

# FAAIF to Produce Islamic Finance and Banking Seoul, Korea, August 16-17, 2016

*South Korea is a Rising Sun on the Islamic Finance Horizon*

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/EINPresswire.com/ -- Camille Paldi, CEO of FAAIF announces Islamic Finance and Banking Seoul, Korea, August 16-17, 2016.

Event website: <http://islamic-finance-and-banking-training-workshops.faaif.com/>

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Paldi says that South Korea has taken many steps towards entering the global Islamic finance market including tabling legislation, engaging in training seminars and hosting conferences, as well as joining various Islamic financial regulatory bodies, preparing for sukuk issuance, and tapping into the London Murabahah Exchange. South Korea, which is one of the major exporters to Islamic nations, has explored the Halal market and Islamic finance may be the natural progression to diversify its investments, assets, and markets and stimulate the Korean economy, keeping the nation competitive. Seoul is not only preparing to enter the Islamic financial market, however, strives to become a hub of Islamic finance in East Asia in competition with Japan, Hong Kong, and Singapore.



Several Korean companies including GS Caltex, Korean Air, Hyundai, Samsung and others are reportedly exploring the possibility of raising funds from the

structured through London.

South Korea's Export-Import Bank of Korea already has a bond programme in Malaysia that can issue Islamic bonds, or sukuk, although it has yet to tap the market. One problem for the domestic Korean market is that the amendment to the Special Tax Treatment Control Act (STTCA), which will facilitate sukuk issuance in Korea has not yet been approved. Local supporters of the introduction of Islamic finance products are confident that the delay is a minor setback. The main hurdles are taxation issues relating to double stamp duty, value added tax (VAT), capital gains, and the definition of what constitutes a security. From a conventional point of view, sukuk for instance, may look like asset-backed securities or like investment certificates. There must be a standard guideline that sukuk are considered as securities. Fortunately, these issues have been recognized by the Financial Supervisory Service of Korea and the central bank.

Although Korea is a latecomer to Islamic finance in Asia, Seoul is trying to promote Korea as a future Islamic finance hub similar to Hong Kong, Singapore, and Japan. Kim Jong Chang, Governor of the Financial Supervisory Service of Korea, the financial services regulator, believes that Islamic finance is a good innovation in the global financial market and has stressed that the Korean government is committed to facilitating it in Korea. Korea believes that the global financial crisis has shown that financial services cannot be divorced from the real economy and sees an ideal fit between its vast industrial base and Islamic finance. Local bankers acknowledge that conventional derivatives, which divorce financial services from the real economy, have historically destabilized the global financial system.

The Bank of Korea is the 59th regulatory body to join the IFSB, bringing total membership to 184, joining the likes of the central banks of Luxembourg and Japan and the monetary authorities of Hong Kong and Singapore. This movement is expected to create a link between Korea and Islamic finance hubs in Southeast Asia. South Korea is definitely a rising sun on the Islamic finance horizon.

During 2007 – 2008, many companies established strategic partnerships with Muslim countries i.e. Good Morning Shin-Han Securities Co. Ltd. and Kenanga Investment Bank Bhd in Malaysia, Korea Investment Co. Ltd. and Malaysia Berjaya Land Berhadin, Daewoo Securities Co. Ltd. and CIMB Investment Bank (Malaysia), and Woori Investment Securities Co. and Am Bank Group in Malaysia. Woori Investment Securities Co. has also entered an MOU with Qatar Islamic Bank for business in corporate finance and investment banking. Due to the rejection of the revised tax bill submitted by the Ministry of Strategy and Finance to the Korean parliament in 2009, these companies took a big hit in terms of financial loss from cancelled sukuk issuances.

Under the current legal system, if sukuk is issued, additional costs will be attached (1.5% - 3.3%) as compared with a conventional bond. Therefore, the Korean government tried to change the law in 2009, however, without success. The current Special Tax Treatment Control Act Article No. 21 defines tax exemption of interest income for foreign currency bonds. The Ministry of Strategy and Finance tried to add No. 2 to article 21. The revised bill can be summarized as follows: domestic corporations would issue the sukuk with foreign currency through a foreign corporate body and the income from sukuk would be considered as interest income.

Paldi believes that if the business, finance, and legal lobbies in Korea draft and submit an amended tax and other relevant laws and utilize the right lobbying and PR firms, we can see the tax revision within the next two years and soon after a debut sukuk from South Korea. Paldi is more than happy to offer the services of FAAIF Franco-American Alliance for Islamic Finance to aid South Korea with the legislative, regulatory, and consultative assistance to draft and enact the law as well as train government, business, and legal professional in South Korea on Islamic finance, Islamic bonds, and Islamic insurance. Paldi believes that FAAIF would be quite a wise choice for Korea as Paldi is highly skilled in Islamic finance and Shari'ah in addition to being half-Korean and familiar with Korean culture, religion, politics, and lifestyle. Paldi can be reached at [camille@faaif.com](mailto:camille@faaif.com) and the FAAIF website URL is <http://www.faaif.com>.

FAAIF Limited is a legal and management consultancy firm servicing clients in Islamic banking, finance, and takaful. FAAIF Events is an events production and management company <http://www.faaif.com>.

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