

The Marriage of Muslim

The Influence of Islamic Finance on the Soft Power
in
the Hong Kong City Branding

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SOFT POWER IN CITY BRANDING

Stanley Mosque
赤柱清真寺

القوة الناعمة لهونغ كونغ مدينة العلامة التجارية

Content



➤ Soft Power of City Branding

➤ Overview of Islamic Finance

➤ Islamic Finance: A Gift ?

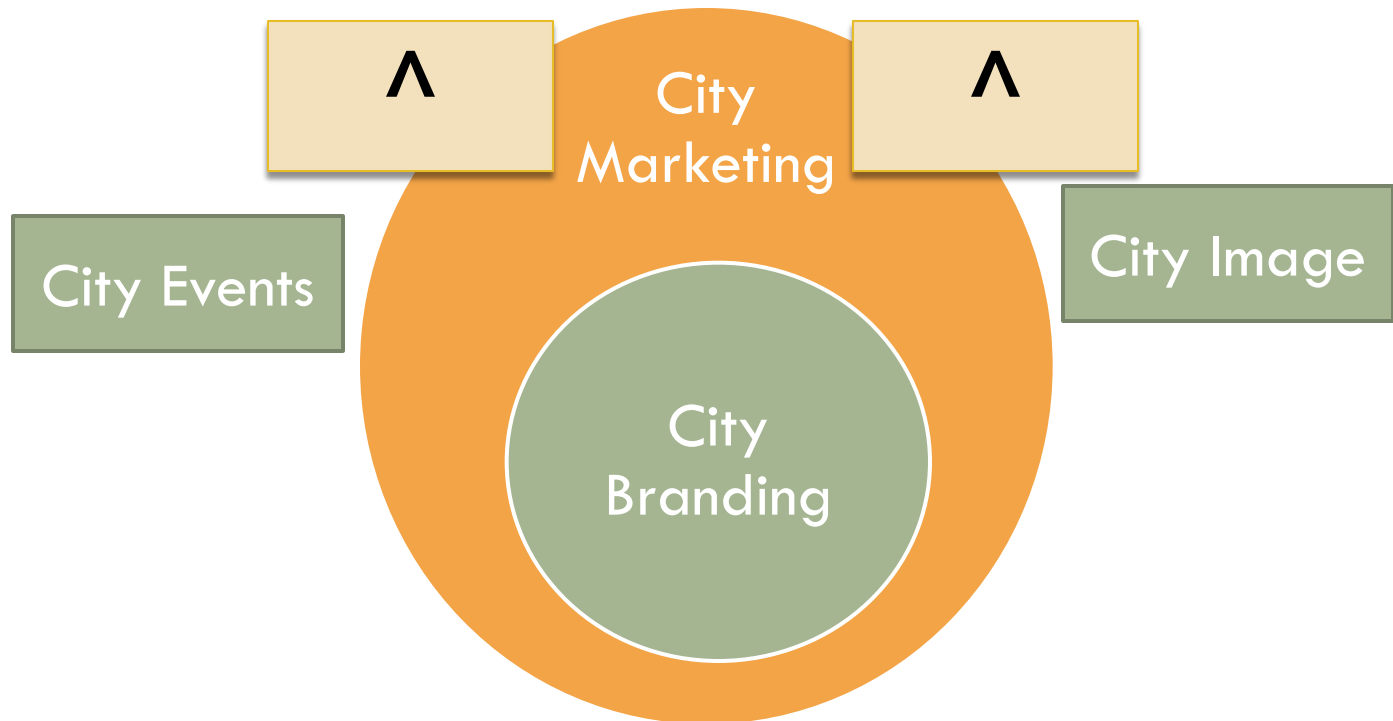
➤ Conclusion

Brand

- Term/Symbol/Design/Sign...
For **recognition & differentiation** (MSI)
- A Production for **Functional Benefits/Added Value**
(J.P.Jones)
- A Guarantee for **specific features, benefits & service**
(Philip Kotler)

City Branding

- Core concepts for promoting self-image of a city
- Based on the strategic positioning of a city
- Passing to the public; identified by the public



HK: More than Asian Free Port

- “Our mission is to stand out in the crowd in the world, and to be the next London and New York”

—— C.H.Tung

- Asian International City

Soft Power in City Branding

□ *Hard Power*

Government Capability; Industrial Organization;
Endowment of Factors of Production (生产要素的禀赋);etc,.

