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360°

MAGAZINE

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## WELCOME TO VG 360 MAGAZINE – ISSUE 2

DATA IS FAST BECOMING  
A COMPANY'S MOST  
VALUABLE ASSET AFTER ITS  
PEOPLE. THIS IS WHY WE  
HAVE PUT DATA AT THE  
TOP OF OUR AGENDA  
IN THIS ISSUE.

In the 21st century, **data** demands responsibility and good governance, making its security and protection key areas of focus and a high priority for any boardroom agenda. In this second issue of **VG 360**, we take a look at data from different perspectives and illustrate why it is critical to manage, maintain and protect it to ensure we use it properly.

We also take a look at the sharp rise in appetite for **green bonds** and assess why this form of socially responsible investment (SRI) aligns to the core principles of Islamic finance. In addition, we look at the collaborative strategies required to grow the overlap between Islamic finance and **impact investing**. Trowers & Hamlin LLP provides a view from the GCC of **real estate investment structures** both in and outside of the region.

We also include an interview with Samina Akram, the Founder of the Women in Islamic & Ethical Finance Forum (WIEFF), on **female empowerment** initiatives in the Middle East.

Finally, one year on from our rebrand, we share with you how we are **living our brand** to ensure that we delight you with our solutions and service.

We hope you enjoy reading VG 360. We value your feedback. Tell us what matters most to you. Email us at [360@vg.je](mailto:360@vg.je)



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# DATA PROTECTION IN FOCUS

## A CATALYST FOR BETTER DATA MANAGEMENT

“The world’s most valuable resource is no longer oil, but data.” This statement from *The Economist*<sup>1</sup> is a stark reminder of the power and influence that those who manage data have over us.

The new General Data Protection Regulation (GDPR) came into effect on 25 May 2018. Regardless of whether an organisation is based in an EU state, if it processes, stores or transmits personal data belonging to residents of the EU, it is obliged to comply with the 7 basic principles of the legislation:

### 7 basic principles

- Lawfulness, fairness and transparency
- Purpose limitation
- Data minimisation
- Data accuracy
- Storage limitation
- Integrity and confidentiality (security)
- Accountability

A “Data Subject”, (as we, the people, are so affectionately referred to nowadays) must be a natural, living person capable of being identified. As a result of the new legislation, our “rights” have become significantly enhanced and are now categorised as below:

### 8 “Data Subject” rights

- Right to be informed
- Right of access
- Right to rectification
- Right to erasure (‘right to be forgotten’)
- Right to restrict processing
- Right to data portability
- Right to object
- Rights in relation to automated decision making and profiling

### Increased scrutiny

More than at any time in the past, those who manage our data are coming under increased scrutiny to ensure they look after it properly.

The consequences of not doing so are now significant with the law giving rise to fines of up to €20m or 4% of the company’s global annual turnover of the previous financial year, whichever is higher. This, however, is just a fraction of what might have been. If the European Parliament had had its way, fines for non-compliance would have been an eye watering maximum of €100m or 5% of the company’s global annual turnover.

## What you need to know

- 1 Regardless of whether an organisation is based in an EU state, if it processes, stores or transmits personal data belonging to residents of the EU, it has to comply with GDPR’s 7 basic principles.
- 2 Organisations need to make sure that employees are trained, periodic risk assessments are conducted, policies and procedures are updated, and they must be confident that they have the right to the data they hold.
- 3 It is no longer acceptable to bombard people with information unless they have given their consent to continue receiving it.

MORE THAN AT ANY TIME IN THE PAST, THOSE WHO MANAGE OUR DATA ARE COMING UNDER INCREASED SCRUTINY TO ENSURE THEY LOOK AFTER IT PROPERLY.



### A cultural and legal change

These fines, however, are not just in place to make sure companies hold accurate and secure information or that they have the permission of the data subject, the effects of GDPR run much deeper than that.

Organisations need to make sure that employees are trained, periodic risk assessments conducted, policies and procedures updated and they must be confident that they have the right to the data they hold; not to mention reporting data breaches within 72 hours of becoming aware of them.

As with all good pieces of legislation, there are exceptions, but very few will be able to rely on these. Derogations will typically only cover areas such as public and national security, defence and judicial/legal matters. Even then, organisations will still have to prove any exceptions remain a necessary and proportionate measure.

To make things even more complex, certain organisations have found their existing legal and regulatory obligations to be in conflict with some of the rights and principles being imposed under the new legislation. For example, whilst it is the right of a data subject to be forgotten, anti-money laundering legislation imposes an obligation to retain records and evidence of client relationships for a specified period beyond the end of the relationship.

## GDPR HAS BECOME A SIGNIFICANT GAME CHANGER FOR MANY ORGANISATIONS, HELPING THEM TO GET TO GRIPS WITH BETTER DATA MANAGEMENT AND SECURITY.

### GDPR – the business improver

As for marketing, it is no longer acceptable to bombard people with information unless they have given their consent to continue receiving it. Whilst the new legislation is not designed to restrict communications with current or potential clients, organisations must be alert to this fact.

Despite these new obligations, the reality of GDPR is that when managed correctly, it should not interfere with the normal running of business and, in some cases, it will actually improve business efficiency.

When first announced to the world, many business leaders believed GDPR would be just another piece of bureaucratic legislation. The reality, however, is that it has become a significant game changer for many organisations, having helped them get to grips with better data management and security.

As for us Data Subjects, GDPR has opened the door to a new world in which we should enjoy greater rights and protections over our personal information.



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# LEARNING FROM GDPR

DEALING WITH THE VOLUME OF INFORMATION REQUIRED TO IMPLEMENT GDPR CHANGES IS A CHALLENGE FOR EVERY IT DEPARTMENT.

One of the biggest challenges for all organisations around GDPR is the sheer volume of information that must be reviewed, classified and processed or removed in order to achieve compliance with the new regulations.

