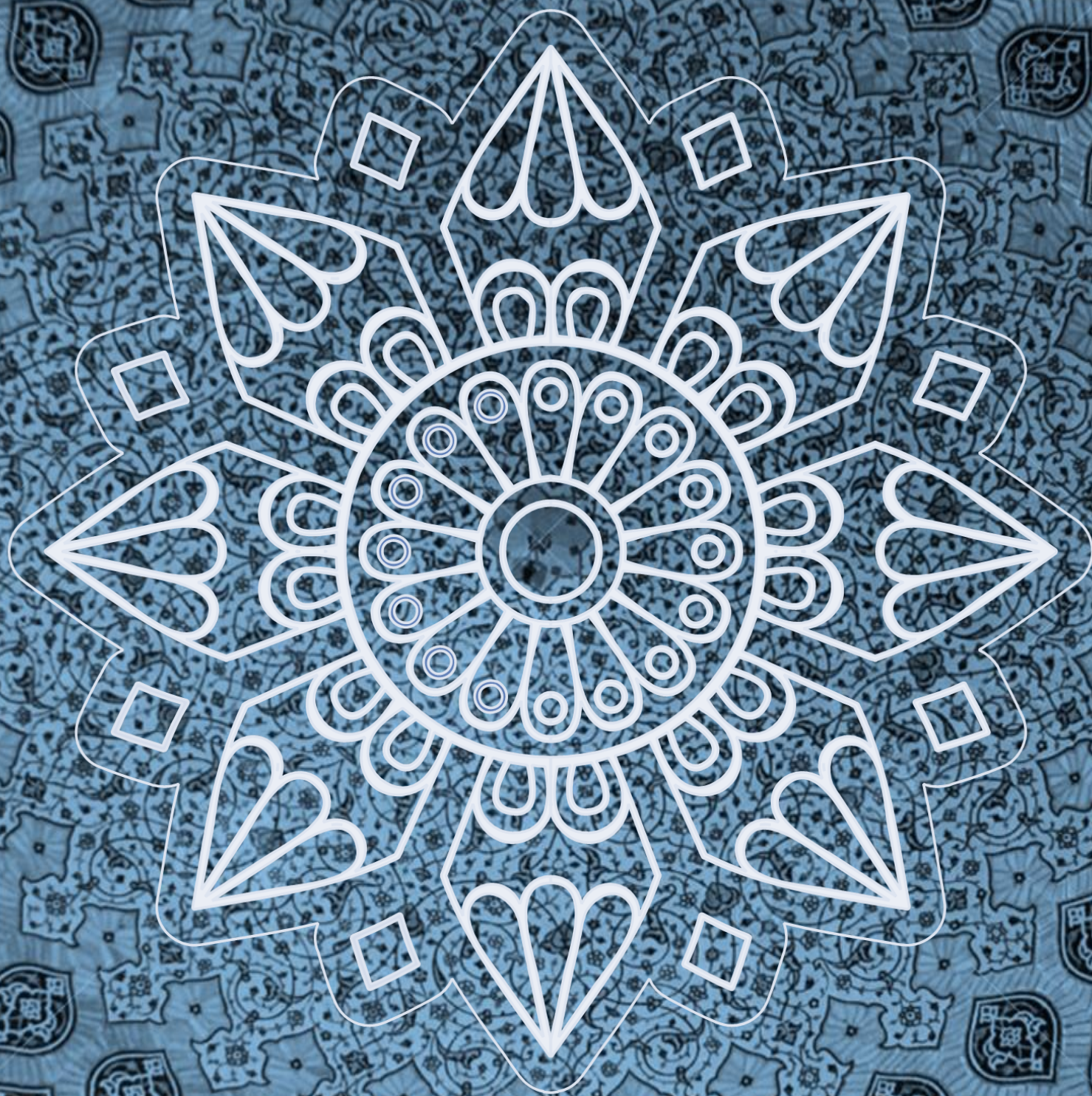# *i*MAL for Islamic Banking

Islamic Banking

Islamic banking is entering a mature growth phase in its life cycle. With increasing competition, product innovation and superior customer value are being delivered to drive continuous growth. But, in a fast growing industry such as Islamic banking, where Islamic banks are facing a variety of challenges and unpredictable pressures from the multitude of new regulations to potential risks, customer retention and cost of legacy systems, the industry has no option but to consider strategic choices and address operational fundamentals and regulatory and Sharia compliance to capture untapped market opportunities.

