The banking industry around the world is witnessing a challenging regulatory compliance standard in the wake of past financial and banking crises. Islamic banks and financial institutions offering Islamic banking products now have stricter standards and guidelines as issued by the Islamic Financial Services Board (IFSB).

**The Basics of Islamic Banking**

Islamic financial institutions offer banking products that comply with the Shariah principles. Shariah principles prohibit interest (known as riba), gambling (maisir) and uncertainty or speculation (gharar). Islamic financial products are designed to encompass these aspects.

**Capital Adequacy Standard for Islamic Banking**

The main objective of this standard issued by IFSB is to address the specific structure and contents of the Shariah compliant products that are not currently addressed by the general banking regulations issued by Bank for International Settlements (BIS). Also, the goal is to standardize the approach used in measuring risks for Shariah compliant products and calculating the risk-based capital.

**Enables Ready Compliance with IFSB regulations for Islamic Banking**

Oracle Financial Services Basel Regulatory Capital covers all risk categories and corresponding calculation approaches. It enables regulatory capital computation at granular and aggregated levels and the new attribution analysis capability provides an in-depth understanding of cross-time changes in risk weighted assets (RWA) and capital adequacy ratios (CAR).

**Minimum Capital Adequacy**

Oracle Financial Services Basel Regulatory Capital provides for the calculation of minimum capital adequacy under IFSB guidelines which correspond to Pillar 1 of the Basel Accord. As per IFSB regulations, it covers standardized approach for calculating credit risk capital charge, basic indicator approach for operational risk capital charge and various applicable measurements for market risk capital charge as set out in market risk amendment by Basel.
Enables Transparency and Auditability

Oracle Financial Services Basel Regulatory Capital is built on unified metadata-driven business definitions of rules with mapping to IFSB guidelines. The easy to deploy application fully covers the IFSB regulations on computation of capital adequacy and corresponding disclosure requirements and also supports supervisory review by providing transparency and auditability.

Provides Flexibility & Scalability

Oracle Financial Services Basel Regulatory Capital is a flexible and scalable application to handle new business, new products, new entities, and new rules. The business users can easily add or modify rules in the solution instead of being dependent upon the technical programmers.

About Oracle Financial Services Analytical Applications

Oracle Financial Services Basel Regulatory Capital is part of the Oracle Financial Services Analytical Applications family of solutions for the global financial services industry.

Oracle Financial Services Analytical Applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations and the industry-leading Oracle Business Intelligence platform.

Oracle Financial Services Analytical Applications include award-winning solutions for Enterprise Risk Management; Governance, Risk, and Compliance (GRC); Enterprise Performance Management (EPM); and Customer Insight for financial services.

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