

Liquidity Management - Securitisation

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Islamic Liquidity Management

Securitisation

The potential for liquidity management in an Islamic context.

Current Practice

Challenges

- Limited products & liquidity
- Lack of tradeability
- Inefficient cost structures
- Markets immature but evolving rapidly

Result

- Too much liquidity chasing too few assets

Securitisation – a solution?

Securitisation is a form of secured or collateralised financing relying primarily on assets or cash-flows.

Conventional market worth \$ trillions

- Mortgage-backed securities
- Trade finance receivables
- Auto loans
- Credit card receivables

Potential & Obstacles

- Liquidity
 - Flexibility on rating
 - Variable tenor
 - Tradeability
 - Varied assets
 - Secured on assets
- Assets not cash-flows
 - Tranching
 - Repo facilities***