Much of the data held by organisations has been gained over many years and is stored in a variety of forms as a result of system changes and business acquisitions.

### Investment in MI reporting tools

One of the first things that the IT Team at VG needed to do in preparation for GDPR was to request data extracts from systems that were not covered by existing built-in reports. Fortunately, VG had recently made a significant investment in Management Information (MI) reporting tools and we were able to use these to consolidate and report on data from several different sources in a form that helped our GDPR team to identify the required information.

As you have probably experienced in recent months, all types of organisations have been sending emails requesting consent to continue to keep in touch. We were no different and in April, we issued approximately 60,000 emails to 29,000 contacts, asking for just this information.

Of course, the result of this preparatory exercise was that we had to effectively track responses and update our systems to reflect the wishes of our clients and contacts. Given the volume of data, a manual update was never a viable nor a cost-effective option.

We found a solution in the MI tools that we had recently rolled out which allowed us to consolidate the data and create an ideal view of how it would look once the appropriate updates had been made.

## What you need to know

- 1 GDPR has enabled organisations to focus on data handling in a way that had not happened for many years.
- 2 GDPR has enabled VG to revisit and improve its data management practices.
- 3 GDPR compliance is an ongoing effort that formally began on 25 May 2018 but will last long into the future.

### Data integrity was maintained

We then used a bulk update tool to apply the necessary changes to the underlying systems in a methodical way. The update was run in accordance with all of our business rules to ensure that data integrity was maintained within our underlying core systems.

## THE GDPR COMPLIANCE PROCESS HAS PROVIDED A CATALYST FOR VG TO EXTEND ITS DATA MANAGEMENT CAPABILITIES.

By investing in, and developing a better understanding of querying, extracting, processing and updating large amounts of data across multiple systems, we are in an even better position to meet the increasing demands and regulations that come with the responsibility of handling personal data.

For VG, GDPR has given us a platform which we can use in the years ahead to build our capabilities as a responsible and leading data controller.



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# RISING TO THE CHALLENGE

The EU's new data protection regulations have created challenges for many companies but rather than dwelling on the negatives, at VG, we see it as a positive move that is also helping us become better at managing data.



GDPR is designed to harmonize data privacy laws across Europe and eliminate confusion. However, its extra-territorial reach means that its effects are being felt throughout the world.

Jersey is no different, and in order to achieve adequacy status with GDPR, the island has introduced its own new data protection legislation.

As a result of these changes, in early April 2018, VG began emailing all 29,000 of our client contacts, giving them the option, with just one click, to opt-in to receiving future marketing communications.

By getting the communication out early, we hoped to help our contacts by not clogging their inboxes in the week leading up to 25 May. We also gave ourselves plenty of time to smooth the transition to the new data protection regime.

As a project, whilst GDPR implementation has been time consuming, it has also resulted in operational improvements.

Data cleansing, in particular, has helped to minimise the amount of redundant or obsolete data that we manage. In turn, this has allowed us to focus on current and new client contacts who want to continue receiving marketing communications from VG and who want us to have a better understanding of their preferences.



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With just one click,  
VG's client contacts  
are able to opt-in to  
receive future marketing  
communications.

## GDPR IMPLEMENTATION HAS RESULTED IN OPERATIONAL IMPROVEMENTS.



### What you need to know

- 1 GDPR applies to all firms that hold data on EU citizens, no matter where in the world that business is based.
- 2 Data minimisation is a key focus of GDPR. Organisations are being challenged to continuously review the data they hold with the aim of keeping only that which is necessary to run their operations.
- 3 There is no single, prescribed way to implement GDPR. Organisations are given the flexibility to meet the regulation's requirements in the way that suits them best.



# DATA

## A LIABILITY OR AN ASSET?

Data is a hot topic, not only because of the EU's GDPR legislation and reporting requirements but also because of increasing recognition of its importance as a strategic asset.



Good data management involves developing procedures and practices to manage and ensure that data remains accurate, complete and up to date.

Data is increasingly important in today's world and, thanks to modern technology, the way in which we capture, store, extract and use it is becoming ever easier. The art of doing this effectively has become a discipline in its own right – data management.

Good data management involves developing procedures and practices to manage and ensure that data remains accurate, complete and up to date over its lifetime.

### Increased efficiency

For years, basic data was held and managed in paper form but, with the introduction of computing, the same data could be captured and stored electronically, leading to increased efficiencies in assimilating, retrieving and analysing data.

### Data-driven insights

Nowadays, with advancements in intelligent reporting software, data located in different databases can be extracted, collated and compiled easily and quickly. As a result, it can provide management information that may not have been previously available.

Data capture and analysis is driven by organisational requirements. However, effective data management can only be achieved when all levels of an organisation are alert to the benefits and potential uses of data, at the same time as employees are empowered to take control of this information to drive organisational change.

### Shaping strategy

The resultant data can be analysed to provide key insights at both organisational and client levels, thereby creating a competitive advantage and helping to shape strategy.

Whilst increased reporting requirements and data security have created challenges for our colleagues in IT and Compliance, the many new ways in which data can be collated and analysed are causing excitement at the senior management level, making it very likely that we will see data appearing high on the agenda at board meetings across the globe.



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EFFECTIVE DATA  
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ORGANISATION ARE ALERT  
TO THE BENEFITS AND  
POTENTIAL USES OF DATA.



# GREEN DEVELOPMENTS IN ISLAMIC FINANCE

RAS AL KHAIMAH, ABU DHABI AND DUBAI ARE NOT ONLY FABULOUS HOLIDAY DESTINATIONS, THEY ARE ALSO A RICH SOURCE OF NEW BUSINESS POTENTIAL FOR INTERNATIONAL FINANCE CENTRES.

