

## The 'Made in Italy' brand with Halal certification



ITALY

By Stefano Loconte

Everybody knows the worldwide relevance of Italy's mark of quality as much as the importance and the prestige of Halal certification. In the common opinion, 'Made in Italy' means beautiful and well produced, and is recognized as a trademark itself. The agri-food sector represents one of Italian excellence (along with automotive, clothing and design sectors) that sadly is still copied and exploited worldwide.

At the same time, the Halal market has gained recognition globally not only in Muslim countries but also in Muslim-minority countries, including Italy.

Furthermore, the category of 'Halal' is nowadays not only for foodstuffs and beverages but also for finance, insurance, cosmetics and medicines.

This represents a unique opportunity for Italian companies and firms to expand their markets to Muslim communities in the Mediterranean area and the Middle East and strengthen their business. But all that glitters is not gold.

In fact, the accreditation process to get Halal certification from Halal certification bodies is far from simple and easy.

The certification process is divided into the following phases: (i) administrative, (ii) technical procedure, (iii) auditing and (iv) (eventual) certification issuance.

The acceptability of Halal certification by an Italian company depends on many different factors.

For example, when certifying a company as Halal, the Halal certification bodies are required to take into consideration the national and EU regulations and directives on health, food safety, hygiene, consumer protection, other agri-food related sectors and the Halal global standards applied in the entire food production process.

Also, it is important to check on the Halal certification bodies' credibility in import countries. It is essential to have a Halal authority that guarantees the issuance of certification that can be easily recognized in all Islamic countries.

The Halal bodies should be able to provide companies with detailed and



precise answers based on needs, in order to propose, in a professional way, the right methods to obtain Halal certification for the food sector.

Italy is continuing its support toward the internationalization of the Italian production system, the production of 'Made in Italy' goods and the promotion of Italian interests abroad because Italian companies' interest and involvement in the Muslim market worldwide have been growing bigger alongside the intention to use and promote the trademark 'Halal Italia' outside the country. ☺

*Stefano Loconte is the managing partner at Loconte & Partners. He can be contacted at stefano.loconte@studioloconte.it.*

## Algeria: Launching Islamic finance during COVID-19



ALGERIA

By Dr Ahmed Tahiri Jouti

The first Algerian state-owned bank has launched its Islamic window during the month of August. Other state-owned banks have already started the implementation process of their own Islamic windows. Nevertheless, the context seems to be particular with COVID-19 and its impacts on national economies and governmental policies all over the world and not only in Algeria.

Indeed, all the Islamic windows' projects need to take into account these impacts in their business models.

### 1. Diversifying the distribution channels

During COVID-19, branches and physical networks of banks are required to observe all the security instructions

when receiving customers. In the current context, the number of visitors to branches would decrease compared with normal times. Therefore, diversifying the distribution channels by introducing digital processes would be useful such as a digital onboarding process and other daily transactions and services.

### 2. Underlying asset availability

The underlying assets of financing products based on Murabahah need to be made in Algeria. It is worth noting that in the current context, the availability of equipment and cars made locally, at least from a theoretical perspective, is made worse. This could lead Islamic windows to focus more on home financing and raise their margin rates to reach breakeven.

### 3. Economic impacts on customers' incomes

All over the world, COVID-19 has had severe economic impacts on people,

reducing their incomes or suspending them.

Fortunately, Islamic windows in Algeria would not have to deal with customers in default. Nevertheless, they need to be very selective when dealing with new customers. This context would need Islamic windows' offerings to be very competitive from a financial perspective.

Overall, launching Islamic finance during such an economic context is very challenging and requires high flexibility and agility in terms of marketing practices, risk management instruments and business models to bypass both the barriers to entry and the economic impacts of COVID-19. ☺

*Dr Ahmed Tahiri Jouti is COO of Al Maali Consulting Group. He can be contacted at a.tahiri@almaaligroup.com.*