitable for investors who seek exposure to gold through a Shariah-compliant investment structure and have a moderate risk tolerance level
Base currency	US dollar (US\$)
Benchmark	London Bullion Market Association (LBMA) Gold Price AM
Fund manager	Affin Hwang Asset Management Berhad





Country case 5: Indonesia

Socio-economic indicators	
GDP (US\$)	1.119 trillion (World Bank, 2019)
Population	270,625,568 million (World Bank, 2019)
Commodity natural resources	<p>Indonesia is endowed with rich natural resources:</p> <ul style="list-style-type: none"> • It ranked seventh among the top-10 gold producing countries in 2017, after China, Australia, Russia, the United States, Canada and Peru. It produced around 3.5% of global gold production, which totaled 114.2 tons in 2017 (WGC, 2019). • It is the second largest coal producing country in the world, producing 9% of the world's total coal production, after China at 47.6% in 2019. • It is the largest palm oil producer, with 58% of global production in 2019, the second largest rubber producer after Thailand, and the third largest producer of cocoa in the world after the Ivory Coast and Ghana.
Size of gold market	<ul style="list-style-type: none"> • Indonesia's gold market starts with upstream production and expands to refining and exchange-based financial intermediation as well as downstream retail distribution. • Indonesia has a vibrant physical gold market, with a large gold jewelry sector and with gold being also available in the form of gold bar products. • Demand for gold from the Central Bank has been increasing over the years. As at end 2018, Central Bank gold reserves represented 78.5 tons, valued at US\$ 3,235.9 billion (WGC, 2019). • The country ranked 27th as a gold-exporter and 22nd as a gold-importer in 2017. It exports about US\$ 2 billion of gold and imports about US\$ 931 million annually.
Gold mining and refinery companies	<ul style="list-style-type: none"> • Indonesia is home to one of the largest gold mines in the world, the Grasberg Mine, which is located in the eastern Papua province and was opened in the 1980s. • Large scale mining companies include: <ul style="list-style-type: none"> - Freeport McMoran (the majority owner of Grasberg), - Newcrest Mining, and - Newmont Mining Corp (partial owner of the Batu Hijau mine). • Export-oriented mining companies include ANTAM (Aneka Tambang). • Gold refining is carried out by the Logam Mulia, located in Jakarta. It has been accredited by the London Bullion Market Association's (LBMA) Good Delivery List for gold. Logam Mulia has 11 retail outlets in 9 locations across Indonesia.
Gold trading and investment	<p>Gold trading and investment in Indonesia come in different forms:</p> <ul style="list-style-type: none"> • Physical gold – gold jewelry was traditionally held by the older generation; the younger generation is investing in small ingots made by ANTAM and sold in gold shops and pawn shops, as well as online. • Gold-related financial products – Murabahah gold (gold instalments) and Rahn gold (pawning services). • Gold futures contract – offered via two commodities exchanges, notably the Jakarta Futures Exchange (JFX) and the Indonesia Commodity and Derivatives Exchange (ICDX). However, there is no gold ETF offered currently.

The gold market in Indonesia

- Volatile stock market conditions and a history of steep fluctuations in the Indonesian rupiah have turned gold investment into a safe haven for many Indonesians.
- The fact that gold is used as a form of savings for Indonesians to protect themselves against the falling rupiah has boosted retail sales of gold ingots and encouraged an increase in production of gold as well.
- Healthy economic growth in Indonesia fueled overall consumer demand as well as demand for gold jewelry and bars and coins over the years. In December 2018, Indonesian consumer demand for gold hit a three-year high, rising 9% to 64 tons, as shown in the table below.
- The market is expected to remain strong, especially as Indonesia has the third largest population in Asia and a growing middle-class who views gold as an attractive form of savings and investment.

In tons	2014	2015	2016	2017	2018	Year-on-year % change
Gold jewelry demand	36.5	38.9	38.4	38.6	41.9	9
Bars and Coins	26.9	20.1	21.1	20.2	22.2	10
Consumer Demand	63.4	59	59.5	58.8	64	9

Source: World Gold Council (2019)