## What you need to know

- 1 Sukuk is incredibly flexible and can be used to invest in a wide range of markets.
- 2 It is thought that the word 'cheque' is derived from the word 'Sakk', the singular of Sukuk.
- 3 Green Sukuk can play a role in helping the UAE deliver its green agenda (2015 – 2030).



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Islamic finance encompasses many forms of Shariah-compliant transactions and, whilst this means that certain types of investment are off limits, this does not stop it being flexible or accommodating. Indeed, these qualities enable it to be used to invest in many of the same markets that non-Shariah-compliant investors are able to access.

One current trend that serves also as an excellent example of the flexibility of Shariah-compliance, is growth in Green Sukuk vehicles, which represent a new and exciting investment option that holds particular appeal for the environmentally conscious client.

### An ancient tradition

Sukuk has a history stretching back more than one thousand years and its singular version, 'Sakk', is believed to be the origin of the modern Western word, 'cheque'.

A traditional Sukuk consists of financial certificates, effectively Shariah-compliant bonds, structured in such a way as to generate returns to investors without infringing Shariah law, which prohibits the earning of interest. Investors in a Sukuk have an undivided beneficial ownership of the underlying assets and holders are entitled to share in revenues generated and the proceeds, if the assets are realised.

According to the State of the Global Islamic Economy Report 2016/17, there were US\$2tn of assets being managed in a Shariah-compliant manner in 2015, and US\$342bn of those assets were comprised of 2,354 Sukuk issues.

### Green Sukuk

Increasing environmental awareness worldwide has seen a marked rise in the appetite for green bonds. The Islamic finance sector is actively exploring the potential for this form of socially responsible investment (SRI), which speaks directly to some of the core principles of Islamic finance:

- Prohibitions on receiving interest (Riba).
- Steering clear of uncertainty-based transactions (Gharar).
- The avoidance of gambling and investment in prohibited (Haram) industries.

Malaysia has been the market leader in the issuance of Green Sukuk, with guidelines issued in 2014 for SRI. These set out that the proceeds of SRI Sukuk can be used to preserve the environment, conserve the use of energy, promote the use of renewable energy and reduce greenhouse gas emissions.

Malaysia launched the world's first Green Sukuk on 27 June 2017 but due to its infancy, Green Sukuk does not yet have much data to promote its track record. However, if we look at the US\$30bn of green bonds issued in the second quarter of 2017, it is clear that the outlook is good.

### Sustainability in the UAE

The UAE Green Growth Strategy was launched in 2012 by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, and was implemented by the Cabinet in 2015.

The strategy's aim is to achieve the country's ambition of becoming a global hub and a successful model as a low carbon, green economy.

The UAE is particularly keen to head in this direction in order to enhance its competitiveness and to preserve its environment for future generations. Crucially, investment attracted through Green Sukuk will be vital to the strategy's success.

### Growing demand

In an ever-changing regulatory environment, there will, of course, be challenges including the drafting of documentation acceptable to governments, investors and Shariah scholars. Nonetheless, the demand for green investment options and the appetite for Islamic finance solutions are growing rapidly.

Although it will be some time until Green Sukuk's potential to become a standard form of investment is realised, be in no doubt that momentum is building and worldwide potential is strong.



# SETTING UP FOR SUCCESS

## REAL ESTATE INVESTMENT STRUCTURES

**The tangible nature of real estate as an asset class ensures that it continues to endure in the portfolios of many GCC clients. However, perhaps more than any other asset class, real estate is an easy target for the imposition of targeted laws to control it. These vary significantly from jurisdiction to jurisdiction but typically come in the form of ownership restrictions and/or taxes. One of the key elements to an investment's success is putting in place the right ownership structure at the outset.**

Whether investing at home or internationally, the first step for any investor should be to focus on what they want to get out of the asset. In terms of commercial real estate, the question is often 'am I investing for yield or capital growth?'. In the family office context, it is more likely that there will be a desire to protect capital for the next generation, whilst also receiving an attractive income.

### Identifying your investment goals

Identifying your investment goals – both in the medium and long-term – will help when devising an investment structure that provides the appropriate level of flexibility, control and tax efficiency.

For our GCC and Far Eastern clients, the UK real estate market has long been, and continues to be, a popular choice for outbound investment and is often the cornerstone of any international real estate portfolio. Like many European markets, structuring decisions will be dictated to a large extent by tax implications.

### Reducing the overall tax burden

In the UK, the government's almost incessant tinkering with the tax system for residential property over the last few years (most recently with the extension of inheritance tax in April 2017 to corporate wrapped real estate), is having a profound effect on the way that residential property is structured for both new and existing investments. For many of our clients this has meant "de-enveloping" their property (which means removing the property from a corporate structure) in order to reduce the overall tax burden. It also requires clients to consider alternative methods of inheritance tax mitigation.

It is also interesting to note how tax changes alter client behaviour. Despite the tax changes for residential property, commercial property in the UK has, until very recently, been left largely unaffected and it continues to enjoy favoured tax treatment particularly for non-UK resident and domiciled investors. Amongst our private family client base, who historically often focused on the residential sector, we have seen a significant increase in commercial real estate interest.

### Significant change of direction

As ever, nothing stands still and, in a significant change of direction, the UK government has recently announced that capital gains tax will be extended to non-resident owners of UK commercial real estate (whether corporates or individuals) including on the disposal of so called "property rich" companies. The UK government recently confirmed that these changes will be introduced in April 2019, along with a re-structuring of some other UK real estate taxes. Although their impact on the market remains to be seen, we expect offshore structures to continue to be utilised for many UK real estate transactions and Jersey will continue to feature prominently as one of the preferred jurisdictions.

STRUCTURING YOUR REAL ESTATE INVESTMENTS CORRECTLY FROM INCEPTION IS THE ONLY WAY TO MAXIMISE YOUR RETURNS AND TO MEET YOUR INVESTMENT GOALS.