As the level of competition increases, Islamic financial institutions may have few alternatives to capitalize on opportunities presented by the latest technologies and remain competitive.

To execute a serial of ambitious plans so as to improve business agility, achieve increased performance and help generate significant savings, Islamic financial institutions should partner with a leading Islamic banking software provider with the expertise to help them transform their business quickly, safely and cost effectively.

Path Solutions' Islamic core banking platform – *i*MAL is the first AAOIFI-certified suite of solutions since 2008, covering the entire spectrum of Islamic Finance, Islamic Investments, Islamic Deposits, Islamic Treasury, and Islamic Capital Markets.

Islamic Invest

- ❑ Murabaha, Murabaha LC Financing, Reverse Murabaha
- ❑ Mudaraba, Tawarruq, Musawama, Musharaka
- ❑ Istisnaa, Salam, Project Financing, Ijara - Operating & Financing
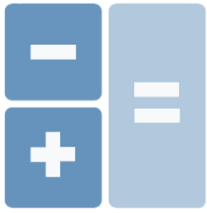
Islamic Profit Calculation

- ❑ Determination of sharing ratios at multiple levels
- ❑ Risk provision and Profit Equalization Reserve (PER) management
- ❑ Zakat calculation and deduction
- ❑ Management of multiple pools

Islamic Treasury

- ❑ Islamic money market instruments: Placements, borrowings, exchange of deposits
- ❑ Islamic derivatives: Islamic profit rate swaps, Islamic cross currency swaps
- ❑ Foreign exchange transactions: Promissory FX, SPOT, TOM, TOD

Sukuk Management

- ❑ Sukuk operations
- ❑ Initial Public Offering (IPO) management
- ❑ Online or offline integration with Reuters and Bloomberg for deal processing, securities management and currency exchange rates

*i*MAL is a fully interoperable platform that seamlessly integrates with any existing core banking system. Consistently ranked as the first Islamic core banking platform worldwide, *i*MAL combines front-to-back-office functionality with unparalleled scalability and customer centricity approach. The flexibility and parameterization built into the system adds to its advantages. Not only does *i*MAL enable Islamic financial institutions to cater for new innovative financing and investment products with minimum set-up time and effort, but it does so with a speed and ease of use that is unmatched in the industry.

*i*MAL Advantages

• AAOIFI-certified confirming its full compliance with the Sharia rules and regulations

• Facilitates the launching of Islamic products and services efficiently and effectively, by improving go-to-market time

• Supports the design of dynamic business models for increased operational flexibility and optimization

• Covers all aspects of Islamic banking operations, including the use of various delivery channels

• Empowers Islamic financial institutions to maintain high operational efficiency and effectiveness

• Provides both Islamic financial institutions and stakeholders with the instruments to optimize their investments

• Provides an end-to-end transaction and documentation capturing from application till maturity of deal

• Standalone solution to handle profit-sharing investment accounts with complete management of reserves, taxes and Zakat

• Eliminates Riba, purifies banking activities and embraces risk sharing investment operations

• Enables VAT & Tax Deducted at Source (TDS)

• With advanced and effective STP functionality

• Dynamic accounting functionality to set up transactional entries as per prescribed Sharia guidelines.

*i*MAL Functional Features

• Developed and built from the ground up on the basis of Sharia for the Islamic finance industry

• Multilingual, multi-currency, multi-branch, multi-company enabled accounting backbone

• Single integrated platform for all banking activities

• In-depth business functionality in a single, highly integrated front, middle and back-office system

• User friendly interface with modern user experience

• 360° view of the customer

• Exact fit to business requirements

• Highly customizable to meet various market needs

• Phased migration and implementation approach

• Improved operational efficiency and cost reduction

• Highly automated and flexible system

• Fully integrated yet modularized

• High parameterization capabilities: Greater process efficiency, better risk mitigation

• Support for multiple levels of authorization

• Complete audit trail on information

• Advanced reporting capabilities with a sophisticated Report Designer

• Deal multiple allocations/contributions

• Banking product definition - Implication/behavior

• Support for various delivery channels

• Support for all known Islamic banking instruments

• Access to innovative financing and investment products with minimum set-up time and effort

• Customization of business workflows based on pre-defined criteria through a business process management tool to increase productivity, streamline processes and speed up response to customers.