Regulations in Indonesia for gold and gold-related Shariah-compliant products

- Prior to the financial services regulation moving to OJK (Otoritas Jasa Keuangan), Bank Indonesia issued regulations on Rahn gold (gold pawning) and Murabahah gold in 2012. It is understood that OJK has maintained the same regulation on both products.
- Murabahah gold (gold instalment) and Rahn gold (gold pawning) are two gold products offered by Islamic banks for retail customers. These are based on the fatwas issued by Dewan Syariah Nasional-Majelis Ulama Indonesia:
 - National Shariah Board-Indonesian Council of Ulama (Dewan Syariah Nasional-Majelis Ulama Indonesia) (2010) Verdict on Murabahah Gold (Non-cash purchasing of gold) number 77/DSN-MUI/V/2010, Jakarta. Accordingly, Islamic banks are allowed to finance gold trading with a margin (profit) for the bank and on a deferred payment basis.
 - National Shariah Board-Indonesian Council of Ulama (Dewan Syariah Nasional-Majelis Ulama Indonesia) (2002) Verdict on Rahn Gold number 26/DSN-MUI/III/2002, Jakarta.
- At the level of the capital markets, it is noted that gold investment companies are not licensed by OJK and therefore their products and services are not supervised/regulated by OJK. Gold trading and investment is mostly done on the commodity exchanges, with BAPPEPTI being the regulatory body regulating the commodity exchanges and being the agency responsible for issuing rules on gold futures contracts traded on JFX and ICDX.
- In terms of regulation of digital gold platforms, the Commodity and Futures Trading Regulatory Agency (CoFTRA) of the Ministry of Trade issued regulations on the implementation of commodity trading for digital gold in 2019. CoFTRA Regulation No. 4 of 2019: Technical Provisions for the Implementation of the Digital Gold Physical Market on the Futures Exchange regulates the digital gold physical trading market institutions with more specific requirements.
- E-commerce marketplaces such as the Ant Financial-backed Bukalapak and Alibaba-backed Tokopedia also sell gold on digital platforms, even in instalments to encourage investments in gold. Fintech company Pluang offers gold transactions through its mobile platform. Several digital gold platforms facilitate gold transactions in small denominations such as IndoGold, Treasury, MasDuit and Pegadaian Digital Service.
- It is also noted that Logam Mulia and Islamic Mint Nusantara (IMN) have been minting gold dinars and silver dirhams as part of the promotion of 'Sunnah money'. IMN has also introduced Dinarfirst, an electronic payment system.



Country case 6: Pakistan

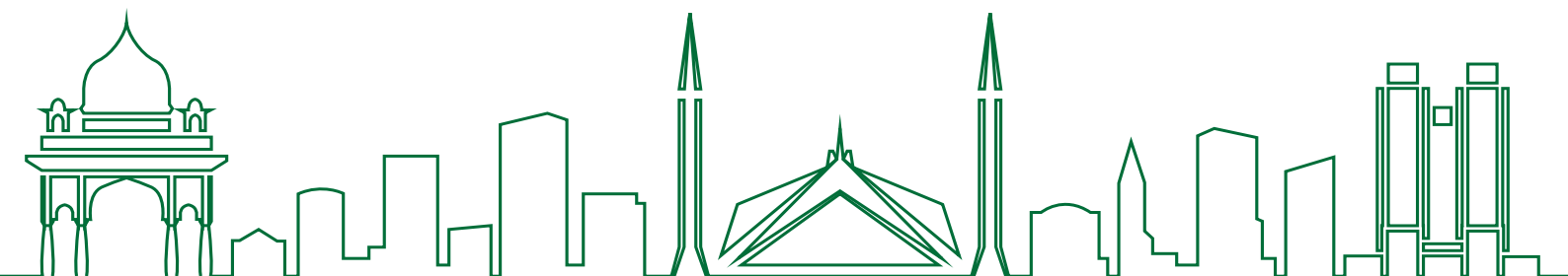
Socio-economic indicators		
GDP (US\$)	278.222 billion (World Bank, 2019)	
Population	216,565,318 million (World Bank, 2019)	
Commodity natural resources	<ul style="list-style-type: none"> Arable land is one of the main natural resources, representing 39.5% of the total land area, according to 2015 figures. Extensive natural gas reserves are another natural resource in Pakistan. The overall natural gas production was estimated at 1.46 trillion cubic feet in 2017/2018. The Sui gas field is the largest, accounting for 26% of Pakistan's gas production. From the Sui gas field alone, daily production is 19 million cubic meters. 	<ul style="list-style-type: none"> Other natural resources include petroleum, which is limited. Raw quality coal is also found in large amounts in Pakistan, estimated at 175 billion tons. There are large deposits of rock salt in the Pothohar Plateau. Pakistan's mineral resources include reserves of gypsum, limestone, chromite, iron ore, rock salt, silver, precious stones, gems, marbles, tiles, sulphur, fire clay and silica.
Size of gold market	<ul style="list-style-type: none"> Pakistan does not export gold; rather, it is an importer of gold. Pakistan imported 509 kg of gold in 2018, as opposed to 262 kg worth US\$ 10.272 million in 2017. Gold is used in jewelry and for savings purposes by individuals. It is also considered an asset class for diversifying 	<ul style="list-style-type: none"> investment portfolios and minimizing risk exposure. The State Bank of Pakistan uses gold as national reserves too. The official gold holdings by the State Bank of Pakistan were 64.60 tons, which represents 20.7% of total foreign reserves held as at August 2020 (WGC, 2020).
Gold mining and refinery companies	<ul style="list-style-type: none"> Though gold mining is not carried out in Pakistan, a large amount of gold has been discovered to exist in the following areas: <ul style="list-style-type: none"> Saindak, Baluchistan, Pakistan Reko Diq, Baluchistan, Pakistan 	<ul style="list-style-type: none"> It is estimated that about 5.9 billion tons of gold and copper ore resides underneath the above areas, potentially making it the world's fifth largest deposit. This could be valued up to US\$ 500 billion.
Gold trading and investment	<ul style="list-style-type: none"> The key gold trading and investment products within the country are offered by Pakistan Mercantile Exchange (PMEX) in the form of futures contracts. There are various types of gold futures 	<ul style="list-style-type: none"> contracts available at PMEX depending on the volume of gold and currency of exchange.