## What you need to know

- 1 There are a number of forthcoming changes to the taxation of UK commercial real estate for overseas investors, the first of which is the imposition of capital gains tax in April 2019.
- 2 Based on English law principles, DIFC and ADGM companies are attractive options for inward investment into the GCC region and both are an increasingly popular choice for the incorporation of asset holding companies. Bahrain's new trusts law is also a flexible option for GCC assets.
- 3 Trowers & Hamlins has the leading UK investment team in the Middle East, with (uniquely) UK investment specialists living and working in the GCC. The team specialises in structuring UK commercial, development and residential real estate investments.





TROWERS & HAMLINS LLP  
IS A LEADING UK LAW FIRM  
WITH A STRONG PRESENCE IN  
THE MIDDLE EAST – WITH UK  
SPECIALISTS BASED IN THE GCC,  
THE FIRM IS UNIQUELY PLACED  
TO ADVISE GULF CLIENTS ON  
THE RANGE OF STRUCTURING  
OPTIONS AVAILABLE.

Of course, investment within the GCC itself is also popular with local UHNW families. However, there is also evidence of its wider appeal – the **World Investment Report 2018**, published by the United Nations Conference on Trade and Development, reports that Bahrain, the UAE and Kuwait have all seen rises in inward investment over the past three years.

#### More robust structuring

In part, to encourage international and local investment in real estate, a number of the regional players have reformed the legal framework and now offer more robust structuring options.

GCC investors now have several viable options for managing their real estate investments closer to home. In the UAE, investors have a choice of the Dubai International Financial Centre (DIFC) or the Abu Dhabi Global Market (ADGM). Both are sophisticated jurisdictions and operate within commercial legal frameworks that are based on English law. DIFC and ADGM companies are attractive options for inward investment into the GCC region and are an increasingly popular choice for the incorporation of GCC asset holding companies.

The DIFC and ADGM offer trust and foundation regimes for corporate and family investors alike, opening up the potential for robust succession planning.

Bahrain's new trust law also presents unique advantages to investors. In particular, it specifically allows for 100% foreign ownership where restrictions apply in relation to local assets. The law is modern, flexible and based on international standards familiar to those operating in offshore financial centres.

Trowers & Hamlin and VG have successfully worked together on multiple real estate and other transactions on behalf of our GCC clients. As a leading UK law firm, a member of the international network of law firms 'Interlaw' and one of the first to establish a permanent presence in the Middle East nearly 40 years ago, Trowers & Hamlin is uniquely placed to advise both corporate and private clients on the range of structuring options available for UK and European assets.



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JERSEY CONTINUES  
TO BE THE FAVOURED  
HOLDING JURISDICTION  
FOR GCC CLIENTS'  
INTERNATIONAL ASSETS  
– IN PARTICULAR UK  
AND EUROPEAN REAL  
ESTATE ASSETS.



# FEMALE EMPOWERMENT IN THE MIDDLE EAST

INTERVIEW WITH SAMINA AKRAM,  
FOUNDER OF THE WOMEN IN ISLAMIC  
& ETHICAL FINANCE FORUM (WIEFF).

With all the positive female empowerment work currently taking place in the Middle East, Claire Malkoun speaks to Samina Akram on “Women driving change in the Middle East”, ahead of VG’s Islamic finance networking event in September in London.



Samina Akram is the founder of the **Women in Islamic & Ethical Finance Forum**, an independent, international forum which aims to create a networking platform for industry professionals to meet, collaborate, support and promote the interests of the ethical and Islamic finance industry.

[www.womenieff.org](http://www.womenieff.org)

“MUHAMMAD WAS EASILY THE MOST RADICAL AND EMPOWERING IN THE TREATMENT OF WOMEN. ARGUABLY HE WAS HISTORY’S FIRST FEMINIST.”

HuffPost, 28 October 2016

**Claire:** Samina, may I begin by asking you to explain what WIEFF is?

The forum formally launched in July 2015, although we have been around since 2007. WIEFF began from humble beginnings and, initially, we just had 30 keen supporters. Today, WIEFF has a global database of over 8,000 members and is growing exceptionally fast. The long-term vision is to achieve awareness and growth of the sector through educational seminars, events and promotion of best practice globally to the highest standards. The goals of WIEFF are two-fold:

- To support, encourage and promote women in the global Islamic financial Islamic financial services industry.
- To create a platform that fosters links between the Islamic and ethical finance industry.

**Claire:** Can you please shed some light on how female empowerment has been viewed historically in the Middle East?

**Samina:** If we focus on the seventh century prior to Prophet Muhammad, the scholars refer to this age as the ‘Time of Ignorance (Jahiliyah)’ as amongst many ignorant practices women had virtually no rights. Under the tribal laws existing in Arabia, women were more or less the property of men. They had no legal status, they had no rights to own a property or have any rights to inheritance. Women were treated like household goods, bought and sold like a commodity. Fathers sold their daughters into marriage for a price. In fact humanity had steeped so low that girls were being buried alive by their fathers.

The laws of Shariah abolished all this. The first ever charter written by Prophet Muhammad known as the ‘Madina Charter’, was based on love, compassion and peace. It focused on particular care for the vulnerable and weak and held justice for all, regardless of gender, religion or race. Prophet Muhammad based on divine revelation, raised the status of women so high that heaven now lay under the feet of the mother. Wives were viewed as gifts to men from God. Daughters viewed as a curse now were now seen as a blessing. The Quran stated that these girls will rise from their graves on judgement day asking for what crime they were buried alive and killed. Prophet Muhammad put an end to infanticide. Shariah law taught men and women were equal. Women were given the right to choose their husband and the right to divorce him. The dowry was now to be paid at her request, not at the father’s. Women were given the right to own property and granted inheritance rights. Women began to play an important part in the economic, political, social, academic areas of life, indeed the prophets own wives are a testament to this.

