The Global Leader in “Ethical” Banking Solutions

Technology Enables “Ethical” Banking Doesn’t Drive it

Asia Islamic Banking Conference

Haitham Abdou
Group Director / Marketing
ITS at a Glance

- Global IT company, established in 1981.
- ISO 9001 certified.
- 2,800+ professionals in IT solutions and services.
- Strong regional presence through 25 offices.
ITS International Presence

Customer References in more than 34 Countries

**Americas**
- Barbados
- Cayman Islands
- Trinidad & Tobago
- Antigua
- Bermuda

**Europe**
- Cyprus

**Africa**
- Egypt
- Algeria
- Ivory coast
- Nigeria
- Uganda
- Ghana
- Benin
- Togo
- Sudan
- Liberia
- Bissau
- Guinea

**Asia**
- Kuwait
- Bahrain
- Qatar
- Oman
- UAE
- KSA
- Lebanon
- Iraq
- Malaysia
- Turkey
- Pakistan
- Bangladesh
- Philippines
- Afghanistan
- Syria
- Jordon
- Yemen
Key Islamic Banking Challenges

• The need to offer Sharia compliant products
• Offering products /services at a competitive price
• Delivering products in a timely fashion
• Delivering products at minimum administrative cost

• Islamic banking products tend to be more complex
• Increased administrative overheads in delivering products
• Increased time potentially required to deliver products
• Lack of Global Standards
Key Challenges

Islamic Banking
- Delivering products in a timely fashion
- Offering products/services at a competitive price
- Sharia Compliant

Conventional Banking
- Delivering products in a timely fashion
- Offering products/services at a competitive price
Key Business Components

- Backend Integration
- Rich Customer Information
- Islamic Business Models
- Islamic Instrument Engine
- Islamic Product Engine
- Audit Trail for all Activities
- System Administration
- Report & Forms Engine
- Deal Costing & Pricing
- Goods Inventory - Vendors
- Approval and Override
- Users Profile and Authority
- System Administration
Vatican Says Islamic Finance May Help Western Banks in Crisis

By Lorenzo Totaro

March 4 (Bloomberg) -- The Vatican said banks should look at the rules of Islamic finance to restore confidence amongst their clients at a time of global economic crisis.

"The ethical principles on which Islamic finance is based may bring banks closer to their clients and to the true spirit which should mark every financial service," the Vatican’s official newspaper Osservatore Romano said in an article in its latest issue late yesterday.

Author Lorenzo Napoleoni and Abaxbank Spa fixed income strategist, Claudia Segre, say in the article that “Western banks should use tools such as the Islamic bonds, known as Sukuk, as collateral”. Sukuk may be used to fund the “car industry or the next Olympic Games in London,” they say.
The Global Leader in **Ethical** Banking Solutions

Islamic Instruments Engine  Islamic Trade Finance  Ijara E-Card
Islamic Financing  Islamic Workflow Engine  Islamic Window
Islamic Delivery Channels

Islamic Investment

Islamic Portfolio Management  Islamic Direct Investment
Islamic Fund Management  Islamic Wealth Management / Sukuk
Islamic Asset Management / Islamic Treasury

[AAOIFI Contracts Certification]
Accounting & Auditing Organization for Islamic Financial Institutions.
Islamic Instrument Definition

Instrument & Product Engine

Business Models

1-Finance Business Model
2-Leasing Business Model
3-Investment Business Model

Sharia’ah Based Financing Mechanisms

1-Buy – Sell - Finance
2-Build – Sell
3-Build – Lease – Finance
4- etc.

Islamic Instruments

1-Murabaha (Finance Model)
2-Istisna’a (Finance Model)
3-Financing Ijara (Leasing Model)
4-Operating Ijara (Leasing Model)
5-Musawama (Finance Model)
6-Quard Hassan (Finance Model)
7-Tawaroq (Finance Model)
8-Mudaraba (Investment Model)
9-Musharaka
.....etc

Islamic Products

- Al-Shamil Product
- Vehicle Finance
- Personal Loans
- Project Finance
- Share Finance
- House Finance
- Equipment Finance
- Etc.
Islamic Business Models

The System is designed to be an Islamic engine through creating Various Islamic Instruments based on Islamic business models and combination of Sharia’ah compliant business process sequence.
Islamic Instrument Definition Engine

Example: Murabahah Finance

- [Instruments Listing]
- [Steps configuration]
- [Items Selection]
Is the sequence of the snapshots correct?
can we enlarge the snapshots

Mehboob Khan, 18/03/2007
Islamic Product Definition Engine

Example: Automobile Finance
- Comprehensive system administration module for system and new Products set-up
Profit Matrix