The gold market in Pakistan

- Due to price volatility in other assets, the trend in gold investment is positively affected by its stable nature.
- The inflation rate is an important factor which gold is used to hedge against. The data collected during 2010-2017 reveals that the average local price of gold per ounce in Pakistani Rupee increased by 7.05% annually, against the annual inflation rate of 7.59% during the same period. It shows gold as almost a perfect hedging instrument against inflation.
- During 2015-2016, the gold price remained in murky territory; however, from 2017 the price has been witnessing an upsurge. While the local gold price continues to increase, and gold has managed to make slight gains, investors believe that it is a prime time for gold to rise and sustain itself at a higher price-level. Overall, gold investment trends have regained investors' trust.
- Recent investment trends have also shown that since gold is classified as a safe haven investment, there is a growing shift towards gold amidst the surge in economic uncertainty and financial turbulence.

Regulations in Pakistan for gold and gold-related Shariah-compliant products

- According to the Foreign Exchange Regulation Act, 1947 (VII of 1947), the federal government can put restrictions on the import and export of gold either in the form of coins, bullion or ingots, and the use or dealing in gold at its discretion.
- Moreover, any import or export of gold in any form requires permission from the State Bank of Pakistan.
- Commodity brokers dealing in gold need to register with the Pakistan Mercantile Exchange (PMEX) and acquire a license from the Securities and Exchange Commission of Pakistan (SECP).
- According to circulars issued by the State Bank of Pakistan, microfinance banks (MFBs) that offer personal and business loans with gold as collateral or security need to develop an appropriate collateral handling policy duly approved by their board of directors. The policy should include the criteria for authorizing branches for offering gold-backed loans, the purpose of the loans, eligibility of borrowers, valuation criteria, loan processing procedures, release/auction of gold, and insurance and internal controls.
- Since the gold trading and investment market offered by financial institutions is not developed, it seems that the favorable regulations and policies are lacking in the country. It is difficult, therefore, to examine their applicability to Islamic finance at the moment.
- Currently, the use of fintech to support gold trading and investment in Pakistan is not visible. However, the potential for providing fintech-based innovative solutions for gold investment is huge, with Pakistan quickly becoming a 'digital-first country', as reported by Arab News.





Country case 7: Turkey

Socio-economic indicators	
GDP (US\$)	754.412 billion (World Bank, 2019)
Population	83,429,615 million (World Bank, 2019)
Commodity natural resources	Turkey's natural resources include iron ore, copper, coal, gold
Size of gold market	<ul style="list-style-type: none"> • Turkey is the world's fourth largest consumer of gold, accounting for around 6% of global consumer demand. • Turkey's gold reserves stood at 190.17 tons as of September 2020 compared to 159.04 tons in 2019 (WGC, 2020). • There are diverse gold sellers in local bazaars numbering around 35,000, jewels, bullion traders, and investment account providers such as banks. • There are large amounts of gold held by the government of Turkey both in Turkey and at the Bank of England. • The biggest retail gold market in Turkey is the Grand Bazaar and is the heart of the Turkish gold market.
Gold mining and refinery companies	<ul style="list-style-type: none"> • Turkey has a small but growing gold mining industry which generates jobs, tax revenue and investment. Fabrication, consumption and recycling boost the economy. • Fourteen gold mining companies operate in Turkey and 15 gold mines have been developed since 1985 (WGC and Turkish Miners Association). • Key mining zones are: Kisladag, Copler, Ovacik, Ffemcukuru, Himmetdede, Kaymaz, Kestanelik, Altintepe, Kiziltepe, Mastra, Bakirtepe, Bolkardag, Inlice, Midi, and Sart. • Turkey produced a record 38 tons of gold in 2019 (turkishgoldminersassociation.org). The total production between 2001 and 2019 is 306 tons.
Gold trading and investment	<p>Gold trading and investment in Turkey take various forms, namely:</p> <ul style="list-style-type: none"> • Physical gold • Gold-related financial products – gold savings and current accounts, gold accumulation plans, gold structured products, gold transfers, and a range of gold lending products. • Gold futures contracts

The gold market in Turkey

- Gold is extremely important in Turkish culture. The first ever gold coin in recorded history was in fact minted in Turkey.
- Turkey is home to the entire gold value chain from mining and refining to jewelry design and investment. Its long tradition of gold demand, underpinned by a deep cultural heritage, strong fabrication capacity and a substantial coin market has resulted in households accumulating an estimated 3,500 tons (US\$ 145.3 billion) of gold tucked “under-the-pillow”, a term used in Turkey to refer to physical gold stored by the general population (WGC Report on ‘Turkey: Gold in Action’).
- Turkey is also home to the largest goldsmith center in the world. The center, which was established in 2006, houses the Istanbul Gold Refinery and around 2,500 gold production units and shops.
- The gold market in Turkey was liberalized in 1993 with the amendments of Decree 32 on Protection of the Value of Turkish Currency, followed by the issuance of the General Regulation Concerning the Foundation and Operation Principles of Precious Metals Exchanges, and the opening of the Istanbul Gold Exchange (IGE) in July 1995. Since then, members of IGE have been given the authority to import gold in addition to the Central Bank of Turkey. When the Istanbul Stock Exchange merged with IGE in 2013 under the name of Borsa Istanbul, the Precious Metals and Diamond Market was launched to facilitate precious metals and diamond transactions.
- The Central Bank of Turkey was at the forefront of the world’s central banks with the largest amount of gold purchased in the third quarter of 2019. This was done to hedge against the risk of currency devaluation experienced in Turkey.
- Gold is considered the second top commodity imported in Turkey with US\$ 6.45 billion, while US\$ 8.25 billion is the total gold amount exported annually.
- Gold jewelry demand in Turkey reached 36.7 tons in 2019, a slight change compared to 2018 when it recorded 36.4 tons, followed by a decrease in

