



Islamic Finance

Melbourne, Victoria, Australia

Australia has a growing Muslim population of almost 350,000, making the availability of Islamic financial services increasingly important. The State of Victoria is recognised as the Australian leader in supporting the development of Islamic banking.

Market Potential

Australia has one of the largest and developed markets for financial services in the Asia-Pacific region, with the sophistication of its financial markets ranked among the highest in the world¹. The State of Victoria, with its capital city Melbourne, is a key finance and business centre and accounts for around one third of the Australian Finance and Insurance industry².

Supportive Business Environment

In 2004, Victoria was the first state to recognise special arrangements needed to ensure Islamic Finance institutions are able to operate in accordance with Shari'a principals. One reform was the removal of double stamp duty charges on property purchases. Other changes include recognising the principle of profit sharing and allowing Islamic contracts to avoid certain terms which are not permitted, such as interest.

Opportunities for Investment

Infrastructure

The Victorian Government recently announced the 2009-10 budget, which outlined significant levels of infrastructure spending. These projects include the initial stages of the \$38 billion Victorian Transport Plan and the continued delivery of the Victorian Schools Plan, as well as working alongside the Commonwealth Government to deliver its Nation Building – Economic Stimulus Plan.

There is considerable potential for investors to work with potential infrastructure finance bids that are Shari'a compliant.

Property

Australia's mature property market is favoured by investors and the Shari'a friendly Victorian legal environment creates opportunities for investors. An example of this is the Kuwait Finance House, which has announced plans to invest in the Australian property industry as a source of stable income.

Education

Victorian institutions are also recognising the potential of Islamic banking, with a number actively involved in the development and implementation of Islamic studies. La Trobe University and Monash University (through its campus in Malaysia at Sunway) are developing courses that focus specifically on Islamic banking and finance.

National Centre for Islamic Studies

The National Centre for Islamic Studies in Melbourne aims to advance the knowledge and understanding of the rich traditions and modern complexities of Islam, and to profile Australia's strengths in the field of Islamic studies. The Centre is also focused on developing a coordinated national and regional response to needs in research, teaching and community engagement. The Centre was established in 2007 with funding from the Australian Government.

¹ World Economic Forum, Global Competitiveness Report 2007-2008 'Financial Market Sophistication'

² IBIS Jan 2008



La Trobe University

Victoria's La Trobe University's Master of Islamic Banking and Finance is the first course in Australia dedicated to Islamic banking and finance. This cutting-edge coursework Master's program is built around a defined body of knowledge of proven relevance to the Islamic finance industry.

The National Australia Bank also provides the US\$20,000 PhD Sheikh Fehmi El-Imam scholarship in Islamic Finance, highlighting the strong demand for Islam-approved finance products within the wider Australian community.

The Growth of Islamic Finance in Victoria

A number of institutions have been established in Australia to meet the demand for Islamic finance products. The Muslim Community Cooperate Australia (MCCA), which is headquartered in Melbourne, is an Australian market leader in Islamic mortgages. The MCCA provides a wide range of products including shared equity rentals, Murabahah, Musharakahm, Mudarabah and sale to lease finance. All MCCA products are approved by a Shari'a Board (www.mcca.com.au).

Other Melbourne based institutions, including major banks, offer Islamic finance products. The ANZ Bank, which has its global headquarters in Melbourne, has a strong presence in the Middle East as well as a subsidiary in South East Asia offering Islamic products. The National Australia Bank (NAB), also with its global headquarters in Melbourne, recently announced plans to introduce loan products to comply with Shari'a law, and to consider developing further Islamic financial products in the future.

International institutions such as the Kuwait Finance House have chosen Melbourne as the location for their operations in Australia.

Islamic institutions have access to legal and accounting services that have specific expertise in Islamic finance and related products.

Strategic Location

The State of Victoria and its capital, Melbourne, is home to a significant proportion of the national financial services sector. The size of the industry and its strong prospects for future growth has seen many global industry players and boutique fund managers establish a presence in Melbourne. Victoria has a robust and growing economy, advanced and reliable telecommunications infrastructure and it can provide a highly skilled and multicultural workforce that can facilitate your business.

Melbourne operates within the Asian time-zone and has an open, stable and transparent English-speaking business and legal environment with sound intellectual property protection structures. This combination of factors explains why so many firms choose to do business in Melbourne.

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