WIFA 2018: Honoring the very best of Islamic fintech

After weeks of a gruelling process involving screening, discussions and deliberations by our independent Awards Board, IFN Fintech is proud to announce the winners of the inaugural World Islamic Fintech Awards (WIFA). It is indeed an honor to be recognizing exceptional and deserving fintech providers in the Islamic finance space for their outstanding work in driving Shariah compliant financial services through disruptive and collaborative technologies.

The global call for nominations began in October and attracted applications from around the world. A total of 135 nominations were received across 16 categories. Each application was screened through by IFN Fintech to meet the following criteria: must be a fintech company; must offer Shariah compliant financial solutions; and must have a minimum viable product (except for the Most Promising Islamic Fintech Start-up category).

With the exception of the WIFA People’s Choice Award, the submissions were then forwarded to an independent Awards Board which deliberated and evaluated each application based a set of parameters including product innovation, impact, track record, market reach and viability, and time-to-market among others. Only categories which received more than three qualifying submissions were included in this year’s Awards.

WIFA People’s Choice Award was voted by the public. Each individual was only allowed to vote once and only votes by verified email addresses were accepted.

Best Alternative Finance Provider
This award recognizes non-mainstream digital platforms offering financing to individuals, SMEs and/or corporates.
Combining technology and the principles of Islamic finance, StrideUp is a fintech solution worthy of the Best Alternative Finance Provider award for 2018.

The platform, regulated by the Financial Conduct Authority (FCA), allows individuals to purchase homes in a more affordable manner rather than relying on banks for financing. Using the concept of Musharakah Mutanaqisah, individuals in the UK can purchase a portion of their home while gradually increasing their ownership as their finances permit them.

What this means is that potential buyers, who are priced out of the conventional mortgage market, can get on the property ladder without the burden of a large mortgage. Also important is that through this scheme, individuals essentially have time to save for a deposit or to bolster their earning capabilities to obtain a conventional mortgage to own 100% of the property, all while increasing their ownership in the property through monthly payments to StrideUp.

Operating in a market where the average local house prices are over 7.6 times annual salaries, while average home loans offered to first-time homeowners are at 3.6 times their salary, this solution is indeed a much-needed financing alternative, especially since UK banks do not cater effectively to Muslims’ residential financing needs. While the concept is not unfamiliar in Islamic markets, the availability of this solution on a wholly digital platform sidesteps cumbersome and time-consuming processes as would be required from applying a loan with a bank.

Best Data and Analytics Platform for Islamic Finance
This award recognizes providers of technology allowing Islamic financial institutions to improve performance and make better decisions using data analytics. Also includes regtech firms which provide technology to help firms working in the financial services industry meet financial compliance rules.

Winner: Arabesque, the UK

Information is king and, in an industry, where competitive advantage is carved by data and proper interpretation and implementation of data, data and analytics providers are locked in heated competition over whose data would yield valuable insights for crucial investment decisions.

Sifting through numerous submissions from data platforms, the majority of which are web-based stock trading platforms running on big data and artificial intelligence, one stood out for its data robustness, proprietary technology rooted deeply in environmental, social and governance (ESG) metrics and Islamic finance principles, backed by a track record.

Unlike most Islamic quant approaches employing simple exclusion strategy, Arabesque’s S-Ray® tool first runs an ESG analysis to create a universe of stocks which meet a set of sustainability and performance metrics – it is the first tool of its kind to rate companies on the normative principles of the United Nations Global Compact: human rights, labor rights, the environment, and anti-corruption. Additionally, Arabesque S-Ray® provides an industry-specific assessment of companies’ performance on financially material sustainability criteria.

Through machine learning and big data, Arabesque S-Ray® systematically combines over 200 ESG metrics with news signals from over 50,000 sources across 15 languages to monitor the sustainability of over 7,000 of the world’s largest corporations across 70 countries.

This pool of companies can be further filtered to meet Shariah criteria therefore creating a selection of stocks that are simultaneously Islamic and ethical as well as sustainable financially.

This technology underpins the world’s first Islamic ESG funds which have been some of the top performing Islamic funds in their local market: BIMB-Arabesque i Global Dividend Fund 1 (bid-to-bid annualized return of 10.88% and cumulative return of 22.94% in 2018) and BIMB Arabesque Malaysia Shariah-ESG Equity Fund. This year, the firm launched another Shariah ESG equity fund through its partnership with BIMB Investment in Malaysia and ValueCap. BIMB’s ESG Sukuk fund introduced in August also leverages on Arabesque’s technology.

The user-friendly platform’s unique approach in building an ESG universe using quantitative rules-based investment strategies driven by artificial intelligence and big data is a material step forward toward bolstering ethical and sustainability elements in the Islamic finance sector.

Most Innovative Use of Blockchain in Islamic Finance
This award recognizes the most innovative adoption of blockchain technology in the Islamic financial sector.

Winner: Blossom Finance, Indonesia
Honorable mention: ConexCap, Luxembourg

From remittance and payments to financing and cryptocurrencies as well as digital identity management, the Most Innovative Use of Blockchain in Islamic Finance category received one of the highest number of submissions across the 16 WIFA categories. Various tried and tested and successful solutions were presented but two stood out from the pack.

Luxembourg-based ConexCap’s Zakaah Dapp, an Ethereum-powered Zakat decentralized application, has the
makings of an initiative that could deliver much-needed transparency, accountability and impact in the often murky world of donations and charities. It aggregates individual Zakat donations to realize Shariah compliant projects, banking upon the power of crowdfunding and leveraging on distributed ledger technology.