Here, we begin to see the early transformation for female empowerment. An article written by Jim Garrison, in HuffPost<sup>1</sup> entitled ‘**Muhammad Was a Feminist**’, argues “Muhammad was easily the most radical and empowering in the treatment of women. Arguably, he was history’s first feminist.”

<sup>1</sup> HuffPost, 28 October 2016





**Claire:** More needs to be done to encourage women to aim for more senior leadership roles in Islamic finance and generally. What are governments and institutions in the region doing to encourage this?

**Samina:** From a governmental perspective, the Middle East is really pushing the women empowerment agenda.

In Egypt, the Central Bank of Egypt (CBE), is empowering women economically and socially through various initiatives and financing programs.

The United Arab Emirates (UAE) recognises the importance of gender diversity and achieving the right balance. The UAE hopes to be one of the world's top 25 countries for gender equality by 2021.

Countries like Bahrain have always taken a keen interest in supporting women empowerment in finance. In 2015, the Central Bank of Bahrain in cooperation with the Supreme Council of Women (led by HRH Princess Sabeeka Bint Ibrahim Al Khalifa, the wife of the King) designated that particular year to 'Women in Banking and Finance Sector'.

It was a real honour for us to be invited to speak at a roundtable at the Bahrain Government's Supreme Council of Women offices in partnership with The Bahrain Association of Banks (BAB). The focus of the roundtable was on the lack of female scholars advising financial and Islamic institutions. Several CEOs and other senior figures in Islamic and Middle East banks attended. I walked away from the roundtable with much confidence in the region.

**Claire:** How are financial institutions in the Middle East developing their female talent?

**Samina:** Financial institutions are very slowly waking up to the fact they need to do more to encourage and develop female talent. Abu Dhabi Islamic Bank in 2015 became the first Islamic bank to launch a leadership programme which focused on developing its female staff to aim for more senior and challenging leadership roles.

In 2001, Dubai Islamic Bank opened a women-only branch and today the bank has several such branches. The bank describes these branches as very profitable. These branches only have women working in the banks. This is naturally giving women opportunities to push up the leadership ladder. Last year, Dubai Islamic Bank's Shariah department invited us to do a presentation to their staff on how women were progressing within the industry. We see this area as a very important part of the bank's focus.

Countries like Saudi Arabia, Bahrain and Oman also have women-only banks. This will, as we mentioned before, force institutions to take women leadership roles more seriously. More generally in coming years, you will see more development taking place within the region with all the governmental and institutional initiatives planned.

**Claire:** Why is there a lack of women?

**Samina:** Unfortunately, this is part of a wider problem facing the Muslim world. Women are not encouraged to pursue such a path, largely to do with cultural barriers very alien from Islam. What is concerning is when religion is used as a tool for preventing them to enter the scholarly field. Having said this, many senior scholars such as Dr Mohammad Akram Nadawi are working hard to make sure the female historical contribution is recognised, preserved and used as an inspiration to motivate others.

**Claire:** What is being done to develop female scholars?

**Samina:** Dr Nadawi a few years back compiled a 40 volume biographical dictionary of 40 female Scholars, mostly from the Middle East. Even after the progressive time of Prophet Muhammad in the seventh century, where

women like his wife Aisha bint Abu Bakr was praised by the Prophet for being a leading scholar, we begin to see female scholars of high public standing and authority in the very formative years of Islam. Dr Nadawi argues they travelled intensively for religious knowledge and often attended and were invited to the most prestigious mosques and centres of learning across the world.

Within the Islamic finance space, scholars like Sheikh Nizam Yaquby and Dr. Mohd Daud Bakar, both internationally renowned scholars should be praised. It was Sheikh Nizam's guidance and support which helped us launch WIEFF. He personally travelled from Bahrain to attend our launch event here in London in 2015. Sheikh Nizam's Keynote focused on the Lady Khadija Tul Kubra's contributions to business, trade and Islamic finance. Lady Khadija was a very successful entrepreneur married to the Prophet. Dr Daud Bakar has personally mentored many senior female scholars in Malaysia. Malaysia is a country role model for the Middle East region and for others to follow. They already have several female scholars advising their financial institutions.

Financial institutions are very slowly waking up to the fact they need to do more to encourage and develop female talent.





**Claire:** Saudi Arabia in particular has been in the news recently for various female empowerment initiatives. Can you comment on what has been proposed?

**Samina:** The current King Salman has proposed many reforms for female empowerment. This February, announcements were made whereby women could join the military and the country's intelligence services. There will be a reopening of public institutions to women, such as sports stadiums, concerts, cinemas. Women can now decide what to wear in public. A senior Saudi Scholar recently commented that wearing an abaya was not obligatory under Islam and should be viewed as a personal choice. And, of course, the most famous reform has been the abolishment of the world's only law that stated women could not drive. The first motor insurance centre for women in the Kingdom, **The Salaman Insurance Office** officially opened for business on 1 May 2018, in Jeddah, run by an all-female staff.

**Claire:** Saudi Arabia is leading the way. How is this evolving?

**Samina:** Although these are all important reforms, and we hugely welcome them, it is important to not lose sight of the fact that Saudi Arabia has been leading in many other ways, especially in certain areas of finance. Saudi Arabian women have taken up more prominent roles in family businesses. Women have drawn up family wealth to set up institutions and have been heading up family empires. One of the world's most influential women in finance who is often quoted in publications

like Forbes, Lubna Olyan, is from Saudi Arabia, and she is very much respected for her success in the Kingdom. There are many other senior women not mentioned so much in the media who are doing some very impressive work.