In tons	2015	2016	2017	2018	2019	2020	Year-on-year % change
Gold jewelry demand	49.0	40.8	41.2	36.4	36.7	26.0	-29%
Bars and coins	23.1	29.4	52.4	37.8	52.9	121.0	129%
Consumer demand	72.1	70.1	93.6	74.2	89.6	147.0	64%

Regulations in Turkey for gold and gold-related Shariah-compliant products

- The Central Bank of Turkey has set a minimum gold reserve requirement of 10% for certain banks operating in Turkey, depending on their real loan growth rates.
- The Turkish government has set favorable laws and regulations on foreign investment in the mining industry. The government has also removed taxation on the import of mining equipment into the country and on exported minerals.
- Borsa Istanbul issued various regulations to govern the operations of the Precious Metals and Diamond Market, which consists of three sub-markets, i.e., (i) Precious Metals Market; (ii) Precious Metal Lending Market; and (iii) Diamond and Precious Stone Market. Key regulations related to gold are:
 - General Regulation Concerning the Foundation and Operation Principles of Precious Metals Exchange
 - Regulation Concerning the Principles of Operations of Precious Metals Exchange Intermediary Institutions and Foundation of Precious Metals Brokerage Houses
 - Communique of Standards and Refineries of Gold to be Transacted on The Precious Metals Exchange
- Borsa İstanbul also issued the Borsa İstanbul Gold Supply Chain Guide, which is based on OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Guide aims to ensure that the Precious Metals Market members fight against systematic and widespread human rights violations, do not contribute to financial resources supporting regional conflicts and terror, and comply with the high standards put in place against money laundering.

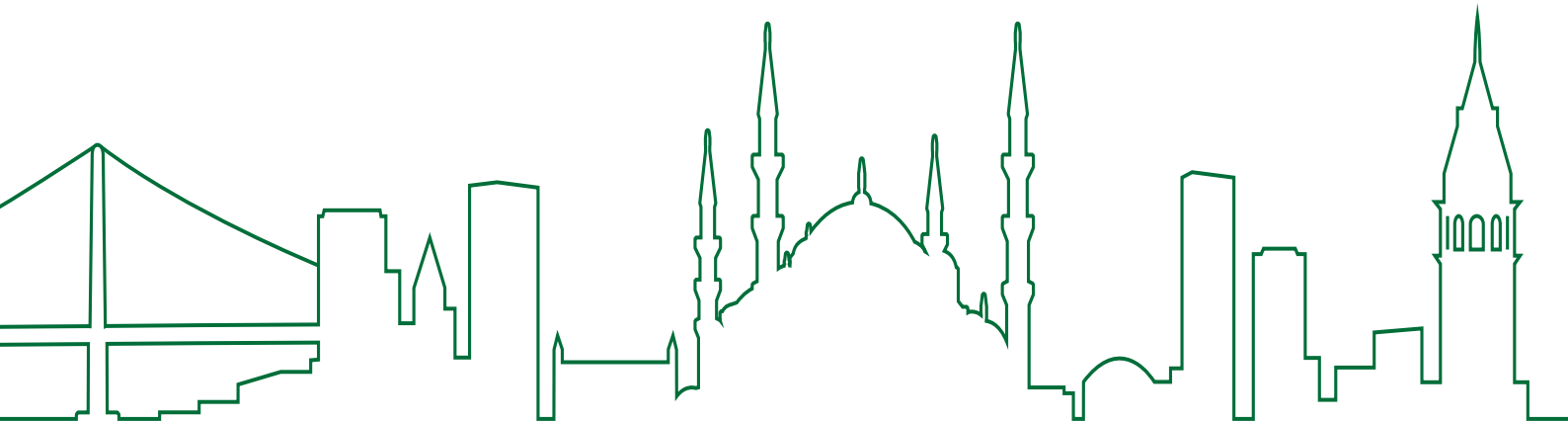
Regulations in Turkey for gold and gold-related Shariah-compliant products

- Regulations on mining activities in Turkey are:
 - i. Mining Law No. 3213, of 4 June 1985 (Mining Law), which is mainly concerned with mine exploration, operations, and rights on the mine.
 - ii. The Mining Regulation, published in the Official Gazette No. 30187, which is concerned with the implementation of the mining law.
 - iii. Regulation on Mining Activity Permits, published in the Official Gazette No. 25852, which is mainly concerned with the regulation of permits issued to mining companies by the authorities.
 - iv. Regulation on the Tender of Mining Fields, which is concerned with the tender process for mining fields and its principles.
 - v. Regulation on the Transfer of Mining Districts and Licenses, which is concerned with the implementation of mining districts.
- In Turkey, gold is only exempt from VAT tax when it is deemed as a mass delivery. This means that VAT is charged on gold bought and sold at local bazaars and malls. The normal VAT rate in Turkey is set at 18%.
- The Banking Regulation and Supervision Agency (BRSA) is responsible for issuing any legal and regulatory framework pertaining to gold banking. Currently, gold banking is governed by the Communiqué No: 2008-21/35 regarding Decree No. 32 on the Protection of the Value of Turkish Currency and Regulation on the Procedures and Principles for Sales and Purchase of Precious Metals by Banks.
- Some Shariah-compliant gold products offered by financial institutions in Turkey are provided below.