□ *Soft Power*

Attitude & Value of State

Economic Perspective

Nationalist Sentiment

Government Intervention

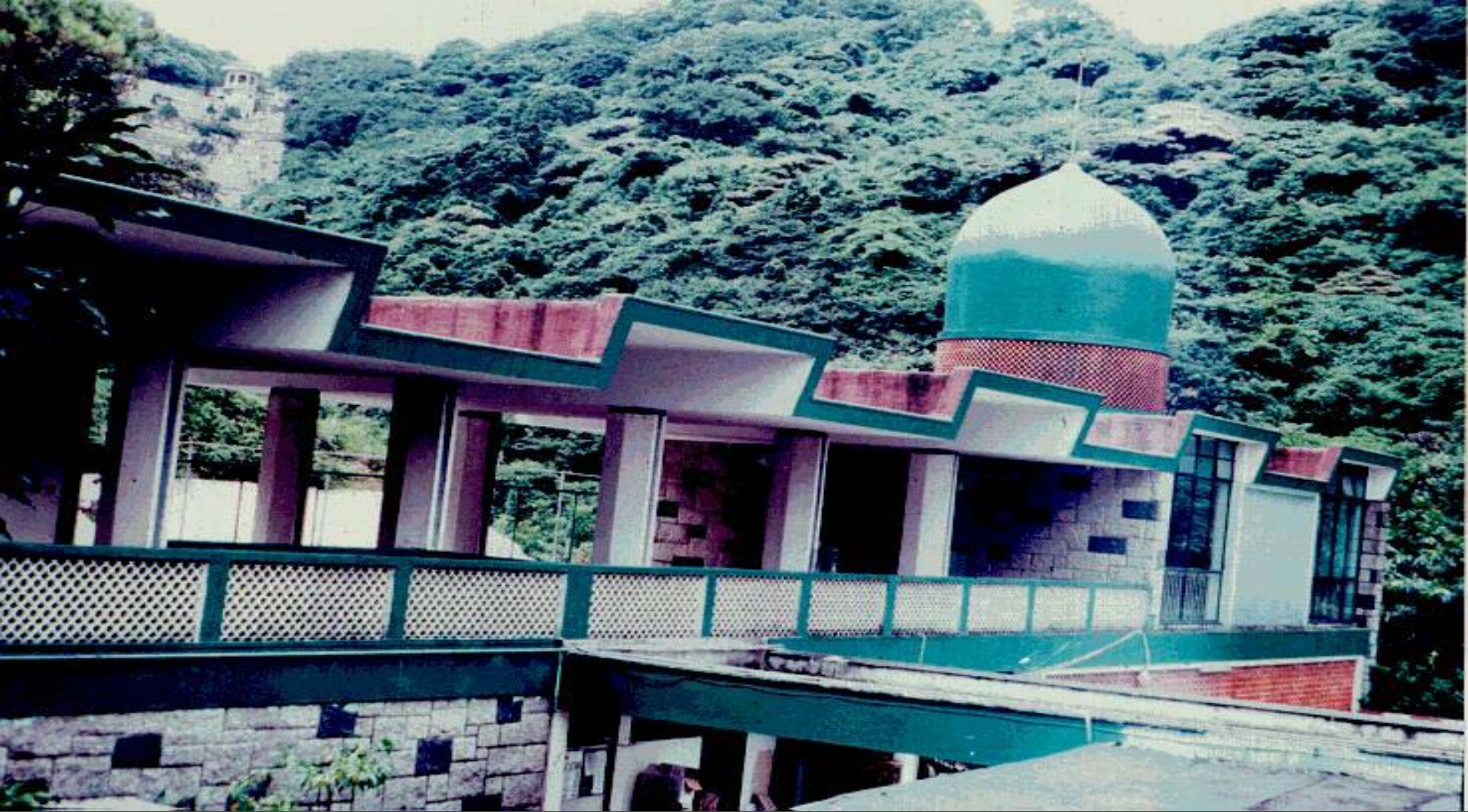
Attitude on Savings

Social Integration

Disparity disintegrates Mono-ethnic

Minority hardly melt into Majority

Cultural Conflict > National Conflict



OVERVIEW OF ISLAMIC FINANCE

Chai Wan Mosque
柴湾清真寺

حول التمويل الإسلامي

A Brief History

Egypt

1st
Islamic
Bank

1963

Iran

Islamized
Bank
system

1983

Sudan

Islamized
Bank
system

1989

IFSB

Founded
in
Malaysia

2002

IDB

€2.5bn of
bonds
Issued by
Iran

2009

1975

1985

1991

2005



伊斯兰发展银行
Islamic Development Bank

Takaful
declared as a
fully Islamic
insurance
concept

伊斯兰保险

AAOIFI
Associate
member of
IFAC;
in Bahrain

伊斯兰金融机构
审计组织

Basel II
Islamic version ;
issued by IFSB

Principles

- In accordance with **Shari'a** (伊斯兰律法) based on **Qur'an** (古兰经)

No Riba
(Usury)

- Prohibition of all interest-based lending
- Risks and benefits shared

No Gharar
(Uncertainty)

- Prohibition of derivatives
- Prohibition of speculation

No Haram
(Taboo)

- Gambling, Porn, Weapons, Alcohols, Tobaccos, Pork ...