Last year, we saw one of Saudi Arabia's top banks, Samba Financial Group, appoint Rania Nashar as Chief Executive Officer. Arab National Bank appointed Latifa Al Sabhan as its Chief Financial Officer. In addition, since last year, Saudi Arabia's Stock Exchange has been led by a woman, Sarah Al Suhaimi.

We are generally very optimistic for the Kingdom and the rest of the Middle East and see women truly driving change in the region. At WIEFF, we are very excited to do more work in the Middle East with a number of initiatives planned for the future. Watch this space.

**Claire:** Samina, thank you for your insights on such an important topic. It is great to see recognition of the importance of gender balance and female empowerment, particularly in the Middle East. We look forward to continuing to support this collective endeavour.



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The current King Salman has proposed many reforms for female empowerment. This February, announcements were made, whereby women could join the military and the country's intelligence services.

WOMEN HAVE DRAWN UP  
FAMILY WEALTH TO SET UP  
INSTITUTIONS AND HAVE BEEN  
HEADING UP FAMILY EMPIRES.





# MAKING AN IMPACT WITH ISLAMIC INVESTING

INVESTORS INCREASINGLY WANT TO SEE THEIR MONEY MAKE A REAL DIFFERENCE IN THE WORLD AND ISLAMIC INVESTMENT OFFERS A TRIED AND TESTED ROUTE TO ACHIEVE THIS.

Tayyab investment refers to the concept whereby investors are more concerned with the socially responsible aspect of their investment, rather than its absolute return. This concept was neatly summarised in the **“Guide to Islamic finance”** published in 2009 by the Dubai International Finance Centre which says:

**“The future of Islamic finance depends on ensuring compliance with the underlying principles and purposes of Shariah, not just the letter of Shariah but the spirit too”.**

On 25 September 2015, world leaders adopted the 2030 Agenda for Sustainable Development, which defined global sustainable development priorities and aspirations for 2030 by mobilising global efforts around 17 Sustainable Development Goals (SDGs) for people, planet, peace and prosperity.

### Impact investing

An important source of funding for the SDGs is impact investing. The term was coined in 2007 by the Rockefeller Foundation in an attempt to define investments that generate a measurable and beneficial social or environmental impact, alongside a financial return on investment. Given the emphasis on risk-sharing, linkages to real economic activities, partnership and equity-focused approaches to investment, Islamic finance is a logical and yet relatively untapped source to finance these SDGs.



## What you need to know

- 1 On 25 September 2015, world leaders adopted the 2030 Agenda for Sustainable Development.
- 2 Non-Muslims can embrace Sukuk because they are designed for an ethical purpose as well as offering a rate of return that appeals to both conventional and Islamic investors.
- 3 The earning of profits from risk capital is allowable under the principles of Shariah, such that an investor can legitimately anticipate earning a return from an Impact Investment project.





In May 2017, a report was published under a joint initiative by the Islamic Research and Training Institute, IDB Group, the United Nations Development Programme (UNDP), and the Istanbul International Centre for Private Sector in Development (IICPSD), entitled **“I for Impact: Blending Islamic Finance and Impact Investing for the Global Goals”**.

The stated principle aims of the report were the identification of ways to enlarge the area of overlap between Islamic finance and impact investing and to develop collaborative strategies.

Ethics at the heart of Islamic finance

The principle of **“doing good and avoiding harm to others,”** represents the main underlying ethical principle of Islamic finance. Both Islamic finance and Impact Investing are value-based investment structures through which investors can participate in projects and transactions with an underlying moral purpose.

Furthermore, it is anticipated that such ethical and sustainable investment products will be of interest to a wider range of investors if they are made Shariah-compliant and, therefore, gain appeal to Muslims. At the same time, non-Muslims can embrace them because they are designed for an ethical purpose as well as offering a rate of return that appeals to both conventional and Islamic investors.

As in many other aspects of Islamic finance, Malaysia was the first to announce guidelines for the issuance of socially responsible Sukuk as early as 2014. These were aimed at helping companies raise money for projects ranging from renewable energy to affordable housing, (often referred to as Green Sukuk).

Importantly, Sukuk have many similarities to conventional secured debt products, often with an option to convert into the equity of the issuer, making them attractive to both Muslim and non-Muslim investors alike. We experienced an example of this in 2005 when an entire tranche of a Sukuk we were working on was purchased by a UK high-street bank.

Profit is permitted

The prohibition on interest is a well-known feature of Islamic finance. The Islamic financial system promotes the concept of participation in a transaction backed by real assets, utilising the funds at risk on a profit-and-loss sharing basis. It is important to recognise that the earning of profits from risk capital is allowable under the principles

of Shariah, such that an investor can legitimately anticipate earning a return from an Impact Investment project, subject to the project being successful.

The success of Islamic impact investing makes me wonder whether it is the ultimate ethical investment product for Muslims and Non-Muslims alike. The simple fact is, “yes” but the challenge is in finding an institution with the resources to locate suitable investment opportunities, put together a suitable Shariah-compliant funding structure, and then, possibly the biggest hurdle of all, is to find investors willing to ‘walk the walk’ rather than just ‘talk the talk’.



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See also “Tayyab investment: beyond Shariah-compliant investing” published in New Horizon, the Institute of Islamic Banking and Insurance in London (Issue 176, July-September 2010).

THE PRINCIPLE OF “DOING GOOD AND AVOIDING HARM TO OTHERS”, REPRESENTS THE MAIN UNDERLYING ETHICAL PRINCIPLE OF ISLAMIC FINANCE.



# INFORMATION DISCLOSURE

## RIDING THE WAVE

In the past, the position on information disclosure was very straightforward. It was often the case that information was generally not requested and, therefore, was simply not required to be disclosed.

New technologies require a less disciplined, rigorous approach to communication and a quicker turnaround time means there is a less rigorous editing sensibility.