While several entities have undertaken measures to develop Zakat collection and distribution applications on the blockchain, Zakaah Dapp is the first initiative to be validated by the international community of computer scientists as its entire development was documented and accepted into peer-reviewed global publications. The ConexCap team has gone the extra mile by carefully documenting the entire development process and conducted in-depth research into the gaps in the Zakat collection and distribution mechanisms, the functional architecture of Zakaah Dapp and the challenges as well as advantages of implementing smart contracts into the traditional Zakat mechanism. The team's effort in attempting to close the chasm in the Islamic fintech scientific research body is to be lauded.

The Zakaah Dapp application came within a hair's breadth of taking home the Most Innovative Use of Blockchain in Islamic Finance award, but the crown goes to Blossom Finance’s SmartSukuk™, an industry first.

Engineered by Indonesia’s Blossom Finance, one of the earliest adopters of bitcoin for Islamic financial transactions, the start-up's platform for digital Sukuk enables issuances of less than US$100 million, effectively opening up a mid-market of smaller ticket offerings to both institutional and individual investors. The technology allows broader investment from the retail sector through smaller lot sizes with efficient unit economics that scale to mass market adoption.

The platform, which currently supports three Islamic structures: Mudarabah, Istisnah and Ijarah, runs on the Ethereum blockchain which standardizes and automates various elements of the Sukuk lifecycle that traditionally would require costly and manual operational processes. As the Sukuk offering is designed and issued based on the ERC20 standard, Blossom’s Smart Sukuk could be listed on any blockchain exchange supporting ERC20 for secondary market trading.

The product also takes into consideration potential currency exchange risks: while the Smart Sukuk uses virtual currencies, all Sukuk are denominated in local fiat currency, therefore removing cryptocurrency exchange risks from the issuers’ books.

Blossom’s Smart Sukuk represents a true innovation elevating a traditional Islamic financial instrument – Sukuk – through blockchain technology to circumvent issues revolving cost, time-to-market, liquidity and accessibility. Equally significant is that the product is designed for projects generating positive social impact on society, true to the Islamic tenets of social equity and collective wellbeing of the society.

Best Islamic Crowdfunding Platform
This award recognizes the most outstanding Islamic crowdfunding finance platform. Includes donation-based platforms, reward-based crowdfunding and equity crowdfunding.

Winner: Yielders, the UK

One of the most crowded verticals, the Best Islamic Crowdfunding Finance Platform category was a fierce battlefield of start-ups from across the world from Iran to France to Malaysia jostling for supremacy.

The essence of crowdfunding is simple, but what differentiates the winner from the rest is oversight and ingenuity.

In a space where new crowdfunding platforms emerge every so often, and where public confidence is still shaky, far-sighted London-based Yielders took the strategic step of building credibility by acquiring regulatory approval for its business model, a feat very few Shariah compliant crowdfunding platforms have achieved worldwide.

From being the first Islamic fintech company to acquire a license from the FCA in 2017, Yielders has since gained approval from regulators in Luxembourg, Norway and the Netherlands and is looking to secure the regulatory greenlight from three more markets including in Africa. Certified Shariah compliant by the Islamic Finance Council of Britain, the real estate crowdfunding platform also distinguishes itself by being Shariah-based rather than Shariah compliant. Unlike most equity crowdfunding business models, Yielders’ assets are all pre-funded thus allowing investors to earn returns immediately.

Catering to retail investors by enabling one to invest in real estate for as little as GBP100 (US$130.51), the start-up has also engaged open banking API firms to provide investment opportunities to high street banks and their customer base.

“The entire Yielders team are delighted to receive the IFN Best Islamic Crowdfunding Platform award; it’s fantastic to see Yielders being recognized throughout the Islamic finance world as a leader in this space. The award means an awful lot to us and is testament to everyone in the team’s hard work and dedication to provide alternative investment opportunities to people all over the world. This level of recognition will provide us with even more motivation for the future, and ensure that everyone at Yielders will continually strive for the high standards that have already been set. Thank you to all at the REDmoney Group and IFN Fintech for recognizing Yielders as a world leader in the Islamic crowdfunding space,” shares Irfan Khan, CEO of Yielders.
Best Islamic Peer-to-Peer Finance Platform

This award recognizes the most outstanding peer-to-peer financing platform complying with Shariah financing principles.

Winner: EthisCrowd, Singapore
Honorable mention: Ammana Fintech, Indonesia

Selecting the Best Islamic Peer-to-Peer Finance (P2P) Platform was no easy task. Many platforms are demonstrating success in filling the financing gap in the individual and SME market.

Like crowdfunding platform Yielders, Indonesia's Ammana Fintech also secured regulatory acknowledgement to stand out in the seemingly oversaturated Indonesian landscape. It was the first Shariah P2P financier to be regulated by the Otoritas Jasa Keuangan. Focusing on supporting local SMEs, Ammana Fintech is unique in its approach: it partners with traditional financial bodies to match financing and investment opportunities leveraging an online-to-offline strategy. For example, the firm has collaborated with Indonesia's Waqf National Board to roll out Islamic endowment-based crowdfunding and has engaged microfinance entities to better finance SMEs across the Republic while enabling individuals to participate in financing the real economy.

However, when it comes to track records, Singapore's EthisCrowd has a comfortable lead. Over the last four years, the start-up has managed to raise over SG$6 million (US$4.36 million) to fund 37 projects in Indonesia and Malaysia, returning an average profit rate of 14-16% annually.

Also significant is the social impact EthisCrowd has generated. Since its inception in 2014, the platform has facilitated the construction of 6,000 affordable homes in Indonesia and crowdfunded to finance the building of homes for flood victims in Malaysia. Initially focused on social housing, the platform is also moving toward general infrastructure and development initiatives. Part of Ethis Ventures, the firm has the distinction of being a signatory to the United Nations Global Compact initiative.

With an early mover advantage, deep understanding of local markets, broad worldview facilitating global expansion and a strong commitment to propagating ethical investment and sustainable charity through peer-to-peer financing, EthisCrowd is the Awards Board's pick for Best Islamic Peer-to-Peer Finance Platform for 2018.