Islamic Investment Vehicles

Mudaraba 利润分享协议

Musharakah 股权参与协议

Murabahah 成本加利润销售合约

Ijarah 租赁合约

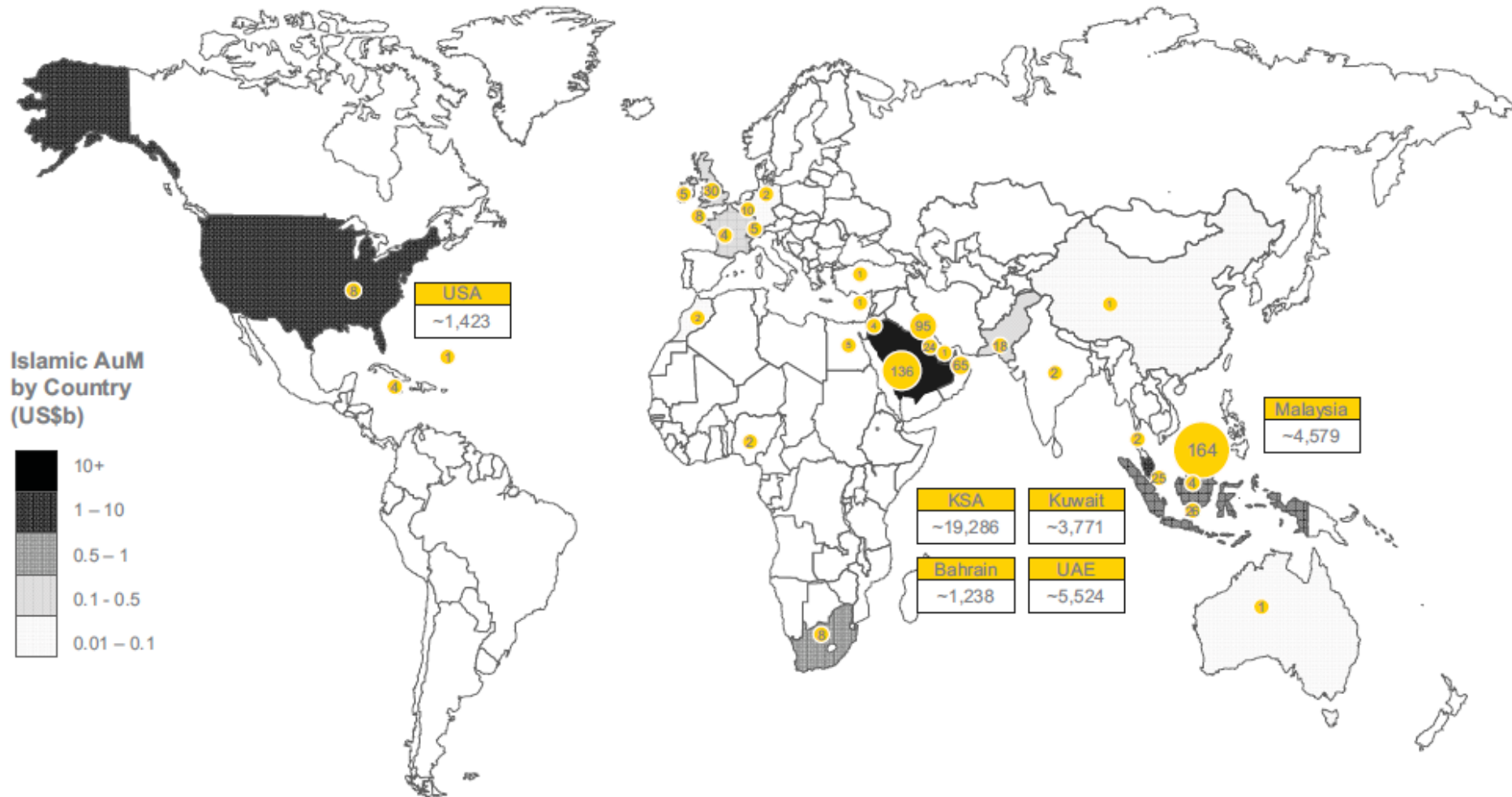
Sukuk 伊斯兰债券

Takaful 伊斯兰保险

Tawarruq 商品货币化融资协议

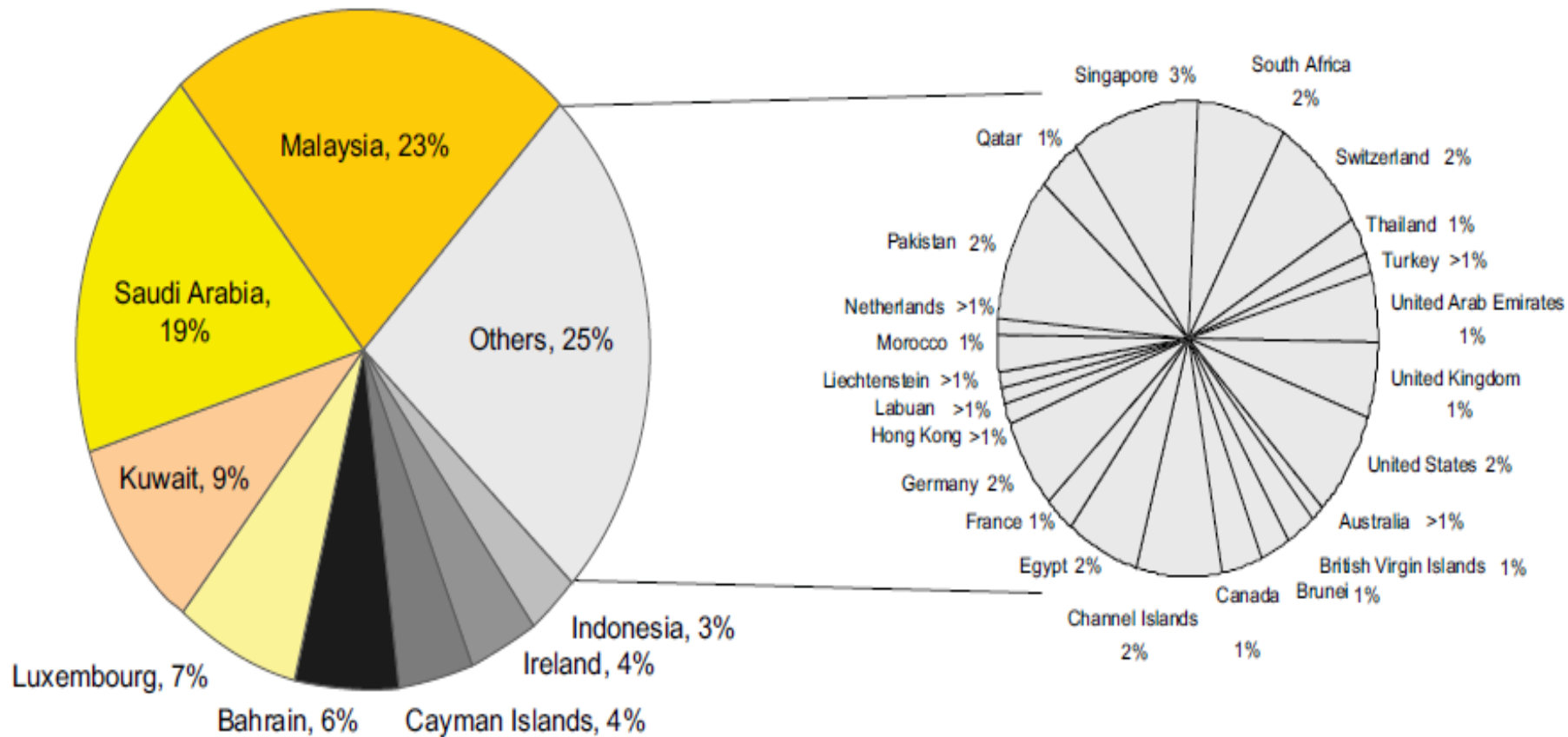
Istisna'a 制造加利润许可协议

Global Islamic Funds by Asset Manager (Q1 2009)



Source: Ernst & Young, 2009

Key Islamic Fund Domiciles by Number of Funds (Q1 2009)

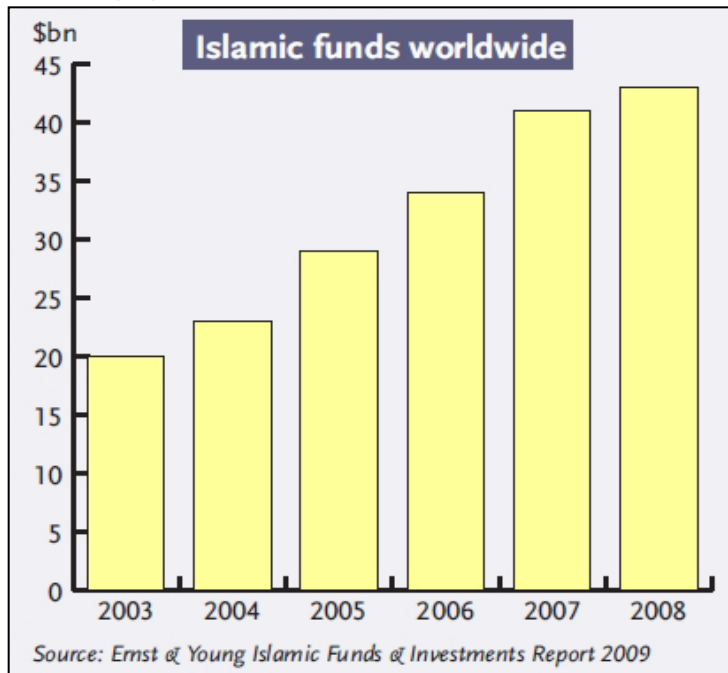


Source: Ernst & Young, 2009

- Six jurisdictions are home to almost two-thirds of all global Islamic funds
- Funds based in domestic domiciles are established to gain access to local investors and local assets
- Funds based in offshore target international assets and are established to take advantage of low taxes, fund administration, regulatory regimes and investor perception

Status Quo: Stagnation?

- Global Islamic fund assets stagnated at US\$ 52.3 Bn in 2009, remaining at almost the same level as the US\$ 51.4 Bn posted in 2008.



- Almost 70% of Islamic fund managers are struggling to build scale and have under US\$ 75 Mn in AuM, while 55% have less than US\$ 50 Mn AuM
- Average fee charged by Islamic fund managers have dropped by almost 25% since 2006, and are expected to continue at this level for the foreseeable future.