*i*MAL supports Hijri calendar:
- Defines Hijri fiscal year
- Closes financial periods based on Hijri calendar
- Payment plans based on Hijri calendar setup.

*i*MAL Technical Features

Web user interface accessible with a variety of browsers

Platform independent, can be installed on any platform, hardware, and operating system

N-tier application architecture

Open architecture providing web services in straight way

Centralized deployment process

Scalability, reliability and high availability

Phased migration and implementation approach

Easy to publish on the cloud

Supports centralized and decentralized databases with online and offline replication

Runs with Oracle and Sybase databases

Built-in integration with Business Process Management (BPM) tools
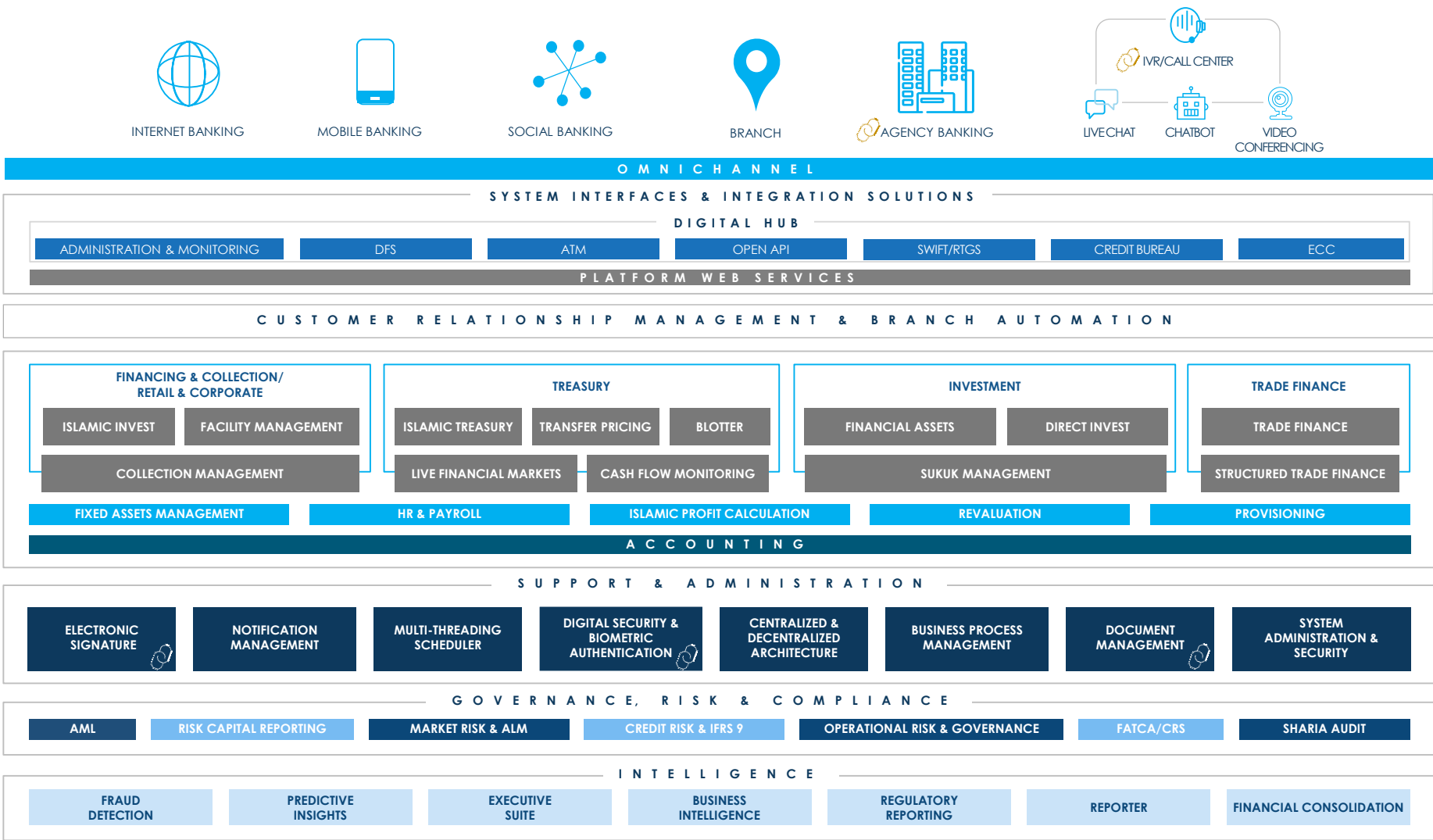
MVC Design Pattern

