
Islamic Bank Liquidity Placement and Hedging Training Course

23 – 27 May 2027
Sharm El-Sheikh





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Programme Summary

Islamic bank liquidity placement and hedging is the subject of this five-day training course for treasurers and committee members at managerial level, ending in a liquidity placement and hedging plan for one treasury book. Surplus funds, profit rate gaps and currency positions must be managed with instruments that satisfy both risk limits and permissibility rules. The programme moves from principles, through diagnosis of exposure, to design of strategy and controls, then to application on one book. Mars Training Centre UK delivers this Islamic bank liquidity placement and hedging programme for Islamic banks and windows.

The Business Case

Treasury teams at Islamic institutions cannot use conventional deposits or derivatives, so placement and hedging rely on structures that must be priced, limited and approved. Leaders who understand the mechanics can compare instruments, set limits and explain residual exposure to committees with evidence.

- Liquidity Buffer Quality: Improves as placements are laddered by tenor and counterparty.
- Profit Rate Volatility: Falls as repricing gaps are measured and hedged within limits.
- Approval Delay: Reduces as product approval routes and documents are agreed in advance.

Principles and Evidence Base

- AAOIFI Shari'ah standards: They provide the standard on receiving and placing liquidity that frames the placement instruments reviewed in Sessions 1 and 3.
- IFSB guidance on liquidity management: It shapes the exposure measures and buffers developed in Sessions 2 and 3.
- IIFM and ISDA Tahawwut master agreement: It supports the Shariah-compliant hedging structures examined in Session 4.

Intended Participants

- Treasurers who place surplus funds and manage daily liquidity positions.
- Heads of Islamic banking who own the balance sheet strategy of a bank or window.
- Asset and liability committee members who approve limits and review exposure reports.
- Risk and Shariah compliance officers who review products and hedges before use.

The programme serves Islamic banks, conventional banks with Islamic windows, investment firms and public financial institutions, and suits mixed groups.



Learning Outcomes

1. Participants will be able to evaluate liquidity, profit rate and currency exposure in an Islamic bank treasury book.
2. Participants will be able to construct a placement strategy using commodity murabaha, wakala and sukuk instruments.
3. Participants will be able to diagnose concentration and tenor gaps in a placement portfolio.
4. Participants will be able to justify a hedging approach that follows permissibility rules and approval routes.
5. Participants will be able to prioritise treasury limits and escalation triggers for committee oversight.
6. Participants will be able to design a liquidity placement and hedging plan for one treasury book.

Programme Structure

Day 1: Islamic Bank Liquidity Placement Principles

Which instruments place surplus liquidity, and what makes each one permissible?

- AAOIFI Standard on Receiving and Placing Liquidity
- Commodity Murabaha Placement Flow
- Wakala Deposit Structure Chart
- Liquidity Management Principles of the IFSB
- Permissibility Checklist for Treasury Instruments

Day 2: Diagnosing Liquidity, Profit Rate and Currency Exposure

Where does the balance sheet carry liquidity, profit rate and currency exposure?

- Cash Flow Ladder Analysis
- Profit Rate Repricing Gap Report
- Currency Position Statement
- Counterparty and Concentration Review
- Placement Portfolio Exposure Heat Map

Day 3: Designing Placement, Sukuk and Money Market Strategy

How are surplus and shortfall positions covered with permissible instruments?

- Placement Ladder and Tenor Policy
- Sukuk Portfolio Allocation Model
- Islamic Money Market Funding Plan
- Limit Framework for Treasury Products
- Pricing and Margin Comparison Sheet



Day 4: Designing Hedging and Shariah Governance Controls

How are profit rate and currency risks hedged without breaching permissibility rules?

- Promise-Based Hedge Structure Map
- IIFM and ISDA Tahawwut Master Agreement Terms
- Hedge Effectiveness Review Template
- Shariah Board Approval Path
- Treasury Product Approval Memo

Day 5: Applying Liquidity Placement and Hedging to One Treasury Book

Is the placement and hedging plan ready for committee review?

- Applying the Session 2 Gap Report to the Chosen Book
- Testing the Session 3 Limits on Current Positions
- Matching the Session 4 Hedge Structures to Exposures
- Rehearsing the ALCO Presentation
- Completing the Liquidity Placement and Hedging Plan

Methodology

The programme uses a structured exercise method built on anonymised treasury books, term sheets and committee papers. Participants measure exposure in small groups, compare placement and hedging structures and draft limits, with feedback from peers and the facilitator on each work product.

- Suggested activity: Building a cash flow ladder for a sample book and marking the tenor gaps.
- Suggested activity: Comparing a commodity murabaha placement with a wakala deposit on cost and risk.
- Suggested activity: Reviewing a hedge proposal against an approval checklist and recording objections.

Capstone Output

Each participant completes a liquidity placement and hedging plan for one treasury book. It holds an exposure summary, a placement ladder, a sukuk allocation, a limit table, a hedge structure note with its approval path and a committee presentation outline. The plan is used to brief the committee and agree limits.



Frequently Asked Questions

Is Islamic bank liquidity placement and hedging suitable for treasury staff new to Islamic structures?

Yes. Islamic bank liquidity placement and hedging starts from instrument mechanics and assumes responsibility for treasury positions or limits, not prior Shariah training.

Which references does Islamic bank liquidity placement and hedging rest on?

Islamic bank liquidity placement and hedging rests on the AAOIFI Shari'ah standards, the IFSB guidance on liquidity management and the IIFM and ISDA Tahawwut master agreement.

How is the plan from Islamic bank liquidity placement and hedging used at work?

You use the liquidity placement and hedging plan to brief your committee, agree limits and prepare product approvals for the Shariah board.

How does Islamic bank liquidity placement and hedging differ from a programme on conventional treasury dealing?

Islamic bank liquidity placement and hedging centres on permissible structures such as murabaha, wakala and sukuk, while conventional treasury dealing centres on interest-based instruments.