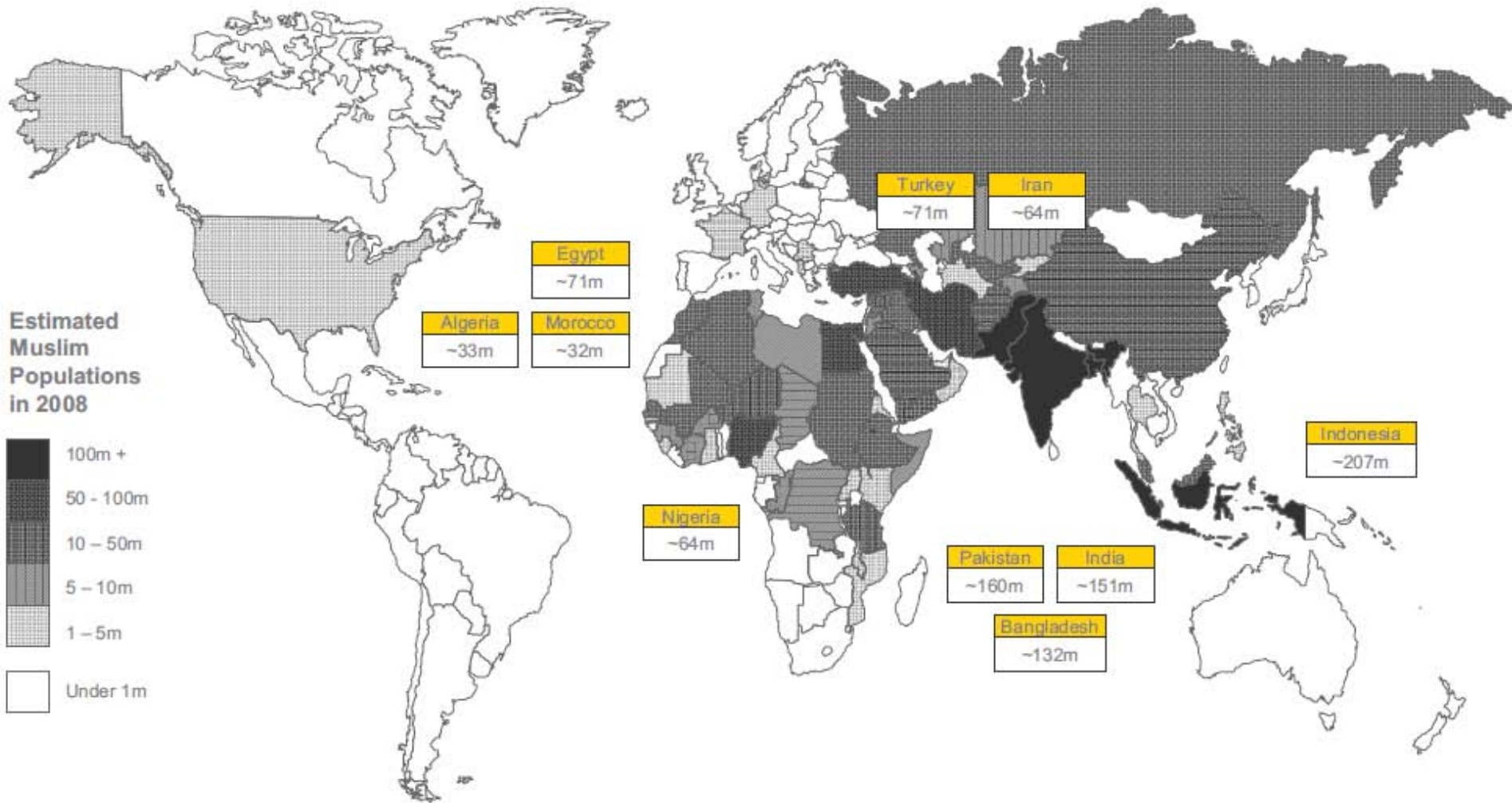


ISLAMIC FINANCE: A GIFT?

Kowloon Mosque
九龙清真寺

التمويل الإسلامي : هدية؟

Global Estimated Muslim Populations in 2008



Source: Ernst & Young, 2009

Facts

- World: 1.57bn of Muslims(2009) ; 204 countries
- 1865, East India Company;1870, Shelley Mosque
- About 80,000 Muslims: Chinese (50,000), Pakistanis (5,000), Indians, Malaysians, Middle-East Asians...
- 5 Mosques, 10 Islamic groups

