

MICRO RETAIL SUKUK ON BLOCKCHAIN ENABLED PLATFORM

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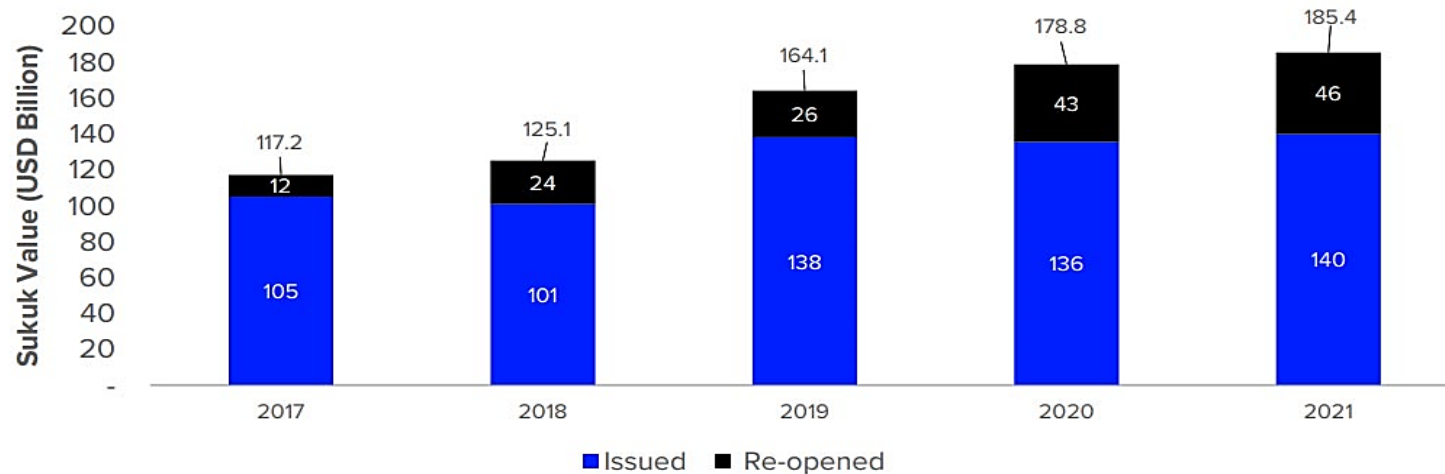
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INTRODUCTION

- Sukuks as a critical part of the Islamic financial ecosystem
- US\$185bn worth of Sukuks issued in 2021 (Source: Refinitiv)

Sukuk Historical Issuance 2017 – 2021



Source | Refinitiv

* 2019 and 2020 figures restated

**Sukuk data are adjusted to reflect re-opened sukuk and exclude 144A offerings.

INTRODUCTION

- Who are the Sukuk Issuers?
 - Sovereigns
 - Multinational Corporations
 - Municipal Agencies
 - Large Corporates

- Who are the Sukuk Investors
 - Financial institutions
 - Mutual and Pension Funds
 - Corporate treasury
 - High Net Worth Individuals

INTRODUCTION

- SME's account for 50% of developing countries
- Capital Source of SME's
 - Debt – 80%
 - Equity – 20%
 - **SUKUKS - 0**
- Individual Sukuk Investors
 - Very small percentage.
 - Very Few Retail Sukuks available.

SME AND SUKUK CAPITAL

- Why do SME's not issue Sukuks?
 - Legal and Regulatory Environment
 - Cost of Issuance of Sukuk
 - Requirement of Exchanges in terms of Capital etc.
 - Target Investors

BLOCKCHAIN ENABLED MICRO RETAIL SUKUK PLATFORM

- Benefit
 - Secured and Immutable records on blockchain platform
- Objective of this Platform
 - Connect all stakeholder through one platform
 - Provide one window solution for originators
 - Reduced cost of issuance
 - Create simplicity in transactions
 - Allow small fund sizes
 - Financial inclusion of SME and smaller business
 - Facilitate all investors of Sukuk across boundaries
 - Engage with DFIs to channelize their investments in Sukuks

BLOCKCHAIN ENABLED MICRO RETAIL SUKUK PLATFORM

- Types of Sukuk
 - Ijara Sukuk : when asset is present with or to be acquired
 - Istisna Sukuk : when asset is to be constructed or made
- AI Technology based processes
 - Approval of Originator
 - Approval of Asset
- Blockchain based platform.
 - Reduces the need for Trustee/SPV

