

Islamic Financial Engineering Lab at Mohammed V University, Morocco Promoting Research in Islamic Finance

THE CHALLENGE

There is a strong appetite for Islamic finance in Morocco. The government has allowed certain banks to sell Islamic products since 2007, and the subsequent government legislations have paved the way for licensing of dedicated Islamic banks. The country needed adequate Islamic banking professionals to cater to the growing demand. This has motivated students to pursue higher studies and research in Islamic finance and contribute to the growth of the Islamic banking sector, which could attract more foreign investment and create employment.



LECTURE ON ISLAMIC FINANCE IN PROGRESS

KEY LESSONS

- The IFE Lab draws visiting professors from outside Morocco to teach courses in multi-agent modelling, Islamic economics and finance, and Sukuk. Few professors from Mohamed V University and other Moroccan universities also participate in teaching on part time basis. Since the IFE Lab has no contractual agreements with these visiting professors and the university cannot hire them full time, they come only if they have time. Hence, **heavy dependence of IEF Lab on them is risky and unsustainable given the cost involved.**
- **Growth of Islamic financial institutions creates demand for capacity building in Islamic finance.** Moroccan banks have strong presence in many member countries in Sub-Saharan Africa and the Islamic banks are expected to open branches there as well. Therefore, IFE Lab may play a role in training potential African experts in Islamic Financial Engineering.

THE SOLUTIONS

- The Financial Development Center of IDB and the Mohammedia School of Engineering, Mohammed V University, established the **Islamic Financial Engineering Laboratory (IFE Lab)** and IDB approved a grant for **US\$ 220,000** for the lab to promote research in Islamic banking and finance.
- The grant would support **launch of a Ph. D. program** and provide **full scholarships** to six students, establish a library for Islamic banking and finance, set up a computer lab, and develop a trilingual website for management and dissemination of the research findings.

THE FINDINGS

- The Islamic Financial Engineering Lab has **spent US\$ 187,000**, or 85 percent of the grant.
- The **Ph. D. program has been launched** and **21 students** have enrolled so far, including **seven women**. **Six of them have received full scholarships** from the grant.
- **A library for Islamic banking and finance, and a computer lab** have been supplied and set up. However, **the website is still under construction.**
- **Three students have already completed their Ph. D. degree** and **two more Ph. D. students are close to completion.**
- **16 research papers** in Islamic finance have been published by the research students, and **three more have been accepted** for publication in different journals.
- The new Islamic finance institutions provide an opportunity for IFE Lab to **initiate partnerships**, secure internship for students, and possibly receive grant funding. Besides, the researchers and students can apply their expertise and modern techniques to provide consultancy and advisory services to the institutions.



ISLAMIC FINANCE LIBRARY