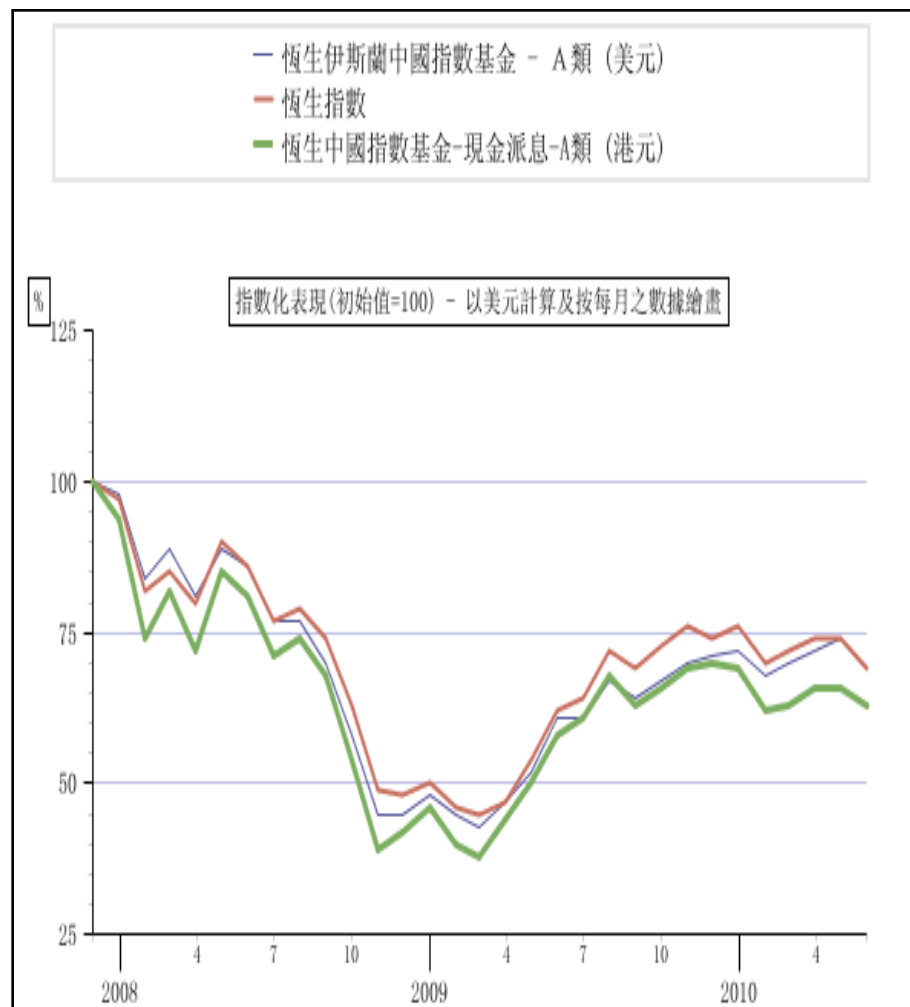
HK IFS

- HK: 2007.11

1st Islamic Index-tracking Fund-Titan Index (30 listed)

- Minimum investment amount for a Fund is HKD20,000 (or equivalent); one can choose to invest with as little as HKD1,000 (or equivalent) each month through Monthly Investment Plan for Funds

	Subscription Fee Class (Class A Units)	No Subscription Fee Class (Class B Units)
Subscription fee	Hang Seng Investment Series: Up to 4% Hang Seng Islamic Investment Series: Up to 3%	Nil
Switching handling fee ¹	Via Branch / Phone Banking : 1% Via Hang Seng Personal e-Banking : 0.5% ²	Nil
Management fee (p.a.)	Hang Seng Investment Series: Up to 1.5% Hang Seng Islamic Investment Series: Up to 1%	Hang Seng Investment Series: Up to 1.5% Hang Seng Islamic Investment Series: Up to 1%



