

Interview with Islamic finance scholar Professor Boudjelal Mohammed

IFN Correspondent EZZEDINE GHLAMALLAH interviews Professor Boudjelal Mohammed, a professor of economics at M'Sila University, Algeria; a member of the High Islamic Council (HIC); a scholar in Islamic finance; and a founding member as well as an expert with the National Fund for Zakat in Algeria.



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On the 15th March 2020, a regulation of the Bank of Algeria was published in the official journal defining the banking operations falling under Islamic finance and the conditions of their exercise by banks and financial institutions. How important is it in the process of implementing Islamic finance in Algeria?

Indeed, Regulation 20-02 of the 15th March 2020 repeals Regulation 18-02 of the 4th November 2018, which was very unclear especially Article 4. Banks and financial institutions did not know where to go to obtain the certificate of Shariah compliance. This gap was filled by Article 14 of the new regulation which specifies that it is the National Authority of Fatwa for the Islamic finance industry which will be empowered to issue this certificate of compliance. Thus, following the publication of Regulation 20-02, the HIC, an advisory institution reiterated by the 2016 constitution in its Article 195, created this authority on the 1st April 2020. With these two new texts, banks and financial institutions now have an address of where to request certification of their Shariah compliant products.

What are the limits of the current legal framework for the effective implementation of Islamic finance in Algeria?

The door to the implementation of Islamic finance has been opened, and in my opinion, it is inappropriate to speak of limits. The Bank of Algeria has displayed three principles that will accompany the establishment of Islamic windows in public and private

financial institutions. These principles are progressiveness in implementation, consultation with various stakeholders and financial inclusion while focusing on innovation.

In this regard, it should be considered that an ecosystem of Islamic finance is being established. The insurance department is working on a draft executive decree on Takaful insurance; COSOB (Commission for the Organization and Supervision of Stock Market Operations), is working on the promulgation of a law on Sukuk, discussions are underway between the HIC and the Central Reinsurance Company, a joint stock company with a share capital of DZD22 billion (US\$170.12 million), owned by the Algerian state, for the creation of a re-Takaful window; projects to support Waqf and Zakat have been submitted to the Ministry of Religious Affairs and Waqf. I think we will have to be positive rather than talking about limits. My nature is to see half of the glass full than half empty.

Does Algeria lack expertise in the matter which would explain the delay in this implementation despite a demand expressed by the market for alternative finance?

No, Algeria is a pioneer in Islamic finance. Ibrahim Abou Al-Yaqadhan was the first Muslim to have proposed to the colonial administration in 1929 a meticulously prepared project for the creation of an Algerian Islamic bank. The first university research thesis presented in Great Britain in 1982 was an Algerian one. The AAOIFI was created in 1991 in Algiers and Algeria was one of the founding countries of the Islamic Development Bank. Prominent Algerian nationals excel in Malaysia, the Gulf countries and Europe. Indeed, we are slightly behind; this is mainly due to the lack of political will over the past 20 years. We have to move forward; Algeria today is not yesterday's Algeria.



The Algerian Symposium of Islamic Insurance and Finance (SAAFI) 2018, for which I ensured the scientific direction, coincided with the promulgation of Regulation 18-02. SAAFI 2020 is scheduled for November 2020 in Algeria.

In these times of a health crisis, many of our compatriots living abroad as well as their families are wondering about the availability of a Takaful insurance product allowing, in the event of death, care and repatriation in compliance with precepts of Islam. Where are we on this?

Yes, I favorably support the Takaful initiative for repatriation developed by SAAFI and I hope that it will be consulted by the public authorities to implement the promise of the president of the Republic to create a special fund dedicated to the repatriation of our fellow citizens when they die abroad. Sakina Funerals could be of great help in this regard. ☺