Best Islamic Digital Bank

This award recognizes the top digital Shariah compliant bank.

Winner: Insha, Germany

Many would be quick to assert that Islamic digital banks would be the answer to raising financial inclusion of global Muslims, but very few have translated the concept of a fully-fledged digital bank into reality in the Islamic space. With many still in ideation stage such as MoneeMint and Hada DBank and only a handful operating in the market such as GIB's meem, newcomer Insha grabs this year's Best Islamic Digital Bank award.

An AlBaraka Turk initiative, the digital bank has been built on Berlin's SolarisBank's open banking platform and it is Europe's first digital-only bank offering customers in Germany Shariah compliant services such as debit card, banking account, and money transfer to nations in the Single Euro Payments Area and Turkey. The platform is supported by a multilingual call center.

The platform is showcasing promising traction: within two months of launching, the app has been downloaded over 9,000 times. And while it is currently only available in Germany, Insha is already working on opening its interest-free services to seven other European countries next year, with hopes of growing its customer base to 100,000 by the end of 2019. There are also plans to expand its product suite to include business banking instruments.

Home to some 20 million Muslims, the European retail Islamic banking market has been tough to penetrate due to the fragmented concentration of Muslims across the region which has rendered the establishment of a brick and mortar Islamic retail bank unfeasible. Insha represents an opportunity to overcome the issue of a lack of sizeable customer base due to geography and bring Shariah compliant banking services to Europe's growing Muslim population.

Best Islamic Fintech Enabler

This award recognizes the best accelerator, incubator and venture-building programs which have a specific focus to develop Islamic fintech ideas and start-ups through various support pillars including creating access to mentors, investors and human capital.

Winner: Albaraka Garaj, Turkey
Honorable mention: Ground One Ventures, the UK

An idea would remain just an idea without the right support, opportunity and enablement. There is a steady stream of start-up acceleration and incubation programs in the market, but only a handful are designed to support the unique needs of start-ups serving the Islamic economy. Programs such as Dubai International Financial Center’s Fintech Hive and Flat6Labs have graduated Islamic fintech start-ups, new Islamic acceleration programs are coming to market such as the UK's IES while venture builders such as Mountain Partners Malaysia and Ethis Ventures have taken a decisive move to build Muslim-focused platforms.
One enabler worthy to note is Ground One Ventures, headquartered in the UK. The private investment firm utilizes a unique technology-as-an-investment program to support fintech companies with a Shariah proposition. The model provides start-ups with the firm’s proprietary enterprise grade technology assets to accelerate the product development process of start-ups.

In less than 18 months since its launch in June 2017, the firm has undertaken equity stakes in six Islamic fintech start-ups: a digital banking platform provider focusing on community-based banking services in the GCC, an Islamic digital bank in the UK, a digital payments aggregator platform, an Islamic P2P platform, an African self-service Takaful insurance platform and a property valuation platform for Islamic banks and Takaful operators. Two of these projects have been operationalized.

But from the mix of enablers, one accelerator program stands out: Albaraka Garaj, the world’s first start-up acceleration center built within an Islamic bank. The program prepares early stage and growth stage companies to build and scale up their products and solutions through proof-of-concept (POC) testing.

Albaraka Garaj focuses on promising start-ups in the area of Islamic fintech, internet of things, big data, blockchain, artificial intelligence and insurance. As an Islamic bank, it is not surprising that the program prioritizes Islamic fintech solutions, making the exception for Islamic fintech start-ups from requiring a minimum viable product to be part of the program.

This year, Albaraka Garaj graduated its first cohort comprising nine start-ups selected from 455 applicants. Extending a grant of TRY350,000 (US$65,740), seven of these start-ups worked on 17 different POC projects; four successful products were acquired by the bank for TRY1.3 million (US$244,159).

The acceleration program provides Islamic fintech start-ups with holistic support from physical space to mentorship and financing (through its Fintech Investment Fund) as well as the opportunity to have their solutions being acquired by the Islamic bank. This ecosystem creates real opportunities for Shariah fintech start-ups to flourish.

Best Islamic Wealth Management Fintech Company
This award recognizes the best digital applications facilitating financial planning, budgeting and/or savings based on Islamic principles.

Winner: HelloGold, Malaysia

The inaugural WIFA Best Islamic Wealth Management Fintech Company goes to HelloGold, a Kuala Lumpur-headquartered start-up which has achieved many industry firsts. In a pool of submissions dominated by digital financial planning and budget applications, HelloGold’s unique proposition as a provider of a Shariah compliant asset-backed saving solution was its competitive advantage.

The platform is a prime example of the democratization of financial services through technology: for as low as RM1 (24 US cents), individuals can purchase gold through a mobile application, underscoring affordability and accessibility of financial products through digitization.

As the first digital start-up to have its gold product certified Shariah compliant in December 2016 according to AAOIFI’s Shariah standard on gold, the company has been in growth mode: it expanded its customer base to over 27,000; grew its team by five-fold; forayed into new markets such as Thailand; and broadened its product offerings to include crypto tokens, which won Shariah approval this year.

The team has also begun looking at other commodities and asset classes beyond the yellow metal.

“Receiving this award from WIFA is a testament to our efforts in democratizing asset-based savings and lending products for the underserved and the unbanked in emerging markets and in Islamic finance. HelloGold uses blockchain technology to enable our customers to access affordable financial products and services starting with gold”, HelloGold’s CEO, Robin Lee, said.

Best Islamic Financial Software Provider
This award recognizes the best technology company offering technical solutions for financial services providers such as banking software, trading software and accounting software.

Winner: Codebase Technologies, UAE
Honorable mention: Path Solutions, Kuwait

WIFA’s 2018 Best Islamic Financial Software Provider was selected based on a company’s agility in adapting to new trends and foresight to introduce and incorporate new technology in light of the evolving needs of Islamic financial institutions.