Attitude & Value of State

Nationalist Sentiment

Moderate Identification

Special Economic Perspective

More than Liberalism or Protectionism

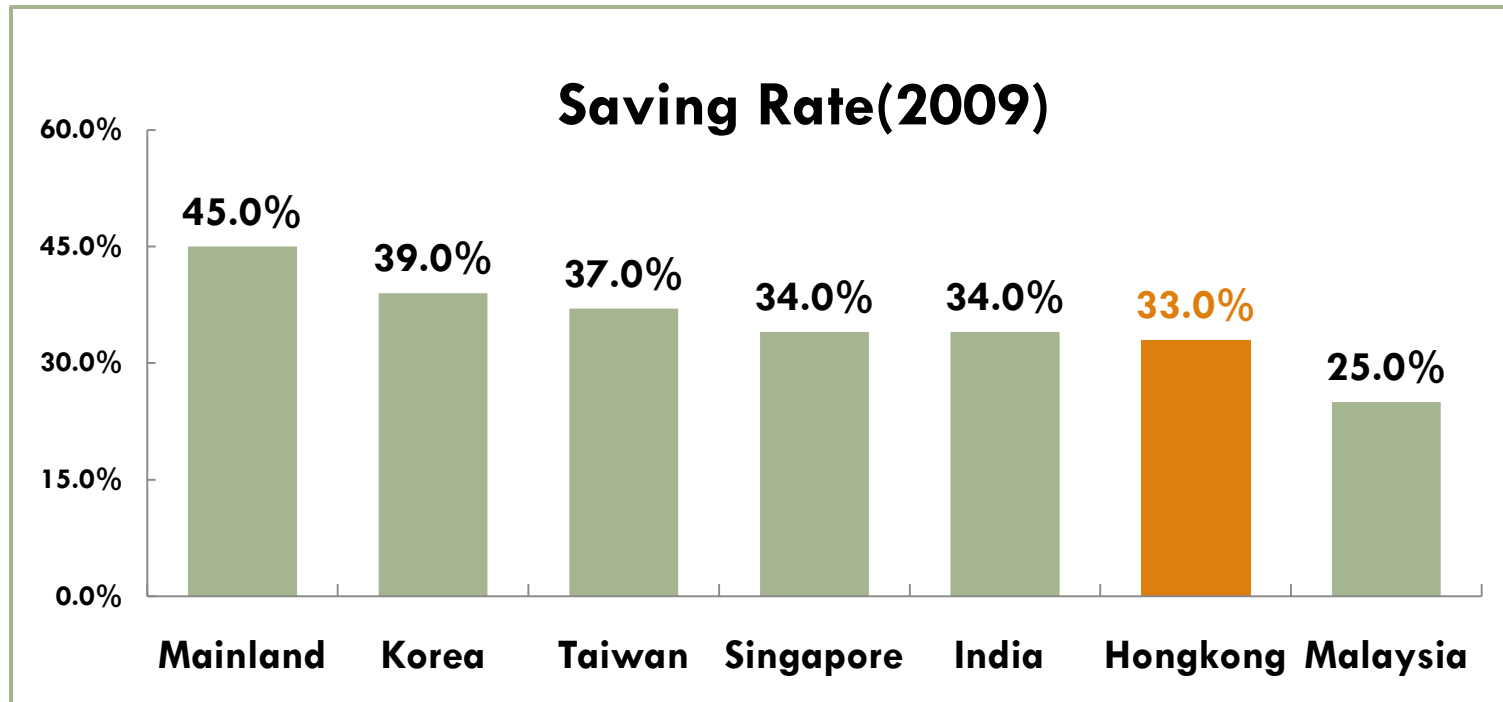
Opening Policy Climate

High efficiency & Sound system

Attitude & Value of State

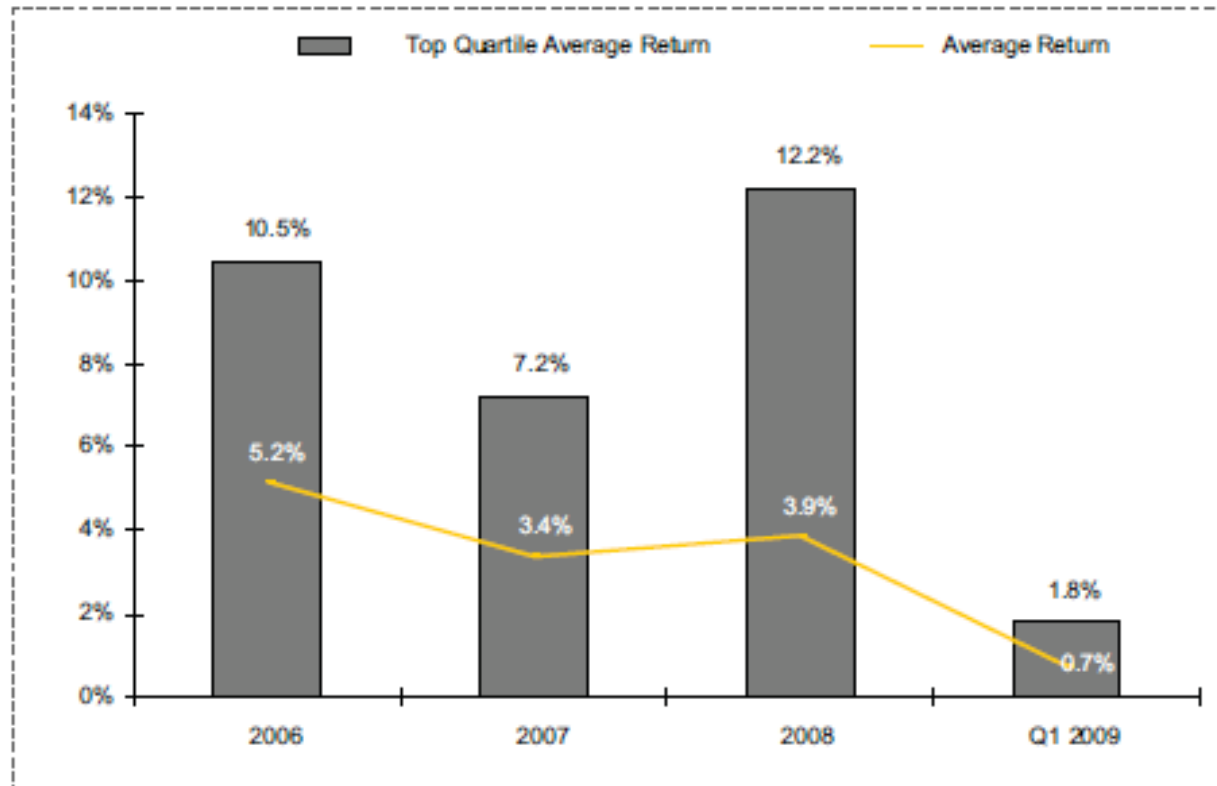
High Saving Rate

Seeking for more choices



Safer

Islamic Cash Funds - Average Returns



Social Integration

- Strong Economic Force
- Higher degree of inter-dependence
- Traditional Friendship
- More Islamic Facilities



