

# SHARED RISK & REWARD

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## Reading List

Oman's Islamic Banking Regulations ([PDF](#))

## Blog Posts This Week

[Oman's prohibition of tawarruq and murabaha sukuk](#)

[Oman gov't to consider sovereign sukuk](#)

[Retakaful for agricultural-based microtakaful funds](#)

[Dr. Zeti speaks on the shift towards equity-based Islamic financing](#)

[Islamic banking in Oman to start in 2013](#)

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## Predictions for 2013

Now that it is the end of the year, I think it's time for a few predictions about next year. With Yogi Berra's caveat in mind ("Prediction is very hard, especially about the future") here are a few predictions.

1) The focus within sukuk markets will continue to shift eastward: During the past two years, the Malaysian sukuk market has continued to maintain a leading position in terms of both primary market issuance and secondary market issuance. There is little reason for this to change, absent a dramatic rise in the volatility of the Malaysian Ringgit, the currency in which the onshore sukuk markets are denominated. The coming year will see a rise in the number of sukuk issued in non-Ringgit currencies but maintain their primary listing in Labuan (with secondary listings in either London or Luxembourg).

2) The debate about Shari'ah standards will return to the forefront of discussion during the year: Whether we revisit the controversy from 2007/08 around repurchase agreements in sukuk documentation, or if the focus intensifies around the use of tawarruq in interbank financing after Oman prohibits Islamic banks from using the product, 2013 will see a return of "Shari'ah risk".

3) The need for Islamic microfinance will continue to be emphasized, but will not translate into practice: Islamic microfinance has been raised as an important issue for Islamic finance for years, and amidst all the talk, there has been very little action on the parts of Islamic financial institutions to dedicate a share of their resources to promoting Islamic microfinance. While Islamic financial institutions will continue to promote their commitment to Corporate Social Responsibility, 2013 will not see a significant shift from words to actions on the part of Islamic financial institutions

4) A company from the Americas will issue a sukuk, the first from this region since the 2009 GE Capital sukuk: There has been very little take off in sukuk issuance in the US and Canada, as well as throughout Central and South America. In 2013, I expect a company from the region to issue a sukuk. On the top of my list (in terms of likelihood) would be a follow on sukuk from GE Capital or a company in the oil & gas industry in Western Canada.

5) Islamic financing of renewable energy projects will become more common: The sukuk issued in Malaysia from Australian firm The Solar Guys to finance a solar generation project in Indonesia will serve as a 'proof of concept' for a 'green sukuk' and with the huge plans for renewable energy generation in the GCC, other 'green sukuk' will be issued by GCC-based issuers.

We'll see at the end of 2013 whether these predictions were right or wrong (and I sincerely hope that number 3 will be wrong).

Until next year,  
Blake Goud