Institution	Product	Other key features
Kuveyt Turk Bank	Gold products: grams of gold, gold coins, gold transfers, and gold checks	Kuveyt Turk offers grams of gold, gold coins, gold transfers, and gold checks. The bank's gold contracts comply with AAOIFI's gold standard.
Türkiye Finans	<ul style="list-style-type: none"> • Gold account • Gold participation account 	<p>Gold account</p> <ul style="list-style-type: none"> • The minimum transaction amount is 0.01 grams. • Traded gold has a purity of 995/1000. • Trade gold in exchange for Turkish lira or U.S. dollars. <p>Gold participation account</p> <ul style="list-style-type: none"> • The gold participation account's opening amount is a minimum of 50 grams. • The gold participation account is traded on the basis of 1 YAU = 1 gram of gold (at a purity of 995/1000).
Ziraat Bank	<ul style="list-style-type: none"> • Gold grams through investment accounts 	<ul style="list-style-type: none"> • Investment in gold, gram-denominated purchases and sale services • Gold purity is 995/1000. • Gold may also be sold in 6.44 g, 3.22 g, and 1.61 g units; equivalent to full, half, and quarter gold coins respectively. • The minimum transaction limit is 0.01 grams.
QNB Finansbank	<ul style="list-style-type: none"> • GOLDIST - Istanbul Gold Type B Gold Exchange Traded Fund 	<ul style="list-style-type: none"> • This is an exchange traded fund offering the chance to invest in bullion on a gram basis in a single transaction and at a low cost.
Albaraka Turk	<ul style="list-style-type: none"> • Gold participation account 	<ul style="list-style-type: none"> • The gold participation account's opening amount is a minimum of 75 grams of gold. • 1-month, 3-month, 6-month or 1-year terms are available. Also, a flexible term deposit account is offered with a minimum of 32 days and maximum 1095 days.

Regulations in Turkey for gold and gold-related Shariah-compliant products

Institution	Product	Other key features
Albaraka Turk	<ul style="list-style-type: none"> • Gold participation account 	<ul style="list-style-type: none"> • It is possible to withdraw gold from the account in the middle of the term in such a way that the balance does not go below 75 grams of gold. In this case, you receive a profit share on the basis of the remaining balance.
Turkish Treasury	<ul style="list-style-type: none"> • Gold-denominated Ijarah Sukuk 	<ul style="list-style-type: none"> • The gold-denominated Ijarah Sukuk was issued to individual investors in October 2017 to mobilize 2,200 tons of household gold. • Key features: <ul style="list-style-type: none"> - Maturity: 728 days (2 years) - Coupon/Lease Period: 6 months - Periodic Coupon/Lease Rate: 1,20% - Annual Coupon/ Lease Rate: 2,40% - The coupon/rent payments are indexed to the gold prices and paid in local currency. - Withholding tax rate 0%



Appendix C: Industry interviews summary

Industry executive interview | Abdullah Al Swaidi, Executive Strategy Director, Noor Capital



Abdullah Al Swaidi
Executive Strategy Director
Noor Capital

Abdullah Al Suwaidi is the Executive Director of Strategy and Chief Operations Officer at Noor Capital. He is also the Founder of Excellence Target, a leading management-consulting and training firm, one of the industry leaders in the UAE. Abdullah Al Suwaidi has vast experience in senior leadership roles within the Government and private sector spanning over 20 years. He also has local and international experience in operations management, engineering, investment, business development and project management.

He holds a Bachelor of Science degree in Engineering Management and a Master's degree in Total Quality Management. He previously held several leading positions in Abu Dhabi Company for Petroleum Oil Operations (ADCO), Abu Dhabi Municipality and Roads and Transport Authority (RTA) Dubai.

Technology innovation

Noor Capital is strategically positioned to provide technology-driven gold investment solutions through different digital platforms, including fintech, and also to offer Shariah-compliant products to retail and institutional investors. We have set firm targets to increase our product range offerings to be able to cover most of the market demands, which is evidently currently derived by Shariah-compliant products.

In the last decade, the retail investors' awareness toward gold investments increased in the whole region, which made us develop our own online trading platforms under Shariah principles. The big challenge was the trust factor, as clients are not used to this new concept of e-trading etc., but we were able to design secure delivery and storage services, and a fully transparent process of gold investment.

Potential solutions: Challenges and solutions

The advancements in technology helped the transparency of the process, as clients are able to follow step-by-step the process to buy, store, deliver and sell gold in compliance with Shariah principles. This new solution helped overcome challenges such as:

- Buying and selling gold and silver on the spot market price
- Providing allocated gold and silver with full storage and delivery facilities
- Full integration with physical gold markets
- Quick and reliable operational processes

We also introduced bullion (physical) trading of precious metals, such as gold and silver, an initiative that was taken due to the great demand, allowing clients to diversify their investments all under one roof.

Our platform is specialized in providing customizable financial solutions tailored to suit diverse financial services industries.