吉祥三寶@2007



CONCLUSION

Shelley Mosque
些利街清真寺

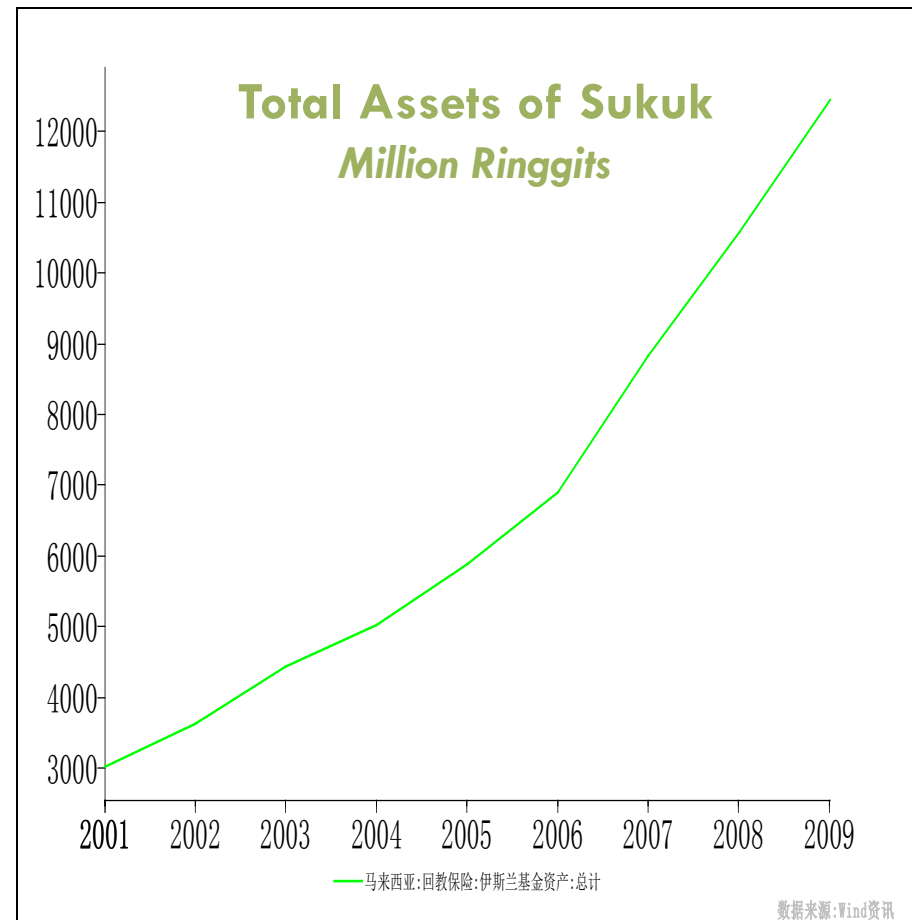
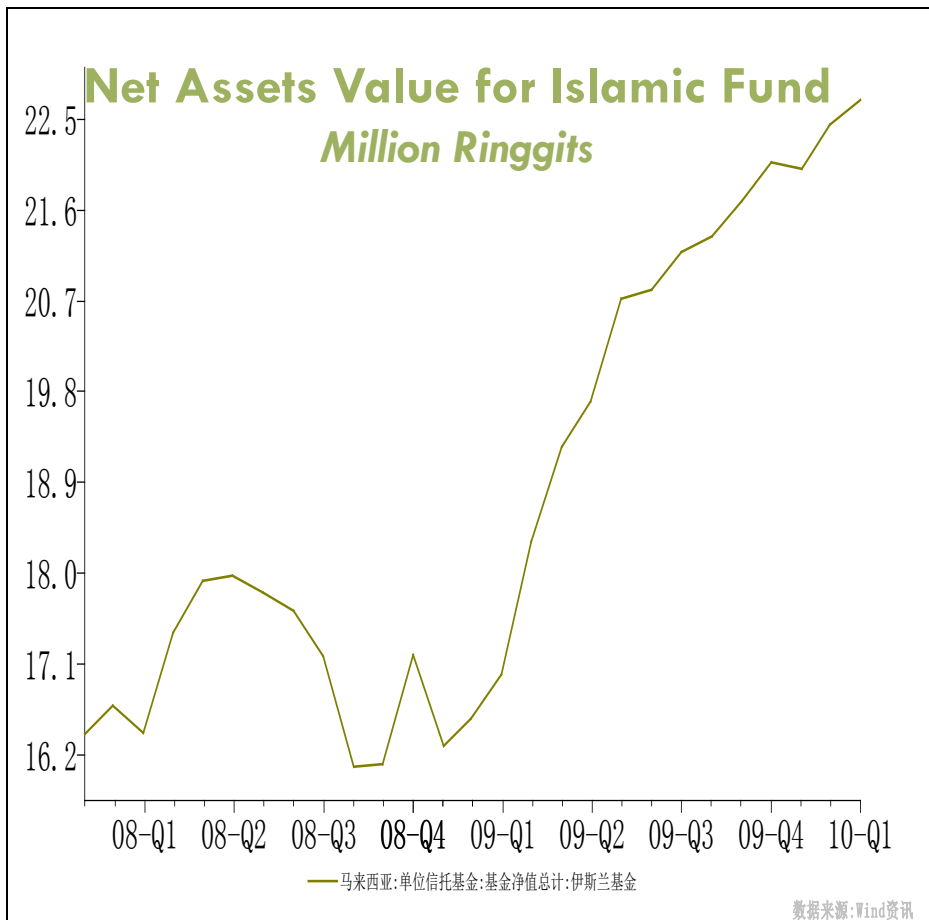
استنتاج

Risks



- Safety/Sense of Security in Investment
- Scope of Financing
- Strong Rivals

Paradigm from Malaysia



Overlook

- More Attraction (tax immunity...)
- More Professional Experts
- Cooperation between HK and Mainland
(Bank of Ningxia)

Thank You!

شكرا

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In the name of Allah, the Most Gracious, the Most Merciful

All praise is due to Allah, the Cherisher of the world

*Peace and blessings be upon the Prophet of Allah, on his
family and all his companions*