One of the leading names in the industry, Path Solutions, was a top contender. The firm has built its brand on its iMAL banking software, based on service-orientated architecture, and supports open banking through open APIs and web services. With over two decades of experience under its belt, the company has bolstered its product suite to meet the evolving needs of clients who are prioritizing speed, reach and predictability, through a host of new offerings including social banking, mobility solutions, business analytics, risk management and compliance solutions. Its clientele of over 130 Islamic financial institutions across 39 countries is a testament to its capabilities.
Innovation should always be approached with an open mind and a clear goal. To continuously strive towards disrupting the norm should be the agenda of every individual and organization. We are humbled and extend our thanks to all our teams, partners and clients throughout the years who have pushed us to innovate and creatively push the boundaries of how banking technology should be,” comments Raheel Iqbal, a board member of Codebase Technologies.

**Best Islamic Robo-Advisory Platform**
This award recognizes the best digital portfolio management system providing algorithm-based and largely automated Islamic financial investment advice and decisions.

**Winner: Wahed Invest, the US**
Honorable mention: WealthSimple, Canada

When New York-based Wahed Invest launched in 2016, it grabbed headlines across the world as the first digital investment management platform to focus entirely on the Halal investment space, an untapped segment in the realm of conventional robo-advisors which first emerged almost a decade earlier.

The emergence of Wahed Invest spurred similar outfits in Southeast Asia, North America and Europe not only saw the immense commercial potential Muslims hold, but also believed in the digital investment management success story: analysts forecast that the market could hit US$3.7 trillion by 2020 and US$16 trillion by 2025, eclipsing the size of assets managed by BlackRock, the world’s largest fund manager. In comparison, the global Islamic finance industry is expected by some analysts to be worth US$3.2 trillion by 2020.

Wahed Invest opened up avenues for ordinary Muslims to invest in Shariah compliant stocks for as little as US$100 – one of the lowest entry points in the market – and with financial buy-in from private equity and venture capital firms as well as Islamic finance veterans, the firm is full of promise.

However, it did not take long for Canadian robo-advisor WealthSimple to give Wahed Invest a run for its money. WealthSimple, the largest robo-advisor in Canada managing over CA$2.5 billion (US$1.9 billion) in assets as at the end of the first quarter of 2018, began offering its customers Halal investment options – at a price point lower than that of Wahed Invest. With no minimum investment required and at a fee of 0.5% instead of 0.99% charged by Wahed Invest, WealthSimple has the financial muscle, network and track record to outshine the latter. For example, the Canadian platform raised over US$130 million in funds while Wahed Invest raised less than 10% of that, WealthSimple is operational in Canada, the US and the UK while Wahed Invest only in the US and the UK and WealthSimple entered the market two years earlier in 2014.

By affordability and accessibility, WealthSimple seems to have the competitive advantage but the 2018 award for Best Islamic Robo-Advisory Platform goes to Wahed Invest driven not only by its value proposition and product, but also its continuous influence and efforts in the Islamic finance market.

In the last 12 months, the New York-headquartered firm launched its UK office and has made headways into penetrating major Islamic markets including the Middle East (Bahrain and Dubai) and well as Southeast Asia (Malaysia). Equally significant is that it continues to broaden its offerings: it rolled out two Shariah compliant index-tracking funds – one of the firsts from a robo-advisor – and also launched a Halal Stock Screener, integrated with a Zakat calculator, last month. Its commitment to advancing digital Islamic investment management is commendable and its influence far-reaching.

**Best Shariah Compliant Payment, Remittance and FX Platform**
This award recognizes companies offering alternative Shariah compliant payment solutions such as mobile payment, e-wallets, payment gateways (payments), the transfer of money in real time between individuals (remittance) and the exchange of currency (FX or foreign exchange).

**Winner: Moneyar, Iran**

The Best Shariah Compliant Payment, Remittance and FX Platform goes to Iran's Moneyar, for its success in elevating a basic digital wallet to new levels by incorporating social communication, cryptocurrencies and data analysis.

Branding itself as a social payment application, Moneyar is an infrastructure enabling the transfer and storage of any value, including traditional currency and virtual currencies, while retaining the ability to connect with other e-wallets. The
application also facilitates group payment plans and offers the function of chatting and sending messages to individuals and groups. With various ports for cashing in and out, Moneyar allows customers to top-up their wallets in commercial facilities.

Another differentiating factor is the platform’s ability to allow the transfer of money through SMS, promising ease and convenience. This has garnered the attention of the Iran Fara Bourse which has identified Moneyar as the most promising start-up of Iran in 2017 through its Finstars accelerator program.

Notwithstanding the fact that international payments and remittance is impossible under current sanctions imposed on the Islamic Republic, the Awards Board nonetheless took into consideration the robustness of the platform: the convenience offered through its SMS-enabled infrastructure to any mobile contacts, flexibility in accepting fiat and digital currencies, the additional feature of social messaging, the ability to make group payments as well as the firm’s future plans which include crowdfunding for charities and QR code-based purchases – elements of a cross-functionality ecosystem integrating payments, messaging, e-commerce and social financing that could redefine Islamic banking.

Serving the largest Islamic banking market in the world is an added advantage which would give the platform an edge if and when it is able to penetrate the international market in the absence of legal barriers.

Best Social Impact Islamic Fintech Firm
*This award recognizes the most innovative use of Islamic fintech to deliver social good.*

**Winner: Global Sadaqah, Malaysia**

Many Islamic fintech start-ups have social impact engineered into their DNA but only a handful do so in collaboration with traditional financial institutions.