The company's solutions are built to be scalable, in order to stay at pace with the latest financial technological environment.

What is driving the growth of gold investment and trading products?

A number of factors are responsible for driving growth in gold trading and investment:

- The adverse sentiments related to financial markets and securities are favorably increasing demand for gold investment and have impacted on investor behavior.
- Gold is becoming an essential inflation hedge tool because, unlike paper money, physical supplies see little change from year to year.
- Gold prices have positive price elasticity, meaning the value increases along with demand. In addition, trust and culture are also key factors in the current growth.
- Other innovative products related to blockchain technologies, security token offerings (STOs), and cryptocurrency trading are among the new products that are witnessing noticeable growth in the markets nowadays.

Regulatory and policy environment

- The UAE is considered to be one of the main world hubs for physical gold markets and attracts a significant number of gold traders worldwide. However, the recent introduction of tax has created some challenges in the industry. Nonetheless, VAT is now abolished for gold imports to the country which helped boost gold investment market to some extent.
- Generally, gold is subject to many different—and often overlapping—standards in terms of sourcing, chain of custody, and due diligence, especially between onshore and offshore authorities and gold dealers, which sometimes may lead to a lack of proper enforcement of the due diligence requirements.
- Overall, the UAE regulatory bodies have always been supportive and understanding of the requirements and challenges of the gold supply chain in the country and have attempted to adopt international best practices, with one example being the country's policy for the import and export industry.
- We have a large number of shareholders who have a big business network, which enabled us to have international partnerships, such as with the biggest Tier 1 liquidity providers, the largest refiners, technology partners, and market data and research providers, among many others in the same field. So, our growth initiatives are always to invest in our business relations with other big players in the market, and together we can give the best services in the market and meet any product requirements.

Lessons learned from the COVID-19 outbreak

- One thing we learned from the COVID-19 outbreak was that we were able to automate 100% of all the company's processes, from onboarding and operational processes to customer satisfaction. This was our most important

priority, and it was very important to create market awareness in such a social and economic crisis. The overall outcome was very satisfactory.

- Noor Capital is planning to have business partnerships with the main gold regulatory bodies, to promote good practices in gold transactions, and, more precisely, to create a transparent business environment to attract international gold players.

Outlook and strategy

- Noor Capital is strong in providing technology-driven products such as fintech platforms that offer Shariah-compliant products to end-users. We are planning to increase our product varieties to be able to cover other ranges of Shariah-compliant gold investment products.
- Our brand name is growing every day, and we are seeing an increase in client numbers. We are focusing more on our marketing strategies and market share, mainly in the GCC and Middle East markets. In addition to partnering with leading brokers in East Asia and Europe, we are also partnering with investment committees, which will allow us to expand geographically, through the GCC area, and MENA region afterwards.
- It is also worth noting that some of the key industry regulators we identified include the Dubai Gold and Commodities Exchange (DGCX), Dubai Multi-Commodities Center (DMCC), and Securities and Commodities Authorities (SCA).


New investment solutions initiative

- We are embarking on new Shariah-compliant product solutions driven by technology to meet the increasing physical gold demand, such as demand for the London FIX physical product. Hence, we are currently working on building a software that will automate the

full cycle of trade for gold dealers under AAOIFI standards, which is considered to be a first in the market. Currently, the practice of these deals is all manually processed.

Overall, the UAE regulatory bodies have always been supportive and understanding of the requirements and challenges of the gold supply chain in the country and have attempted to adopt international best practices, with one example being the country's policy for the import and export industry.