API/Open Banking availability, and digital hub

Full security consideration

*i*MAL Islamic Core Banking Platform Architecture

INTERNET BANKING	MOBILE BANKING	SOCIAL BANKING	BRANCH	AGENCY BANKING	IVR/CALL CENTER	LIVE CHAT	CHATBOT	VIDEO CONFERENCING

OMNICHANNEL

SYSTEM INTERFACES & INTEGRATION SOLUTIONS

DIGITAL HUB

ADMINISTRATION & MONITORING	DFS	ATM	OPEN API	SWIFT/RTGS	CREDIT BUREAU	ECC

PLATFORM WEB SERVICES

CUSTOMER RELATIONSHIP MANAGEMENT & BRANCH AUTOMATION

FINANCING & COLLECTION/ RETAIL & CORPORATE		TREASURY			INVESTMENT		TRADE FINANCE
ISLAMIC INVEST	FACILITY MANAGEMENT	ISLAMIC TREASURY	TRANSFER PRICING	BLOTTER	FINANCIAL ASSETS	DIRECT INVEST	TRADE FINANCE
COLLECTION MANAGEMENT		LIVE FINANCIAL MARKETS	CASH FLOW MONITORING		SUKUK MANAGEMENT		STRUCTURED TRADE FINANCE

FIXED ASSETS MANAGEMENT	HR & PAYROLL	ISLAMIC PROFIT CALCULATION	REVALUATION	PROVISIONING

ACCOUNTING

SUPPORT & ADMINISTRATION

ELECTRONIC SIGNATURE	NOTIFICATION MANAGEMENT	MULTI-THREADING SCHEDULER	DIGITAL SECURITY & BIOMETRIC AUTHENTICATION	CENTRALIZED & DECENTRALIZED ARCHITECTURE	BUSINESS PROCESS MANAGEMENT	DOCUMENT MANAGEMENT	SYSTEM ADMINISTRATION & SECURITY

GOVERNANCE, RISK & COMPLIANCE

AML	RISK CAPITAL REPORTING	MARKET RISK & ALM	CREDIT RISK & IFRS 9	OPERATIONAL RISK & GOVERNANCE	FATCA/CRS	SHARIA AUDIT

INTELLIGENCE

FRAUD DETECTION	PREDICTIVE INSIGHTS	EXECUTIVE SUITE	BUSINESS INTELLIGENCE	REGULATORY REPORTING	REPORTER	FINANCIAL CONSOLIDATION

Diverging colors are only used to create a visual representation of the drawing.

*i*MAL

Islamic Banking Modules

ISLAMIC INVEST

*i*MAL*IslamicInvest

• Based on the Sharia principles, in line with the rules and regulations of major Islamic accounting and auditing boards

• Compliant with the Islamic regulations and requirements across various global markets including the Gulf, Africa, Far East and Europe

• Available for Islamic Retail and Corporate Banking operations

• Fully integrated with *i*MAL Limit Management with online controls on Limits during transaction processing

• Handles all types of Islamic instruments both for the financial institution's own accounts and/or on behalf of its customers, such as:

- Murabaha
- Murabaha to the Purchase Orderer
- Musawama
- Deferred Payment Sale
- Operating Ijara
- Ijara Muntahia Bittamleek
- Lease of Asset/Usufruct

- Ijara Mawsufah Fi Zimmah
- Mudaraba
- Restricted Investments
- Musharaka and Diminishing Musharaka
- Istisna'a and Parallel Istisna'a
- Salam and Parallel Salam
- Qard Hassan
- Hawala
- Hiring of Persons
- Jua'la

• Covers the full cycle of trading tickets, financial tickets, authorization workflow and attachment of required documentation

• Covers all types of payment plans:
- Bullet payments
- Fixed and variable installments
- Irregular installments
- Partial payments
- Balloon payments
- Advance payments
- Past due payments
- Sharia-compliant contracts covering Islamic products

• Enables Islamic financial institutions to perform the following:
- Offer Sharia-compliant products
- Execute various Islamic financing and investment instruments
- Maintain solid workflow concept of the Islamic contracts' processes

• Entails work procedures needed to conduct:
- Purchase and sales activities
- Financing
- Amendments, rescheduling and restructuring
- Waiving
- Loan top-up and buyout
- Project financing
- Partnership agreements
- Investment contracts
- Syndicated operations

• Handles all types of collaterals, guarantors, vendors, charges, penalty, insurance, custom accounting entries and automatic booking of provisions

• Allows the launching of new Islamic products based on current market trends in the Islamic banking sector.

