

Shari'a-compliant banking

By NEVINE LOUTFY

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NEVINE LOUTFY is the Managing Director and CEO of the National Bank for Development (NBD), a position she has held since January 2009. With over three decades of banking experience, Ms Loutfy has a diverse background and has worked across the corporate, SME and retail sectors. She has extensive international experience gained in the US, Europe and emerging markets, with primary areas of expertise being Local Corporate and SME business management, in addition to Credit Risk and Capital management.

The National Bank for Development (NBD) was founded in June 1980 as a commercial bank, with an initial capital of E£50 million, and the goal of developing Egypt's private sector by helping start up and finance companies in a wide range of sectors. The bank's original 13 branches have subsequently grown to 69 nationwide, and throughout its 30 years of operation, NBD has been involved in the setting up of more than 73 companies, with a total capital of 1.4 billion EGP.

In the last quarter of 2007, NBD was acquired by Abu Dhabi Islamic Bank (ADIB), an institution that operates according to Islamic Shari'a principles, and one of the first banks to bring Shari'a compliance to global banking. Together with ADIB, NBD is moving towards becoming a fully Islamic Shari'a-compliant bank capable of competing at the highest levels in the Egyptian market.

ADIB was established with the aim of becoming a leading Islamic banking institution, offering Islamic Shari'a-compliant products and services, using the latest technology to meet customer needs, rewarding and motivating employees, and working to increase investors' and shareholders' returns.

After the ADIB acquisition of NBD, the goals and principles of ADIB are being applied to NBD using a new strategy that stresses the importance of adhering to Shari'a principles in all of the bank's practices, as well as complete dedication to meeting customers' needs, while achieving synergy between technology and creativity.

NBD has already begun to offer a broad spectrum of Shari'a-compliant banking products, including car and goods *Murabaha* financing for consumers, as well as short and long-term financing for corporate clients using *Murabaha*, *Wakala*, *Musbaraka* and *Mudaraba*. In addition, the bank also offers customers Shari'a-compliant deposits such as current and saving accounts and *Sukouk*, as well as the personal financing product *Yosr Murabba*.

The bank completed overhauling its IT systems network into a state-of-the-art solution designed to match Egyptian Islamic banking needs during the last quarter of 2009, and all NBD staff were trained so as to be fully capable of using the new system. NBD also focused on the renovation and renewal of its 69 branches nationwide, which is part of a broader plan by NBD to restructure and improve the bank's

infrastructure, in turn a reflection of the bank's dedication to improving its customers' experience, and streamlining any transactions the client requires.

A major reason for opening these new branches was to ensure that all of the bank's staff was ready to bring this vision of Shari'a-compliant modern banking to the Egyptian public. All NBD staff have been trained to provide modern, Shari'a-compliant banking products and services, and the branches were designed in order to ensure easy passage and manoeuvrability in the bank. NBD also assigned separate responsibilities to staff in individual branches, enabling customers to quickly and efficiently conclude their business.

It was also vital for NBD to inform its customers on what modern Islamic banking actually means for them, and what it can offer in terms of products and services. This was carried out through an Islamic banking informational campaign during the Islamic holy month of Ramadan, and which will continue in the future to ensure the spread of knowledge regarding Shari'a-compliant banking.

NBD has not lost sight of the original goal of the bank, and has participated in a number of syndicated financing agreements aimed at developing Egypt's infrastructure and economy. These include agreements with the West Delta Electric Company, the Egyptian Petroleum Authority, MOPCO, and Palm Hills Developments. NBD is constantly on the lookout for new agreements that can help push forward Egypt's economy.

Currently, NBD has more than 2,000 employees, 69 branches, and 65 ATMs across Egypt. The bank also currently finances almost 400 corporate clients, 250,000 clients in consumer finance and has a specialised microfinance division serving more than 40,000 clients nationwide through 42 dedicated units.

While the focus during 2009 was restructuring the bank and strengthening its infrastructure in preparation for the goals we had set ourselves, 2010 is proving to be the year that the bank makes a name for itself. NBD is already one of the market leaders in consumer financing, thanks to two products we launched at the beginning of the year (*Yosr Murabba* personal financing and *Car Murabba*), and we have a number of other products and services planned for the remainder of the year, such as Shari'a-compliant leasing, Islamic-covered cards, and a number of new *Murabba* products for school fees, club membership, and travel. 