Global Sadaqah has the distinction of being the first charity crowdfunding platform engaging Islamic banks to maximize social impact. By positioning itself as a digital marketplace matching corporate stakeholders to charities worldwide, Global Sadaqah has created a trusted channel for corporates – and individuals – to distribute their Zakat funds. It is also exploring integrating blockchain technology into its platform which would enhance transparency of donation flows.

A relatively new setup, the platform has managed to raise over US$41,000 in donations from 36 countries; while the amount may seem small, the platform underscores its potential to facilitate Islamic financing for humanitarian causes at an international level.

With corporate partners such as the Islamic Development Bank (IDB) and Bank Islam Malaysia as well as charity partners such as Islamic Relief, the National Heart Institute of Malaysia and the Islamic Solidarity Fund for Development, the platform is expected to be a significant avenue of Islamic social fundraising.

It has partnered with the IDB to run multiple campaigns to raise US$1 million as additional funds for the Islamic multilateral financier’s programs including fighting avoidable blindness in Africa and to support small farmers in Central America. It expects to roll out more programs with three other Islamic banks this year.

What Global Sadaqah has demonstrated is an effective collaboration between fintech start-ups and banks to work together to promote Islamic social financing at an international level, and for that it deserves to be recognized as the Best Social Impact Islamic Fintech Firm of 2018.

WIFA People’s Choice Award
*This award recognizes an Islamic fintech company which has made the deepest impression on the market as voted by our readers and the public.*

**Winner: OneGram, the UAE**

Receiving almost 25% of the public votes, OneGram was voted the winner of the WIFA People’s Choice Award. The Dubai-based company is the issuer of a gold-backed cryptocurrency. Operating on the blockchain and listed on a digital exchange, it was launched early 2017 and has built its name as one of the earlier participants in the Islamic virtual currency space. With offices in the Middle East, Asia (Pakistan, Malaysia, Hong Kong and Indonesia), Africa (South Africa, Nigeria and Algeria) and certain European markets, the start-up is extending its global reach.

Most Promising Islamic Fintech Start-up of the Year
*This award recognizes a fintech start-up that may not have a minimum viable product yet but whose idea demonstrates ingenuity, an ability to deliver sustainable impact to the community/Islamic financial sector and viability.*

**Winner: Primary Finance, the UK**

Debt-free financing seems almost impossible in a world where finances and economy are dictated by a debt-based paradigm – but that is what Primary Finance is attempting to achieve.
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“Our vision is that we will disrupt the market so much so that in 20 years’ time nobody is going to want a traditional mortgage anymore – they’re all going to want this product instead. We will achieve this by providing a completely ethical, debt-free product that provides homebuyers with more flexibility and security but without increasing the cost. This will be enabled through the innovative use of technology allowing customers to apply for and manage their mortgage accounts from their smartphones on a day-to-day basis,” the start-up explained.

The idea is fairly simple: Primary Finance provides a sum of money upfront for the homebuyer to purchase a property. The customer would have full ownership of the property from day one whereas Primary Finance would take legal charge, similar to a traditional mortgage.

However, Primary Finance allows the option for homebuyers to sell equity to Primary Finance if they cannot afford rent. Customers are also incentivized with rent discounts should they purchase equity in line with the firm’s recommendations. In other words, Primary Finance shares the risks with its customers during good and bad times.

In terms of concept, the start-up has illustrated ingenuity and one that encapsulates the principals of risk and profit-sharing. If it materializes, it could make a difference in assisting young or low-income first-time homebuyers access the property market. The start-up has already launched a pilot project – a 10-year account for a private individual and expects to secure FCA authorization this year. It targets to roll out its platform early 2019.

“We are delighted to have won the award for Most Promising Islamic Fintech Start-up of the Year. We’ve been working tremendously hard over the past couple of years to make our vision of debt-free home financing a reality, and we are now in a position to make this happen.

“It’s heartening to know that others share our vision and believe in our ability to achieve it. This business has been brought about by the community, for the community and we feel passionate in ensuring we don’t let you down,” says Raza Ullah, the founder of Primary Finance.

Winner: Insha, Germany

With submissions from all verticals from the Middle East, Europe, North America and Asia after a month-long global search, the winner of this award was selected based on its success in product deployment and overcoming legal and operational barrier, expansion strategy, market reach and overall (potential) impact to the Islamic finance industry and society.

The winner is none other than Insha, Europe’s first fully-fledged Islamic digital bank!

Succeeding where many have failed, Insha has managed to roll out its services at a relatively low cost and shorter time period through its collaboration with SolarisBank. The bank-to-bank cooperation – said to be the first in the area of digital banking – saved the start-up approximately EUR4.5 million (US$5.13 million) and shortened its time-to-market by more than half.

A German banking license would require EUR5 million (US$5.7 million) in capital and the process would have taken between 12-24 months; Insha sidestepped these hurdles by leveraging on SolarisBank’s banking license and API, paying only a setup fee to the Berlin bank. It took less than a year for the team to build its platform and within six months, Insha accepted its first customer.

While it remains to be seen if the young Insha could attract 100,000 customers next year as targeted, as the first Islamic challenger bank in the region, its emergence could be instrumental in driving financial inclusion for Muslims in Europe, whose banking needs are sorely underserved: there are only six fully-fledged Shariah banks in the UK (most serving the business and corporate markets) and one in Germany, while efforts to launch an Islamic bank out of Luxembourg have struggled to take off.

The start-up is working on penetrating France, the Netherlands, Belgium, Austria, Poland, Italy and Spain over the next 12 months – all markets with little to no Islamic financial activities. If successful, it could spur a new wave of development for Shariah compliant finance in new European markets.

Our heartiest congratulations to Insha and all winners for their very deserving wins – we thank you for your dedication and commitment toward advancing the Islamic finance proposition through technology. Your perseverance, ingenuity and passion are unparalleled, and we are proud to be honoring all of you.
Wahed Invest’s valuation hits US$100 million

A New York-based Islamic robo-advisor has raised its valuation to US$100 million following another successful funding round as the Shariah digital investment manager continues its aggressive expansion plans.