Times have changed and over the past years, we have witnessed ever increasing growth in the number of reasons why information must be disclosed. As a result, the number of different ways in which disclosure is required has also grown: transactional (think UK Companies House and Persons with Significant Control); periodical (think Common Reporting Standards (CRS)); statute supported request (think Tax Information Exchange Agreements (TIEA)).

On top of that, courtesy of the EU, we have all been grappling with what we can do, or indeed must do, with information we hold within our businesses.

### New technology, new rules

What all this direction of travel means, of course, is that firms will have to be evermore sure that they disclose information properly, at all times. Of course, all of this is happening as the number of communication channels increases, some of which do not naturally lend themselves to an office environment.

Forget for a moment SMS, email and LinkedIn; we are increasingly using technologies such as WhatsApp and WeChat in the workplace. These new technologies require a less disciplined, formal or rigorous approach to communication and a quicker turnaround time (almost minutes at best), leading to a less rigorous editing sensibility.

In the past, some trustees may not have been as rigorous as they should have been in terms of monitoring investment performance and, no doubt, some have learned a painful lesson. Nowadays, the entire process of investment is more professional and, to a certain extent, standardised.

The same evolution will simply have to happen with regard to the holding of information and the accuracy of its disclosure but to achieve this will require a greater level of understanding by everyone involved – both those requesting and those holding information.

Businesses will have to adapt and keep pace. If they do not, errors will be made and are unlikely to all be noticed in time to minimise the damage. The results of failure will be expensive.

So be warned, it is time to be aware of the next wave.



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# GRASS ROOTS AND HAPPY PEOPLE

Rebranding is much more than simply a matter of giving a new look and feel to the corporate identity. Successful rebranding demands that you go back to the organisation's roots and assess the journey taken from its origins all the way through to the present day.

A happy and motivated workforce is more likely to deliver excellence and delight our clients.



'Living your brand' is absolutely the heart of the matter. A brand is not a one-off event but something to be valued, protected, energised and brought to life.

The challenge is to engage your staff around your culture, brand and values, ensuring that they understand all that the brand symbolises, what it means and why it is important. This understanding leads to confidence in the brand, which, in turn leads to a belief in the values and the development of a culture that means they are lived and breathed every day. Through living a brand's values, the brand is not hidden but visibly expressed, naturally.

## Service with a smile

When we rebranded to VG in September 2017, we developed a new series of company values that shape the way we work today as 'one team', delivering quality and value to our clients.

One year on, we are adding a new value – **Positivity**. The reason for doing this was simple: happy and motivated employees are far more likely to provide clients with a positive experience that is built upon a foundation of excellence.

## Acquiring, nurturing and managing top talent

VG's long-term success is reliant on the acquisition and nurturing of top talent, and we appreciate that many young people do not know exactly where their talents lie or which part of the organisation they might want to work in.

## VG's trainee programme

Understanding this, we have introduced a trainee programme that opens every September and which offers the full range of opportunities available across our business. From financial administration to compliance, business development and marketing, IT and HR, the scheme provides successful candidates (straight out of education or in the very first throws of their careers) with the opportunity to rotate around the business during the year. They get to experience each team and department, so they are in the ideal position to decide for themselves where they will best fit in a permanent role.

Wendy Tan, a new trainee at VG, has spent the past three months in the BD and Marketing team and has found it a great way to start her career.

"VG offered me a place in its Trainee Programme, rotating between departments so I can gain a better understanding of how each area of the business works."

"There is no doubt that this approach helps me adjust to new environments and gives me the opportunity to make connections in each department."

"I can't wait for new challenges in the future and I am excited about the development of my career at VG."

Wendy Tan

## What you need to know

- 1 Positivity has been added as a new VG brand value.
- 2 Trainees are able to experience all parts of the business before choosing where they would like to develop their careers.
- 3 40% of our staff have been with us for over 10 years and, in some cases, for more than 30.



Doing good and giving back to our community

In the past year, VG’s CSR activity has ramped up. Our staff voted to support two new charities: **Mind Jersey** and **Jersey Alzheimer’s Association**, and we have been proactively supporting and fund-raising for them in the months since.

We have also become a corporate partner to **Every Child Our Future**, a charity that engages children in a reading scheme to help narrow the gap between low and high achieving primary school pupils.

Everyone at VG is proud to be sponsoring three children through their primary school reading journey, and on top of this, a team of 15 employees regularly visits a local school to read with a larger group of children. Staff are actively encouraged to take part and are given time during working hours to visit the school and the children they partner with.

Investing in our Talent Management Programme

Peter Ilton, a member of VG’s **Every Child Our Future** team, jumped at the opportunity to take part: “VG is investing in the future – from the members of its Talent Management Programme, to the children in our schools. It is so rewarding to be involved in the valuable work that **Every Child Our Future** does to assist children’s literacy, and it is fantastic to be given that opportunity.”

It is a question of culture

Put simply, we are investing in the culture of our business. A business is only as successful as the people working within it. By building a business with all the right ‘elements’ – from stimulating work and interesting projects to engaging social activities and by offering our people the chance to give something back to the community, we are developing a strong culture of positivity.

Culture must never be underestimated. We are all naturally drawn to places that feel like home where we feel we have a role to and can enjoy a sense of belonging.



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New recruit, Lucinda Gouveia, has quickly become involved in VG’s culture.

“Since I started at VG, I have seen that there is a real emphasis on making it a great place to work and giving employees the opportunity to get involved in social activities.

“We have set up VG netball and hockey teams, which have been a huge success and brought everyone in the office together. I have also joined the social and social media team.

“I love the fact that VG allows me to have an input into the direction that the business is going in. We want to increase our social media presence and it is very rewarding to see that my personal efforts make a difference to the organisation.”

