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COURSE BROCHURE

Risk Management for Islamic Financial Institutions Training Course

8 – 12 August 2027
Istanbul

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Risk Management for Islamic Financial Institutions Training Course

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Risk Management for Islamic Financial Institutions is a 1-week training course for risk officers in Islamic banks, takaful operators and investment firms, built around a contract-level risk map for murabaha, ijara, mudaraba and musharaka exposures. Each Islamic contract carries its own blend of credit, market, liquidity and Sharia exposure that loan-style risk models miss. Jupiter Prime Training offers this risk management course for Islamic financial institutions.

Why Risk Management for Islamic Financial Institutions Matters Now

Three groups shape this field: investment account holders who expect competitive profit on accounts that share losses, Sharia boards whose rulings can void income from a faulty contract, and supervisors who expect Islamic institutions to hold the same discipline as conventional peers. An institution that maps risk contract by contract keeps profit rates stable; one that treats every asset as a loan misprices leasing, partnership and inventory exposure. The course rests on internationally recognised risk management guidelines and on the three lines model of oversight.

Who Gains Most from Risk Management for Islamic Financial Institutions

- Rating credit exposure on cost-plus sale, leasing and partnership financing
- Monitoring rate of return, commodity and lease rental exposure
- Managing liquidity buffers built from permissible instruments
- Testing operational and Sharia non-compliance events in contract execution
- Reporting contract risk to Sharia boards, risk committees and directors

The strongest gains come when an institution sends its risk, treasury and Sharia review staff together to read each contract's risks the same way.

Risk Management for Islamic Financial Institutions Capabilities

These outcomes link the legal form of each contract to the exposure it creates.

- Assess credit risk across murabaha, ijara, mudaraba and musharaka positions — credit committees approving financing
- Calculate displaced commercial risk and reserve needs — treasury setting profit distribution policy
- Specify controls against Sharia non-compliance in product execution — Sharia boards and product owners
- Weigh rate of return and commodity price exposure in the financing book — asset and liability committees
- Design liquidity stress scenarios using permissible instruments — treasury heads planning buffers
- Communicate contract-level risk findings plainly — boards and Sharia supervisory committees

Key Risk Management for Islamic Financial Institutions Terms

- Murabaha — a cost-plus sale in which the institution buys an asset and sells it to the client at a disclosed mark-up.
- Ijara — a lease in which the institution owns the asset and earns rental while bearing ownership risks.
- Mudaraba — a profit-sharing partnership where one party provides capital and the other manages it.
- Musharaka — a joint venture in which partners share capital, profits by agreement and losses.
- Displaced commercial risk — pressure to pay account holders more than actual returns to stop withdrawals, shifting risk to shareholders.
- Sharia non-compliance risk — loss of income or reputation when a transaction breaches the rulings of the institution's Sharia board.

Risk Management for Islamic Financial Institutions Day by Day

Day 1: Contract Structures and Their Risk Profiles

- Contract Risk Profiling — How Sale, Lease And Partnership Differ
- Investment Account Structures — Who Absorbs Losses In Restricted Accounts
- Sharia Board Mandate And Fatwa Process — Authority Over Product Approval
- Risk Taxonomy For Islamic Institutions — Banks, Takaful And Fund Firms
- Risk Appetite Statement For Profit-Sharing — Tolerance For Capital Impairment

Day 2: Credit and Equity Exposure by Contract

- Murabaha Credit Assessment — Client Default And Late Payment Treatment
- Ijara Asset Risk — Residual Value, Maintenance And Ownership Liability
- Mudaraba And Musharaka Equity Exposure — Monitoring Partner Business Performance
- Collateral And Third-Party Security Practice — What Remains Permissible
- Diminishing Partnership Exit Schedules — Balancing Buyout Pace And Exposure

Day 3: Market, Rate of Return and Liquidity Risk

- Rate Of Return Gap Analysis — Benchmark Shifts Against Fixed Mark-Ups
- Commodity And Inventory Price Exposure — Holding Periods In Sale Contracts
- Displaced Commercial Risk Measurement — Profit Equalisation And Investment Risk Reserves
- Permissible Liquidity Instruments — Sukuk, Commodity Placements And Their Limits
- Liquidity Stress Scenarios For Islamic Balance Sheets — Withdrawal Waves

Day 4: Operational and Sharia Non-Compliance Risk

- Contract Execution Sequence Testing — Ownership Before Sale In Murabaha
- Sharia Non-Compliance Event Log — Income Purification And Root Causes
- Takaful Fund Segregation Controls — Participants' Fund Versus Operator Fund
- Key Risk Indicators For Product Lines — Early Signals Of Breach
- Internal Sharia Review Coordination — Linking Findings To Risk Ratings

Day 5: Practising the Contract-Level Risk Map

- Financing Book Case — Applying Contract Profiling To A Mixed Portfolio
- Withdrawal Shock Simulation — Testing Reserves Against Displaced Commercial Risk
- Takaful Operator Case — Rating Underwriting And Sharia Breach Exposure
- Sharia Board And Risk Committee Briefing — Presenting Exposures Jointly
- Contract-Level Risk Map — Completing Ratings, Controls And Owners

Applying Risk Management for Islamic Financial Institutions After the Course

- Profile one financing product and record where its credit, market and Sharia exposures sit.
- Review the Sharia non-compliance event log with internal Sharia reviewers and link each event to a risk rating.

Risk Management for Islamic Financial Institutions Questions FAQ

What is risk management for Islamic financial institutions, and why does it matter now?

It is identifying, measuring and controlling the risks each Islamic contract creates, including Sharia non-compliance. It matters now because varied balance sheets and close Sharia scrutiny make loan-style risk models misleading.

Which roles gain most from risk management for Islamic financial institutions?

Risk officers, treasury staff, credit analysts and internal Sharia reviewers gain most. You gain whether you rate financing, plan liquidity or test product execution.

How does a risk management for Islamic financial institutions course differ from a Sharia governance course?

It centres on measuring exposure per contract rather than on board structure and audit. You work with rate of return gaps, reserves, ownership risk and liquidity stress.

What do you bring back from risk management for Islamic financial institutions?

You bring back a risk map of your institution's contracts with ratings, controls and named owners, plus a stress result for withdrawals. It supports discussions with your Sharia board and risk committee.

Risk Management for Islamic Financial Institutions: The Way Forward

The contract-level risk map first informs which product lines need tighter controls or higher reserves. Risk officers, treasury heads and Sharia boards use it to agree priorities and track breaches. After its first review cycle, revisit the partnership exposures, because mudaraba and musharaka performance can change quickly as partner businesses evolve.