Wahed Invest confirms with IFN Fintech that the online investment platform has secured an additional US$8 million last month from Boston-based Cue Ball Capital and BECO Capital, a venture capital fund based in the Middle East, bringing its total funding to over US$15 million since its launch in 2017. Cue Ball Capital and BECO Capital are existing investors in the start-up.

“Junaid (CEO) and his team at Wahed have continued to execute and build the global coverage of their offering in an extraordinary manner, giving access to a significant market that needs this service,” said Amir Farha, the managing partner at BECO Capital, adding that he is bullish on the vision and strategy that the start-up is pursuing.

The firm, which recently expanded into the UK, is moving at full throttle to broaden both its product offerings as well as geographic footprint. Over the last few months, Wahed Invest has made headway into expanding into the Middle East, particularly in the UAE and Bahrain, and has begun exploring ASEAN markets including Malaysia. It is also in the process of registering for the E-Money License with the UK’s Financial Conduct Authority.

“After gaining positive traction in the US and the UK, we are excited to be able to carry this momentum into the rest of the world through our international expansion,” shared Founder and CEO Junaid Wahedna. “Wahed aspires to provide a non-lending based solution to over 1.5 billion Muslims worldwide and to play a lead role in fostering innovation in the growing Islamic finance sector.”

In terms of products, the start-up in the third quarter rolled out two Shariah compliant index-tracking funds, one of the firsts from a robo-advisor (See Fund Focus) and it also launched a Halal stock screener, integrated with a Zakat calculator.

Ummah Finance rebrands; expects to launch in Q1 of 2019

A London-based Islamic digital banking start-up has undergone a rebranding exercise after securing strategic investment from an investor, allowing the firm to build its technology infrastructure to commence operations by March 2019.

MoneeMint, which debuted as Ummah Finance last year, has onboarded a strategic investor, Ground One Ventures, which has committed technology assets to fast-track the start-up’s roadmap delivery.

“We are going back to the drawing board, looking at each and every aspect of customers’ current banking journey, the hardship they face and changing it fundamentally from [the] ground up — giving our customers the freshest banking experience,” said Hassan Waqar, the co-founder of MoneeMint.

The start-up’s strategy overhaul — a new name with a wider mandate that broadens its Islamic focus to include an ethical flavor — is expected to facilitate its outreach to not only the estimated and growing 26 million-strong Muslim population in Europe but also non-Muslim customers with its digital banking proposition grounded in transparency and cost efficiency.

IFN understands the firm is looking to incorporate blockchain and artificial intelligence technology into the delivery system of its Shariah compliant financial products.

Should the firm, which has formed a new board of directors to include seasoned Islamic fintech investors such as Raheel Iqbal, representing Ground One Ventures, and Alpesh Doshi, CEO of Fintricity, begin operations in the first quarter of next year, it would be one of the first to actually serve the European market with Muslim-friendly banking instruments on a digital-only platform. In September, Istanbul-headquartered Albaraka Turk Participation Bank, in cooperation with Berlin-based solarisBank, introduced Insha — an interest-free virtual banking platform — in Germany. In Manchester in the UK, another Islamic digital banking start-up has been set up this year.

Challenger banks, while a rising phenomenon in the UK and wider Europe, have largely excluded Muslims whose faith prohibits interest. The arrival of Islamic challenger banks could be instrumental in involving European Muslim individuals in the Islamic banking sector, whom traditional brick and mortar banks — largely concentrated in the UK — have struggled to reach due to the fragmented spread of Muslims in the region.

Although an Islamic finance hub of the western world, London’s Islamic banks, for the most part, serve the corporate and institutional market. Outside of London, very few banks cater to the retail Muslim market — in Germany, there is only one Islamic bank, KT Bank, while efforts to launch a fully-fledged Islamic bank out of Luxembourg have struggled to take off.
CIMB Group jumps onto blockchain train

One of ASEAN’s largest Islamic banking franchises has joined RippleNet to enable instant blockchain-powered cross-border payments across its various markets.

CIMB Group, which counts CIMB Islamic as part of its portfolio companies, has deployed Ripple’s blockchain solution to enhance its proprietary remittance product, Speedsend. This has opened new payment corridors for the bank, both inbound into ASEAN and outbound to other countries such as the US, Hong Kong and the UK.

The banking group is one of the first banks in ASEAN to leverage blockchain technology for speedy and cost-efficient international payments. Its first-mover advantage may give it a lead in capturing the lucrative remittance business. According to World Bank forecasts, remittances to Southeast Asia in 2018 alone could be worth US$120 billion; while Boston Consulting Group estimates that the global market for cross-border payments is US$27 trillion, with another US$20 trillion up for grabs over the next eight years. Approximately 39% of this remittance market is centered in the ASEAN region.

The Malaysian banking giant, which has presence in 15 countries with nearly 800 branches, intends to extend the solution to other use cases across the group.

Finterra to pilot blockchain Waqf project

A Singapore-headquartered fintech company will be piloting a blockchain-based Islamic endowment project in Malaysia in the first quarter of 2019, IFN Fintech has learned.

To be known as Waqf Chain, the project involves the utilization of smart contracts to ease the process of setting up, authorizing and authenticating endowed properties.

“Finterra will develop a specific interface for this selected asset. These contributions will be made possible through Finterra or other means and will include the possibility for various purpose and interests depending on funders’ expectations. Specifically, contribution as charity, loans, investments or bonds are intended to be integrated,” explained the company. “Each project will have its own attached digital token under the ERC-777 standard. This token will be placed into a project crowdfund smart contract that can only be started once the project has passed all due diligence requirements. After the crowdfund has been completed, any resulting project tokens are claimable by participants. These tokens are digital assets representative of a participant’s stake in that project.”