- User define factors & criteria
- Supports multiple criteria
- Automatic profit rate at deal level
- Also Allow override at transaction level
Credit Score Engine

- User define factors
- Supports formula builder & condition builder
- Supports fixed and range based values
- Automatic customer score at deal level
Highlighted Features

- Multi-language – Instant Switch
- Multi-currency
- Fixed and variable rate deals
- Multi-tier profit rates
- Customer payments during construction / grace period
- Financing Ijarah with periodic sale
- Tree based items/assets definition

Policy and system parameters
What-If-Analysis

Example: Murabaha Deal

Salesperson can help the customer find his best fitting deal specifications, starting from the selling price passing by down payment amount, balloon amount, installments amount and reaching the most appropriate payments schedule that can fit the customer.
Rich Deal Information

- Rich deal information
  - Customer information
  - Guarantors details (can be more than one)
  - Item details (can be more than one item per deal)
  - Deal costs details
  - Collaterals details
  - Deal pricing based on fixed / variable profit rates
  - Payment plans for gestation, grace & installment period
  - Documents control

[ Deal Financial Information]

[ Item Details ]
Rich Process Flow

Example: Murabahah Deal

1. Initiate deal
2. Send to approve
3. Approve or reject deal
4. Issue Purchase Order
5. Receive goods
6. Sign contract
7. Deliver goods
8. Originat deal
Customer Credit Facility/ Commitment

- Set up credit line limit
- Set up commitment
- Increase / decrease commitment contract
- Increase / decrease commitment balance
- Update commitment
Accounting Entry Generator

- Allows the Bank to Define its own accounting entries in each step of the product workflow, According to their Sharia Board
Purchasing

- Process purchase order (PO)
- Schedule goods receipt in phases
- Handle purchase returns
- Create & maintain vendor & supplier information
- Handle purchase through agents/brokers
Asset Construction

- Track construction progress
- Schedule & track progress payments
- Handle payment deductions
- Create & maintain developer & consultant information
Inventory Control

- Inquire item balance
- Receipt & issue of items
- Control inventory items at different locations
- Allow reserve one or more items for a deal
Fees/ Charges

The system allows the bank / institute to define default fees at the product level, which can be collected and processed during the life cycle of the deal. Key options available are:

- Add to Cost
- Add to Profit
- Collect separately
- Collect as part of payment plan
- Collection methods
**Reporting Engine**

- Strong reporting engine for contracts, advices and statements printing
- Reports may be assigned to steps
Information Technology Map

Flexible Business Models

Requires

Flexible IT Infrastructure

Services-oriented Architecture (SOA)

Development
Software Development

Infrastructure
Integration

Management
Infrastructure Management

Composable Processes (CBM)
Component Business Modeling

Composable Services (SOA)
Open Technology

- Thin client user interface
- Unified database / database independent

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![Company Logos]
Major Customers
<table>
<thead>
<tr>
<th>Sample Clients List (Islamic Banks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Kuwait Finance House</td>
</tr>
<tr>
<td>2. Bahrain Islamic Bank</td>
</tr>
<tr>
<td>3. Kuwait International Bank</td>
</tr>
<tr>
<td>4. Qatar Islamic Bank</td>
</tr>
<tr>
<td>5. Kuwait Turk Evkaf Finance House</td>
</tr>
<tr>
<td>6. Abu Dhabi Islamic Bank</td>
</tr>
<tr>
<td>7. Kuwait Finance House</td>
</tr>
<tr>
<td>8. Arab Finance House</td>
</tr>
<tr>
<td>9. Kuwait Finance House</td>
</tr>
<tr>
<td>10. Dejla and Furat</td>
</tr>
<tr>
<td>11. Kuwait Turk House</td>
</tr>
<tr>
<td>12. Tawaan Bank</td>
</tr>
<tr>
<td>13. Barwa Real-estate Bank</td>
</tr>
<tr>
<td>14. Abu Dhabi Islamic Bank</td>
</tr>
<tr>
<td>15. Bank of Kuwait and Middle East</td>
</tr>
</tbody>
</table>
“ITS” Unique Proposition

Technology that Enables “Sharia Boards” to define Sharia Compliance

Rather than IT systems that claim pre-defined Sharia Compliance
Best Technology Solutions Provider

WIBC’08, Bahrain (Nov’08)

Best IT solutions Provider in Islamic Finance Industry

Islamic Business & Finance 2008

Best IT solutions Provider

Best Islamic Financial IT Provider

World Finance (April’09)

Best Islamic Financial IT Provider
International Turnkey Solutions

IIFF – IIR Middle East, Dubai (April’09)
For More Information
Website: www.its.ws

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