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Thomson Reuters Launches World's First Islamic Interbank Rate

Thomson Reuters works with leading Islamic finance institutions and banks to provide objective and dedicated benchmark for Shariah-compliant short-term interbank funding in Islamic finance industry

New York, London, Bahrain, November 22, 2011 — Thomson Reuters today launched the world's first Islamic finance benchmark rate, designed to provide an objective and dedicated indicator for the average expected return on Shariah-compliant short-term interbank funding. The Islamic Interbank Benchmark Rate (IIBR), announced at the 18th Annual World Islamic Banking Conference in Bahrain, uses the contributed rates of 16 Islamic banks and the Islamic sections of conventional banks to provide a reliable and much-needed alternative for pricing Islamic instruments to the conventional interest-based benchmarks used for mainstream finance.

"The delinking from conventional performance benchmarks started more than a dozen years ago and now we are extremely proud to offer the world's first Islamic pricing benchmark, the Thomson Reuters Islamic Interbank Benchmark Rate," said **Rushdi Siddiqui**, global head of Islamic finance, Thomson Reuters. "We have taken a collaborative approach as industry challenges are best solved by industry players working towards a common objective. The simplicity and robustness of the new benchmark's methodology, governance, and transparency, combined with the endorsement of many respected Islamic financial institutions and scholars, will result in a reliable and realistic benchmark that better measures cost of funding for Islamic financial institutions. Together we are taking an important step forward for Islamic finance authenticity."

The benchmark's ongoing implementation and integrity will be overseen by an Islamic Benchmark Committee of over 20 Islamic finance institutions, chaired by Dr. Nasser Saidi, chief economist of the Dubai International Financial Center (DIFC), and a Shariah Committee consisting of four world-respected Shariah scholars.

Dr. Nasser Saidi, chair of the Islamic Benchmark Committee and chief economist, Dubai International Financial Centre, said: "The establishment of the IIBR marks an important milestone in the maturation of Islamic money markets by providing an international reference rate for interbank transactions. Conventional money markets have relied on LIBOR, which by definition does not comply with Shariah conventions. Islamic markets will be able to rely on the IIBR and it will become an international reference rate for both conventional and Sharia-compliant transactions. Our aim is to provide an IIBR that is reliable, timely, representative of market conditions, transparent in its construction and accepted as the market reference. Islamic money and financial markets are coming of age and becoming part of the mainstream."

Established in co-operation with the Islamic Development Bank (IDB), Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the Bahrain Association of Banks (BAB),



Hawkamah Institute for Corporate Governance and a number of major Islamic banks, the IIBR harnesses Thomson Reuters global benchmark fixings infrastructure which is used to compile over 100 fixings around the world.

“The Islamic Development Bank has been a founding member of the Islamic finance industry since its inception in 1975 and the launch of this indigenous Islamic benchmark will prove to be a major milestone in the growth and sustainability of the industry,” said **Hassan Demirhan**, director, Treasury Department, Islamic Development Bank.

“As the global standard setter for the Islamic finance industry, the AAOIFI is keen to support initiatives that progress the industry towards standardised approaches around the consensus of its members. Given the support we have received from the industry globally, particularly the main Islamic banks which will contribute towards and utilise the rate, AAOIFI is proud to be associated with this initiative which will certainly be defined as an important milestone for the Islamic finance industry in years to come,” said **Khairul Nizam**, deputy secretary general, AAOIFI.

Rates for Shariah-compliant US dollar (USD) funding will be contributed by the 16-member panel in the morning of each business day to Thomson Reuters systems and will be published daily on Thomson Reuters terminals and feeds at 11.00am Makkah time (GMT+3). The new benchmark can be used to price a number of Islamic instruments including common overnight to short-term treasury investment and financing instruments such as Murabaha, Wakala and Mudaraba, retail financing instruments such as property and car finance, and sukuk and other Shariah-compliant fixed income instruments. It can also be used for the pricing and benchmarking of corporate finance and investment assets.

The US\$1 trillion Islamic finance industry is currently growing at more than 15% per annum. It is frequently the topic of conversation by regulators, international lending agencies, bankers, and asset managers in the G-20 countries as well as the 57 Muslim countries for raising asset-backed or asset-based funds.

Notes to editors

Members of the Islamic Benchmark Committee are:

- Thomson Reuters
- Islamic Development Bank (IDB)
- Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)
- Association of Islamic Banking Institutions Malaysia (AIBIM)
- Bahrain Association of Banks (BAB)
- Hawkamah Institute for Corporate Governance
- Statistical Economic and Social Research Center for Islamic Countries (SESRIC)
- Abu Dhabi Islamic Bank
- Ahli United Bank
- Al Baraka Bank



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- Al Hilal Bank
- Alinma Bank
- Al Salam Bank
- Bahrain Islamic Bank
- Barwa Bank
- Dubai Islamic Bank
- Ithmaar Bank
- Kuwait Finance House
- Masraf Al Rayan
- Noor Islamic Bank
- National Commercial Bank
- Qatar Islamic Bank
- Sharjah Islamic Bank
- CIMB Islamic Bank
- RHB Islamic Bank
- Bank Muamalat Malaysia

Members of the Shariah Committee are:

- Sheikh Yusuf Talal DeLorenzo (Chairman)
- Dr. Abdul Rahim Sultan AlOlama
- Dr. Mohammad Daud Bakar
- Sheikh Muddassir Siddiqui

About Thomson Reuters

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