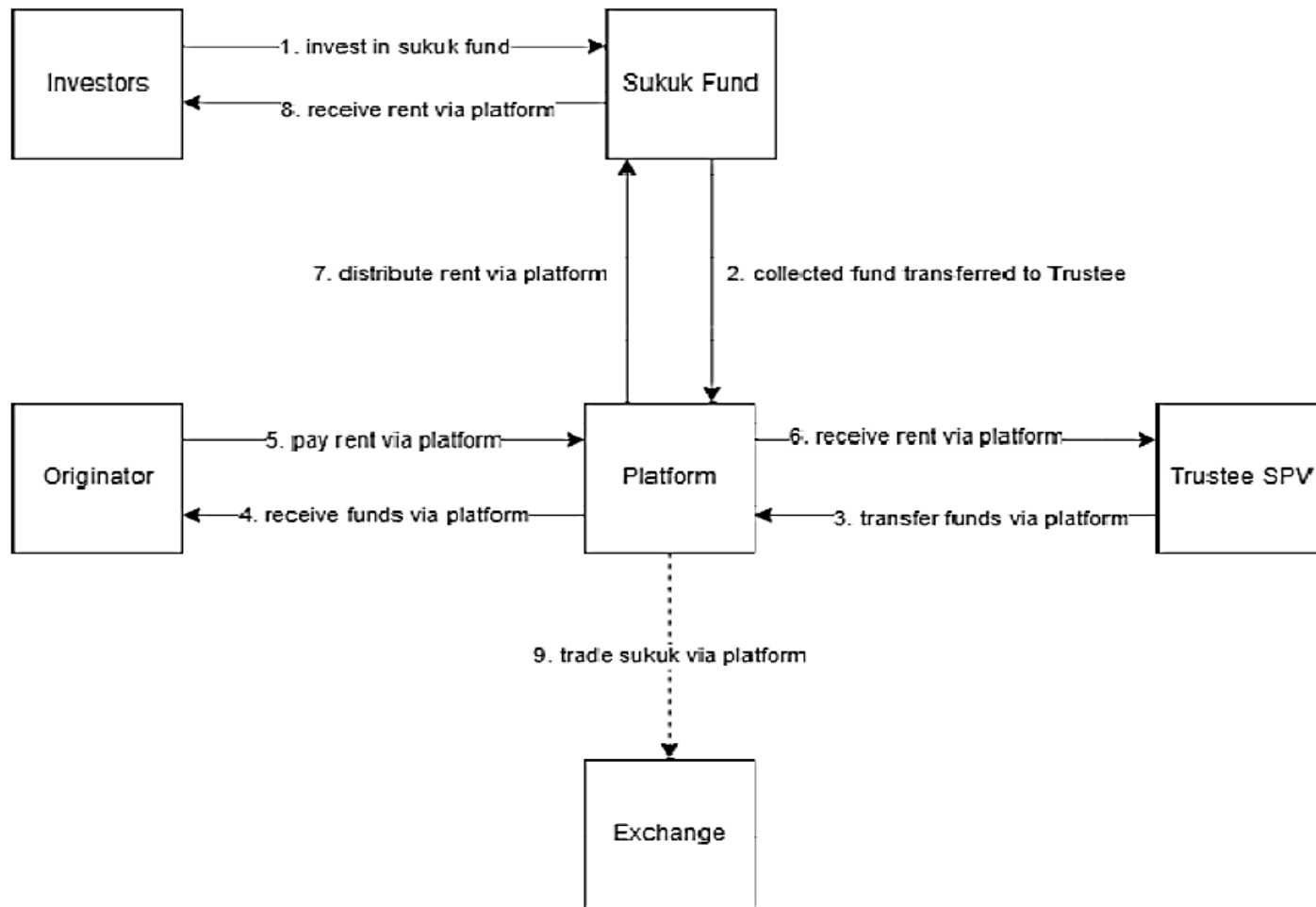
BLOCKCHAIN ENABLED MICRO RETAIL SUKUK PLATFORM

- For SME
 - Online application for origination of Sukuk
 - Online registration of underlying assets and online upload of all documents for review
 - Transparent workflow till approval of origination by trustee

BLOCKCHAIN ENABLED MICRO RETAIL SUKUK PLATFORM

- For investors
 - Online user information entry and registration
 - Access to multiple Sukuk options and complete information of financial plans
 - Online exchange on the platform to buy and sell Sukuks with minimal or zero transaction costs.
 - Online portfolio and account management

BLOCKCHAIN ENABLED MICRO RETAIL SUKUK PLATFORM



CHALLENGES AND WAY FORWARD

- Building Trust in SME and Retail Investors
- Managing Risks especially default
- Platform Continuity
- Starting Critical Mass

THANK YOU

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