Highlights and insights

About Noor Capital		
	<ul style="list-style-type: none"> • Noor Capital is a private joint stock company authorized and regulated by the Central Bank and Securities and Commodities Authority (SCA) of the United Arab Emirates to conduct banking, financial investment and consultancy as well as financial and monetary intermediary business. • The key focus areas of Noor Capital are delivering 	<ul style="list-style-type: none"> investment value through high-quality investment advice and exclusive investment opportunities. • Noor Capital is embracing a strategy of Shariah-compliant innovation and an investment committee which drives plans to expand geographically in the GCC area, and the wider MENA region.
<p>Product offerings</p>	<ul style="list-style-type: none"> • Noor Capital offers contracts for difference (CFDs), forex, commodities, energy, cash equity and cash gold trading. In addition, it offers access to various local funds and international bonds. <p>New Products</p> <ul style="list-style-type: none"> • In line with the current economic challenges, Noor Capital focused on offering products related to blockchain technology such as STO. 	<ul style="list-style-type: none"> • The current markets are focused on shifting toward technology-oriented and tech-driven products, and their aspiration is to develop new tech products such as fintech platforms that offer Shariah-compliant products to end-users. • On the other hand, the COVID-19 impact helped the company to believe in tech products even more, as they saw that investors are leaning toward new forms of investment rather than traditional ones.
<p>Target segment</p>	<ul style="list-style-type: none"> • Noor Capital offers a broad array of investment capabilities across geographies, capital markets, including asset management, financial advisory, funds 	<ul style="list-style-type: none"> administration, global markets brokerage services for online forex trading, gold funds, physical gold, silver and currencies.
<p>Target customers</p>	<ul style="list-style-type: none"> • Noor Capital serves a network of customers that are predominantly retailers and corporates, with 85% of its customers being from the GCC and 15% from countries in the region. • The company is planning to expand geographically 	<ul style="list-style-type: none"> through the GCC and MENA regions, and to increase the number of its partnerships, having already partnered with some international entities to increase its fund investments, and other partners with whom it plans to initiate blockchain businesses.
<p>Brokerage service</p>	<p>Spot bullion/precious metals</p> <ul style="list-style-type: none"> • Investors can participate in precious metals by purchasing contracts for the particular metal on the spot. The spot bullion we offer includes gold and silver, among others. 	
<p>Trading and investment platforms</p>	<p>NoorTrader</p> <ul style="list-style-type: none"> • Alongside the MetaTrader platform, Noor Capital has introduced its latest trading platform, NoorTrader. With the NoorTrader platform, clients are able to diversify their investment portfolio by physically trading with currencies and commodities with storage and delivery options. Clients have access to trade on multiple business 	<ul style="list-style-type: none"> models, which include margin trading on currencies and commodities, as well as full settlement purchasing on currencies and commodities. 1. Physical precious metals. 2. Physical currencies. 3. Equities trading. 4. CFD trading FOREX
<p>Technology innovation in gold trading and investment</p>	<ul style="list-style-type: none"> • In the last decade, client awareness of gold investment has increased, which led us to develop our own online trading platforms for physical gold trading and investment under Shariah laws. The big challenge was the trust factor, 	<ul style="list-style-type: none"> as clients are not used to this new concept, but we are overcoming this with our secure delivery and storage services, and full transparency process.
<p>Key specific challenges</p>	<ul style="list-style-type: none"> • Client awareness, shifting investment trends, and the way to approach investors is the key challenge, although this is always the case when new tech-products come to market. 	<ul style="list-style-type: none"> In the UAE, the regulatory bodies have always been supportive of new initiatives and have always tried to stay up to date with all the new activities' regulations and laws.

Industry executive interview | Abdullah Al Abdooli, Managing Director, Tiybr Payments LLC



Abdullah Al Abdooli
Managing Director
Tiybr Payments LLC

Abdullah Al Abdooli is the Managing Director of Tiybr Payments LLC, a leading Shariah-compliant payment gateway and fintech company. He has vast experience in the Islamic banking and Takaful industry, having assumed a range of senior roles, including regional manager of Abu Dhabi Islamic Bank from 2008 to 2014. Al Abdooli is also an entrepreneur, investor, and a board member of key commercial and professional organizations in the UAE. He also worked as Deputy Manager, Dubai Islamic Affairs Department, 1992-96.

Al Abdooli is an entrepreneur, investor, and a board member of key commercial and professional organizations including the UAE's Union Coop and the Accountants & Auditors Association of the UAE.

The COVID-19 outbreak impact on Gold trading

- Generally, the health scare of COVID-19 has impacted on every business and economy. However, the UAE, and in particular Dubai, remained a strategically vibrant gold market hub and provided important policy support to retail and gold trading services, in particular the removal of value added tax (VAT) and tax for gold imported into Dubai.
- It is also noted that gold as a commodity has been increasingly popular during this health and economic crisis and many investors view gold as a safe haven asset.
- Islamic banks can play a better role in developing Shariah-compliant gold products and leverage the new Shariah guidance offered by the AAOIFI in this respect.

Driving innovation in the gold investment sector

- There is a dire need among investors for education and heightened awareness of the gold investment products offered by Islamic banks. The latter are expected to drive collaborative work with other stakeholders and address challenges and coordinate efforts to create an enabling investment environment in the country.
- In my personal view, the AAOIFI Shariah Standard No. 57 on Gold is the nucleus for driving product innovation in Shariah-compliant gold investment. Banks and other financial institutions as well as other fintech and blockchain companies can lead industry transformation in this market and create efficient market offerings which will help grow the Islamic finance markets globally.
- Islamic banks could make better

use of the AAOIFI gold standard and communicate its guidance to industry stakeholders to develop new products and services. Likewise, the AAOIFI will be required to lead industry discussions around this important asset class.

- Equally, the industry itself and other gold investment players need to market gold investment better and make use of channels such as social media to educate customers about the culture of savings through gold. India and China provide good examples of such saving behaviors in gold as a commodity.
- In addition, Shariah scholars and advisors should play a key role in driving product innovation and be readily available to provide the technical and Shariah knowledge to bankers and investors and other professionals.
- Chief among these efforts, there is a need for a leading Islamic bank to embrace a vision to grow the Shariah-compliant gold investments in the country and the region. This will require coordinating efforts with other stakeholders and regulators and investing adequately in building the required capabilities to develop the market.
- One other important area of development that we need to see is market players and institutions such as DMCC develop digital gold vaulting services and offer related investment products.
- Technology advancements such as the fintech can lead the way for a triangular relationship between the bank, the customer and the digital platform in the gold investment space. This would improve Shariah compliance, as well as the efficiency and agility of trade.