ISLAMIC PROFIT CALCULATION

*i*MAL*IslamicProfitCalculation

• Provides the following:
- Compliance with the Sharia rules and regulations
- Accuracy and speed in profit computation and allocation to the depositors' accounts
- Operational efficiency
- Effective control - Risk Management
- Standalone module which can be integrated with any core banking system
• Allows Islamic financial institutions to:
- Calculate and distribute profit
- Manage all types of pools (assets, liabilities, revenues and expenses)
- Abide by the Mudaraba agreements and contracts
• Includes several features such as:
- Recalculation of profit of a certain period based on the new average rate
- Specification of the balance calculation method
- Redistribution of profit based on minor periodic rate
- Transfer of assets/liabilities from one pool to another
- Various profit calculation methods for break of deposit
• The module caters for:
- Mudaraba (Unrestricted Investment Accounts)
- Zakat
- Advance profit
- Deposit guarantee fund
• And caters for different types of Provisioning:
- Profit equalization
- Risk provision.

ISLAMIC TREASURY

*i*MAL*IslamicTreasury

- Powerful Sharia-compliant Treasury tool
- Enables full management of Islamic Treasury products from inception to closure and maturity
- Handles the following products:

Money Market Contracts

- Placements
  - Commodity Murabaha
  - Wakala Investments
  - Mudaraba Investments
- Borrowings
  - Reverse Commodity Murabaha
  - Wakala Deposits
  - Wadiah
- Islamic Exchange of Deposits

Foreign Exchange Contracts

- TOD, TOM & SPOT
- Promissory Wa'ad contracts

Islamic Derivatives

- Islamic Cross Currency Swaps (ICCS)
- Islamic Profit Rate Swaps (IPRS)

• Handles efficiently syndicated investments with related on & off balance sheet accounting

• Fully integrated with *i*MAL Limit Management with online controls on Limits during transaction processing

• Solid workflow includes handling of commodity trades, automatic settlement of instructions, automatic daily accruals, early settlements, market rate revaluations and many other features

• Offers a unique value proposition through its comprehensive integration with core banking, financial reporting, Bloomberg and Reuters online and capital markets

• Enables Islamic financial institutions to:

Run their businesses in an easy and manageable manner

Conform to regulatory requirements

Enforce Sharia compliance

Increase their profitability

Manage and mitigate risks

SUKUK MANAGEMENT

*i*MAL*SukukManagement

This is a multifunctional platform catering for Sukuk investments and issuances, enabling Islamic financial institutions to manage their Sukuk operations, from creation and issuance to maturity or expiration date.

Covers the creation of:
- Security instruments of different types
- Sukuk trading and settlement transaction
- Profit accruals for the Sukuk holders

Enables the flow of:
- Corporate actions management
- Initial Public Offering (IPO) management
- Custodian and brokerage management
- Online or offline integration with Reuters and Bloomberg for deal processing, securities management, reference population rates and currency exchange rates

Manages the issuance of Sukuk if the bank is issuer or arranger of customers issuing Sukuk

Provides Islamic financial institutions with the guaranteed potential to broaden their financing sources while being compliant with Sharia rules

Caters for the following Islamic instruments:
- Fixed and floating rate Sukuk
- Fixed and floating rate amortized Sukuk
- Treasury bills
- Corporate bonds (available for sale, held for trading, held-to-maturity)
- Government bonds (available for sale, held for trading, held-to-maturity)
- Quoted and unquoted Sukuk
- Negotiable Islamic Debt Certificate (NIDC)

And provides the following:
- Strong workflow and structure area
- Efficient reporting
- Sharia compliance.

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DISCLAIMER

In the preparation of this document, every effort has been made to offer the most current, correct, and accurate information possible. Nonetheless, inadvertent errors can occur, and business conditions may often change. The information provided in this document is purely intended as a general guideline on matters of interest and is not intended to serve any professional advice to the reader. The application and impact of the information can vary widely on a case by case basis, based on the specific or unique facts involved. Path Solutions is under no legal obligation to notify the reader of any updates.