

Islamic Finance *news*

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Meet the Head

Islamic Finance *news* talks to leading players in the industry

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Could you provide a brief journey of how you arrived where you are today?

For years I was an independent Shariah consultant, with membership of Shariah supervisory boards of financial institutions around the world. When Eric Meyer began talking about a publicly listed Shariah advisory company, and invited me to become the chief Shariah officer, I thought this could become an ideal platform for the kind of research and development that will help bring our new industry into the mainstream of modern finance. Everyone recognizes the need for research and development, but very few organizations are prepared to provide the resources required for it, both human and capital. I had worked with Eric and his teams to develop a number of innovative financial products and processes, and I saw the new company, Shariah Capital (listed as SCAP on the London Alternative Investment Market) as an opportunity for me personally to focus on the things that I do the best. Moreover, I view Shariah Capital as the forerunner of a new level of professionalism for the industry (regulated by the Securities and Exchange Commission (SEC), the Financial Services Authority (FSA) and the Dubai International Financial Center (DIFC)) and a bridge between Islamic finance and the best asset managers in the world.

What does your role involve?

As chief Shariah officer, I am responsible for managing what I'll term the Shariah process of development, certification and ongoing supervision. This includes working with clients – generally asset managers – to establish Shariah compliance parameters for their products, to tailor our proprietary screening software (if required) to their particular needs, and to develop whatever solutions are needed to bring their products into compliance with Shariah. One of the unique features of this process is that Shariah Capital will establish different Shariah supervisory boards for each of its clients. In this way, I will work with many of my old colleagues while searching for and encouraging the growth of new and talented Shariah scholars.

What is your greatest achievement to date?

To have become the first chief Shariah officer of a company that is traded on one of the world's major stock exchanges is something I am obviously proud of. And I hope that this will set a trend for Shariah compliant companies in the future. For a Shariah scholar to become an executive would appear to most people as somewhat contradictory. However, given the essential nature of knowledge of the Shariah to our industry, it should come as no surprise that there is now a corporate position for a Shariah scholar.

Which of your products/services deliver the best results?

Shariah Capital is not an asset manager or a product provider but a Shariah advisory services company. We think of ourselves as financial engineers for Shariah compliance, and our business is to provide turnkey solutions to asset

managers, bankers and other financial professionals who are eager to come to the Islamic capital marketplace. So, when you ask about “best results” I immediately think of successful asset managers with impressive track records who wonder if there is a way to transition their business over to a Shariah compliant model, without negative effects to their historical performance. Because this is what Shariah Capital seeks to accomplish through its proprietary tools for short sales, options, balance sheet leverage and securities screens. What we do best is to assist world class managers to offer Shariah compliant versions of their present funds that essentially perform like the originals.

What are the strengths of your business?

Shariah Capital’s strength begins with its public platform and the accountability and transparency that come with its being subject to regulation in three distinct jurisdictions: the US, the UK and Dubai. In addition to this, Shariah Capital has a handsome balance sheet of its own and therefore has the ability to invest resources how, where and when these are needed for the success of its and its clients’ projects. Another of our strengths comes from the professional experience of our principals, in asset management, investment banking, venture capital and private equity, and in Shariah. Finally, we are driven by our faith in the viability and potential of Islamic finance.

What are the factors contributing to the success of your company?

Our company is successful because we offer credibility. Multinationals, whether corporations or funds, when they come to the market for Shariah solutions, soon discover that the only company with the credentials to pass their risk management requirements is Shariah Capital.

What are the obstacles faced in running your business today?

For a company that seeks to work with managers and bankers who have been successful in conventional finance, one of the most obvious obstacles is to explain how success with conventional financial products (and funds) can translate into success with Shariah products. The common perception is that, aside from being a nuisance, Shariah takes away from the bottom line. The real obstacles are mistaken perceptions about Shariah and Shariah compliance.

Where do you see the Islamic finance industry, maybe in the next five years?

Over the next five years, Islamic finance will continue to grow. Of this, there can be no doubt. More capital and more human resources will be committed to the development of the industry, and these commitments will result in more innovation and creativity.

Name one thing you would like to see change in the world of Islamic finance?

The one thing I’d like to see is more faith in what true and diligent Shariah compliance can actually mean to the bottom line. I am dismayed by quick fixes and short cuts. The industry has proved time and again that adherence to the principles of Shariah can be profitable, and that such adherence does not spell hardship. If we apply ourselves to the problems at hand then our industry will move from strength to strength.

Shariah Capital is a multi-dimensional company that creates Shariah compliant financial products and provides Shariah compliant consulting and related services.