Appendix D: Abbreviations

Abbreviations	Expansion	Abbreviations	Expansion
ADCO	Abu Dhabi Company for Petroleum Oil Operations	KYC	Know Your Customer
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions	MFBs	State Bank of Pakistan, microfinance banks
ADIB	Abu Dhabi Islamic Bank	MSMEs	Micro, Small & Medium Enterprises
AI	Artificial Intelligence	NCB	National Commercial Bank
ASMs	Artisanal and Small-Scale Miners	OECD	Organization for Economic Cooperation and Development
BNM	Bank Negara Malaysia	PAM	Purple Asset Management
BRSA	Banking Regulation and Supervision Agency	PMEX	Pakistan Mercantile Exchange
CBB	Central Bank of Bahrain	PPP	Public Private Partnership
CFD	Contracts for Difference	PRIs	Principles for Responsible Investments
CISI	Chartered Institute for Securities & Investment	DIB	Dubai Islamic Bank
CMA	Capital Market Authority	DMCC	Dubai Multi Commodities Centre
CMT	Commodity Murabaha Transaction	EIB	Emirates Islamic Bank
CoFTRA	Commodity and Futures Trading Regulatory Agency	ESG	Environment, Social & Governance
CPO	Crypto-Asset Platform Operator	ETC	Exchange Traded Certificate
CRA	Crypto-Asset Module	ETF	Exchange-Traded Funds
DGCE	Dubai Gold & Commodities Exchange	Fintech	Financial technology
DGD	Dubai Good Delivery	GDP	Gross Domestic Product
FOAM	Fintech Association of Malaysia	GRC	Governance, Risk management and Compliance
ICDX	Indonesia Commodity and Derivatives Exchange	RGMP	The Responsible Gold Mining Principles
IGE	Istanbul Gold Exchange	RRP	Recovery Resolution Program
IIFM	International Islamic Financial Market	RTA	Abu Dhabi Municipality and Roads and Transport Authority
IIFSs	Institutions offering Islamic Financial Services	SAMA	Saudi Central Bank
ISRA	International Shari'ah Research Academy for Islamic Finance	SECP	Securities and Exchange Commission of Pakistan
JFX	Jakarta Futures Exchange	SMEs	Small and Medium Enterprises
KPI	Key Performance Indicator	SRI	Socially Responsible Investment
		STOs	Security Token Offerings

Appendix E: Thought leadership reports



Sustainable finance: Can Sukuk become a driver of solar and green energy growth?

This is the second Deloitte renewable energy report that examines the industry investment trends, regulatory policy, industry stakeholders, financing strategies and success stories that help drive the value proposition for Islamic financing options. [More.](#)



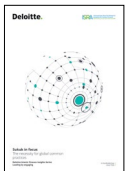
Corporate Sukuk: Building the ecosystem to finance sustainable infrastructure

This whitepaper attempts to address some of the key regulatory and practice issues that Corporate Sukuk the new asset class may encounter. Indeed, some of these have been extensively considered during our conducted industry forums and deliberations. [More.](#)



Islamic Finance Leaders Report: Benchmarking Practices

Based on an in-depth analysis of the survey results, Deloitte ME IFKC has identified “red flags” where a sizable number of IFIs are not following industry best practices. It also highlights gaps in key areas of performance, people, processes, and products and pinpoint areas where improvement is desirable.



Sukuk in focus: the necessity for global common practices

The report discusses the drive to promote efforts to enhance the functionality of Islamic capital markets amidst the increasingly fragmented Islamic financial marketplace. [More.](#)



The catalysts for change: Strategic priorities in governance and regulation is Islamic Finance practice

The purpose of this whitepaper is to shed light on the practice areas debated in our executive program and other related industry thought leadership programs. The emphasis is on the pain points of the industry. What progress has been made in developing good practices in areas such as governance, regulatory compliance, risk, sustainable business models, financial reporting, transparency and leadership? [More.](#)



Empowering Risk Intelligence in Islamic Finance: Managing risk in uncertain times

The report focuses on the governance and structural aspects of an effective risk management framework in Islamic Finance. It presents new findings in the practice of Islamic Finance risk management that offer guidance to boards in managing risk in troubled times. [More.](#)



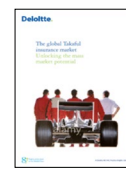
Islamic Finance: Scalable and sustainable funding source for social infrastructure

This whitepaper examines the key enablers of building an effective Islamic finance investment structure as a source of social infrastructure financing. [More.](#)



Corporate Sukuk in Europe: Alternative financing for investment projects

This report provides a portrait of the development in Islamic capital market instruments and highlights potential growth markets for the Sukuk in European markets and sectors that could benefit from these arguably socially responsible investment asset classes. [More.](#)



Global Takaful Insurance Market: Charting the road to mass markets

This report looks at the emerging regulatory and practice challenges that will impact the Takaful industry. It seeks to assess the business structures and strategies, market development and growth trends globally.



Responsible Investment: New thinking for financing renewable energy

The Renewable Energy report presents an analysis of the main drivers and factors for building the business case of a new thinking to finance sustainable development in the energy and renewable energy sectors. [More.](#)



The way forward for Takaful: Spotlight on growth, investment and regulation in key markets

This report builds on our last study on the global Takaful insurance market and looks more deeply into the core Takaful markets in the Middle East and South Asia. The analysis and discussion are formed around building case studies on those markets. [More.](#)

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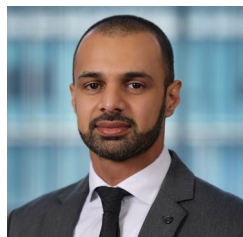
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