Lucinda Gouveia

Retaining and developing our people

At VG, we are working hard to ensure that our new recruits want to stay with us for the long-term. Clients tell us that continuity of team and long-term relationships are important to them. They value the fact that over 40% of our staff have been with us for over 10 years and, in some cases, have been with us for more than 30 years.

What does this mean for our clients and why is it important?

By continually expressing who we are and staying true to our brand we can distinguish our service and our people and, therefore, concentrate our focus on delighting our clients and employees in a very distinct and personalised way.

We are told we are different and we like to demonstrate this difference with personality and energy each day by bringing it to life.

We are building a business with all the right ‘elements’ – from stimulating work and interesting projects to engaging social activities, and by offering our people the chance to give something back to the community.



# MEET OUR TEAM

VG IS DELIGHTED TO SUPPORT  
**IFN UK ISLAMIC FINANCE  
WEEK 2018** ON 5 SEPTEMBER  
AT MANSION HOUSE,  
LONDON EC4N 8BH

## VISITS PROGRAMME

At your service. We listen to  
your needs and respond with  
solutions tailored to fit.

To arrange a meeting or for an  
initial call, pleased contact:



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Our team regularly visits the UK, Switzerland and  
other countries in Europe, Middle East and Africa.

<b>September</b>	
18 – 20	Lebanon
24 – 27	Saudi Arabia (Jeddah and Al Khobar)
<b>October</b>	
3 – 7	Africa (Kenya)
15 – 18	United Arab Emirates (Dubai and Abu Dhabi)
<b>November</b>	
4 – 6	Kuwait
7 – 8	Saudi Arabia (Riyadh)



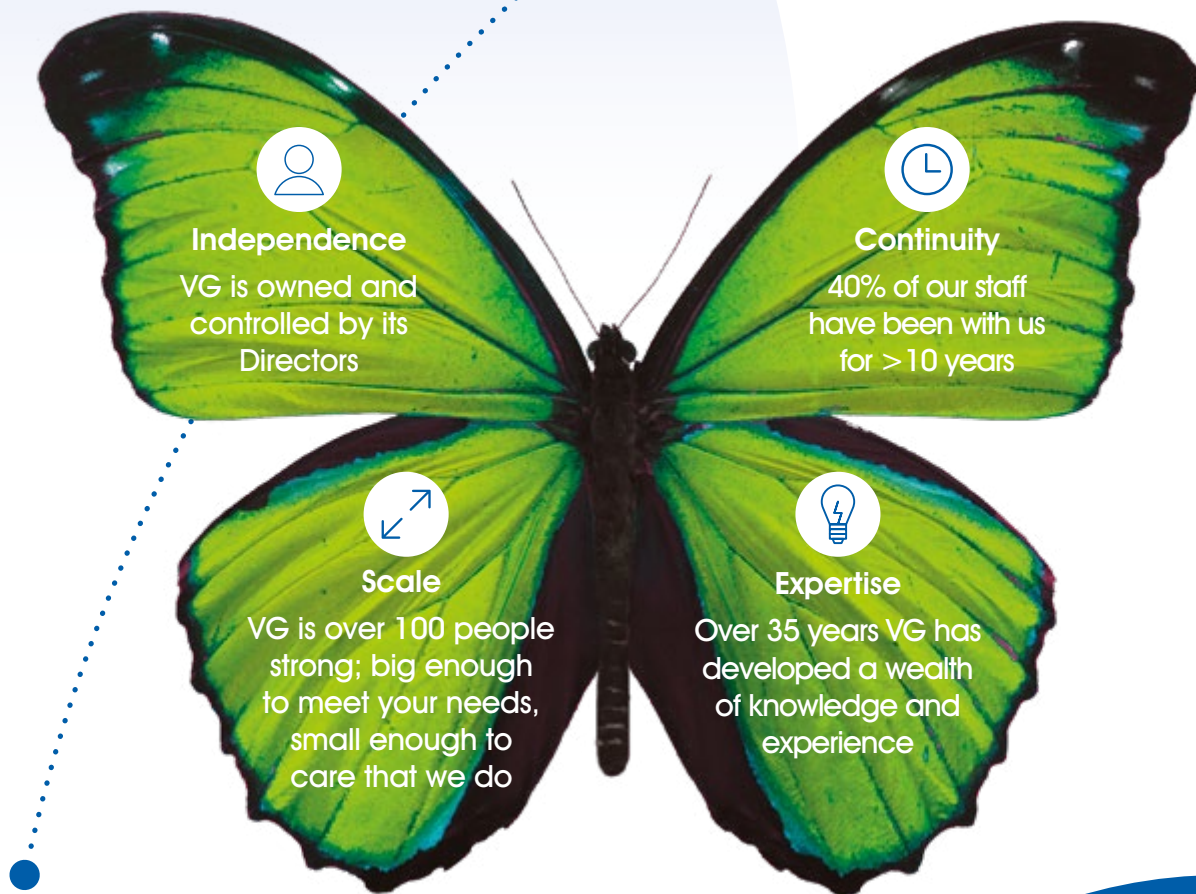
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opinion of VG and no reliance should be placed upon the information contained herein.



# It's as simple as... transferring to VG



Independent fiduciary  
and administration solutions



## Independence

VG is owned and controlled by its Directors



## Continuity

40% of our staff have been with us for >10 years



## Scale

VG is over 100 people strong; big enough to meet your needs, small enough to care that we do



## Expertise

Over 35 years VG has developed a wealth of knowledge and experience

## We provide a real alternative.

Our aim is to delight you with our solutions and our service, first time every time.

Experience the value of VG by contacting:



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For details of the legal and regulatory status of VG, please visit [www.vg.je](http://www.vg.je)

## We offer:

- A free onboarding based on a transfer of an existing private trust or corporate structure.
- A fixed fee for simplicity and certainty.
- A free VG exit if after two years you are not delighted with our service.