It is understood that Finterra has onboarded Bank Muamalat Malaysia for this project and is in discussions with several other Islamic banks. This initiative could prove significant as the utilization of blockchain technology to tokenize Waqf assets could solve the issue of the lack of transparency in the Waqf ecosystem.

Although based in Singapore, the company has a strong presence in Malaysia and is tapping the country’s sophisticated Islamic financial ecosystem to foray into the Shariah fintech space. In October, it signed a memorandum of agreement with Asia Pacific University of Technology and Innovation (APU) to set up the Gallactic Blockchain Center of Excellence.

“As part of this collaboration, APU is setting up computing resources on the campus together with Finterra, to provide access to the Finterra blockchain platform for its faculty and students to develop the skills required for building decentralized applications for the next generation of digital users,” noted the company.
Bahrain FinTech Bay launches Global Islamic and Sustainable Fintech Center

Bahrain FinTech Bay has launched the Global Islamic and Sustainable Fintech Center (GISFC) gathering under the same roof local, regional and international fintech players attached to sustainable, social and responsible values to further unlock the potential of fintech as a growth driver for the global Islamic finance industry.

Chaired by Dr Ali Adnan Ibrahim, the head of sustainability and social responsibility at the Al Baraka Banking Group, the GISFC already counts 18 members including AAOIFI, the Islamic Corporation for the Development of the Private Sector, Southeast Asia’s Islamic Fintech Alliance, Ethis Ventures, Al Salam Bank, Finocracy, GFH and Kuwait Finance House, to name a few. Other players are expected to be onboarded in the future.

“Islamic finance and sustainability share a huge common ground. While Islamic finance is fast approaching the US$3 trillion mark, sustainability is one of history’s biggest disruptors. Islamic and sustainability fintech solutions can help solve several social and economic challenges, and, while doing so, such solutions will create massive economic value including investment opportunities for individuals and businesses,” shared Dr Ali, the chairman of the GISFC.

Creating an innovation-friendly environment through the introduction of a regulatory sandbox for fintech start-ups; implementing dedicated rules for crowdfunding platforms; and launching Bahrain FinTech Bay, an incubator and ecosystem builder, Bahrain has been both a pioneer and a leader in the development of Islamic fintech over the past few years.

Other countries like the UAE, Malaysia, Indonesia, Brunei, Iran and Morocco have also passed regulatory measures and launched initiatives to ease and encourage the development of fintech projects recently. For instance, Iran, Morocco and Indonesia have accommodated Islamic crowdfunding, while Malaysia teamed up with South Korean IncuBlock to develop Shariah compliant blockchain technology.

“Islamic finance has the potential to onboard over a billion new customers through the use of technology, helping attain sustainable and long-term growth. Additionally, the world is increasingly shifting toward innovation that promotes sustainability. Through the launch of [the] GISFC, we aim to bring together key stakeholders in the industry to help shed light on how fintech can help attain such growth in a sustainable and responsible manner,” said Khalid Saad, CEO of Bahrain FinTech Bay.

A more balanced approach needed to enable fintegration in Islamic banks, says investor

In an era where Islamic financial institutions can no longer rely on Shariah compliance to reach out to new customers and have to compete with conventional players by building a digital component into their business proposition, an Islamic fintech investor in the midst of operationalizing new platforms observes that Shariah banks are, however, not yet ready to ride the digital revolution and fintech wave.

“Traditionally, Islamic banks have focused primarily and heavily on the factor of Shariah compliance as a key unique selling proposition (USP) but as the digital revolution kicks in, that USP will fade out. They cannot survive on just being Shariah compliant — digital should be another element of their offering,” Raheel Iqbal, the managing director of technology investments with Finocracy, shares with IFN.

Identifying three key areas Islamic banks are lacking in to fully adapt to a changing tech-driven operating environment — technology, resources, vision — Raheel singled out the enduring paradigm or traditional mindset within banks as the biggest hurdle for Islamic banks to move into the digital era.

“In hindsight, what the Islamic finance industry should have focused on [should have been] some of these [fintech] models [such as crowdfunding]. Unfortunately, Islamic banks ended up mimicking conventional products. Whereas crowdfunding is what the industry wanted in the first place — it is a more resilient business model and serves the purpose of the Islamic finance industry,” believes Raheel.

Seeing it as imperative for banking leadership to adopt the right mindset, Raheel also highlighted that there is a need for venture capitalists to buck up and lend support to nurture and develop Islamic fintech start-ups.

“We have a lot of good brains in Muslim-populated regions, so there isn’t a lack of resource, but they need to be given the right opportunities and funding. Comparing the US and Europe to the GCC, there is a drastic difference [in venture capital funding],” says Raheel.

Finocracy targets to roll out 15 fintech platforms for Islamic banks in the GCC by 2022; the venture builder, which invests its technology assets into start-ups and provides capacity-building, has already initiated six and will focus on operationalizing these platforms over the next year with a view of introducing up to three new platforms in 2019. Among the projects the firm is working on are in the areas of blockchain, crowdfunding and digital banking.
Islamic robo-advisor Wahed Invest added another string to its bow when it introduced the Wahed S&P Shariah Fund and Wahed S&P Dividend Growth Fund in September, being the first fully-digital Shariah investment manager to offer Islamic funds.

Targeting both retail and institutional investors, the funds provide affordable passive exposure to the US equity market; the start-up does not charge a fund management fee, bucking the market trend where most asset managers impose a fee of at least 1%.

The team began working on developing the fund earlier this year.

The Wahed S&P Shariah Fund tracks the S&P500 Shariah Index while the Wahed S&P Dividend Growth Fund tracks the S&P High Yield Dividend Aristocrats Shariah Index designed to measure the performance of Shariah compliant companies within the S&P Composite 1500.

“As it has been the trend in conventional investing, investors have been moving toward passively managed funds since the crisis, particularly in US equities. We decided to launch these two funds to provide Shariah compliant investors with a low cost, diversified exposure to US equities,” shares Samim Abedi, the global head of portfolio management at Wahed.

To be rebalanced periodically, the funds are expected to perform in line with US equity markets, which tend to average high single-digit yield over the long term.

Both funds are only available on Wahed Invest’s platform. “We have no immediate plans to register as a fund and list on other platforms, but perhaps that is something that makes sense once we have economies of scale,” says Samim.

The opinions and viewpoints expressed in the Fund Focus do not constitute as a recommendation for any funds highlighted. The information presented is not investment advice and should not be treated as such.

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Swiss cryptocurrency wins Shariah approval

As Islamic investors attempt to understand and navigate the complex world of digital currencies, another virtual token has gained a Shariah stamp of approval.

X8, based in Switzerland, has received a Shariah compliance certification for its stablecoin, X8Currency. Certified by Bahrain-based Shariyah Review Bureau, the ethereum-based token is fully backed by eight fiat currencies (US dollar, Swiss franc, euro, UK pound sterling, Japanese yen, Australian, New Zealand and Canadian dollar) and gold. Its portfolio is actively managed by its artificial intelligence-driven automatic reserve management system.

“It is very meaningful to receive the Shariah compliance certificate that provides reassurances that we are open to investors seeking to make investments in Shariah compliant assets,” said Gregor Koželj, the founder and CEO of X8.

X8Currency is one of the few digital tokens which have been acknowledged as Shariah compliant by Islamic scholars. HelloGoldToken is another which has received Shariah greenlight.

“With the changing environment of banking and asset management primarily due to fintech-driven shifts, the market for wealth preservation in Islamic finance is poised to see disruption and it is for this reason that we are seeing an increasing demand for our product in the Islamic markets,” added Francesca Greco, the director and co-founder of X8.
Malaysia announces new digital initiatives

In line with the Malaysian Budget 2019, the Securities Commission Malaysia (SC) has announced that it is working on a framework to regulate digital asset exchanges and initial coin offerings. A co-investment fund, with a grant of RM50 million (US$11.98 million), will be established to allow the government to co-invest with private investors in financing the development of new businesses, especially for the MSME segment, through equity crowdfunding and peer-to-peer financing platforms.

The SC will also roll out property crowdfunding platforms, which will be regulated under a crowdfunding framework, to provide alternative financing options to first-time homebuyers and give investors exposure to the property sector through smaller investment amounts.

IFB proposes sandbox for fintech companies

The Iran Fara Bourse (IFB) has proposed the introduction of a sandbox for fintech companies. The mechanism would considerably reduce red tape and ease the process for fintech companies to start operations.

Noorcoin launches application demo for OIC

Noorcoin, which claims to be Shariah compliant, has launched an application demo for 57 OIC member countries to test technological issues as well as the cultural and legal environment in each of the 57 OIC member countries. The application demo is run using Ethereum Virtual Server and Ethereum Ropsten Testnet before full implementation and transition on the Zilliqa blockchain platform around the first quarter of 2019. Noorcoin also plans to back its cryptocurrency with gold, to increase stability and security for its holders.

Takaful Oman launches app for safer roads

Takaful Oman has introduced ‘SafeTakaful’, a telematics app designed to record the driving pattern of users by monitoring their speed, acceleration, mileage and phone usage while driving. The analytical technology allows insurers to customize insurance schemes based on customers’ driving behavior.

HelloGold partners with Heluss

HelloGold has partnered with Heluss, a Canadian fintech platform using blockchain technology to provide insurance solutions. HelloGold agreed to provide the insurtech company with a cryptocurrency with gold, to increase stability and security for its holders.

Sharia scholars endorse HelloGold Token

Kuala Lumpur-based HelloGold has been issued a Fatwa by Amanie Advisors certifying its HelloGold Token as Shariah compliant. This is the third HelloGold product to be deemed Shariah compliant, following the approval of its ERC20 token, GOLDX, which is the world’s first tokenized gold product, and its digital savings platform.

QIB launches Islamic PoS

Qatar Islamic Bank (QIB) has officially launched the first Islamic point of sale (PoS) and online payment gateway solutions in collaboration with QPAY international, a Qatar-based fintech company offering electronic payment solutions.

Path Solutions to launch SME fintech solutions

Path Solutions expects to roll out fintech solutions for SMEs this year. It is focusing on artificial intelligence and is preparing to introduce blockchain initiatives in 2019.

CII supports development of insurtech

Sourena Sattari, Iran’s vice-president for science and technology, and the Central Insurance of Iran (CII) have signed an agreement to boost cooperation in the field of insurance, the Tehran Times reported. According to the agreement, the CII supports the innovation ecosystem via different services and insurance coverage. It also supports start-ups, which have innovative ideas in the field of insurance, including smart business, electronic services and data analysis.

KFH launches KFH Xpress

Kuwait Finance House (KFH) has launched KFH Xpress to provide instant cross-border money transfer directly from the customer’s bank account. Among the features of the service is that there are several options for receiving funds as desired by the customer and the beneficiary conditions in his/her country. The service is available on KFHOnline.

Fintech Hive to collaborate with global hubs

The Dubai International Financial Centre’s Fintech Hive has signed more than 10 separate agreements with global fintech centers, including Accenture’s global FinTech Innovation Labs in New York, London and Hong Kong; Islamic economy accelerator i5 in London; SuperCharger in Hong Kong and Kuala Lumpur; LATTICE80 in London and Singapore; DICE FinTech Ace in Mumbai; Finance Innovation and Le Swave in Paris; B-Hive in Brussels; Holland FinTech and Bahrain Fintech Bay.