

# CENTRAL BANK OF THE GAMBIA



## PRESS RELEASE

### INTRODUCTION OF NEW FINANCIAL INSTRUMENT

In its effort to properly conduct monetary policy and broaden the coverage of the financial market to further develop the money market, the Central Bank of The Gambia with the consent of Department of State for Finance and Economic Affairs, intends to introduce a new Islamic financial instrument known as SUKUK-AL –SALAM (SAS).

### WHAT IS SUKUK-AL-SALAM?

The SAS is a Sharia compliant Government Security issued by the Central Bank on behalf of government. It would operate on similar terms and conditions (platform) as the conventional Treasury Bills, and therefore would have the same maturity profiles of three, six, and twelve months. It is a financial transaction that involves two parties agreeing to carry out the sale and purchase of a notional asset at a future date, but at a predetermined and prepaid price.

In The Gambia, gold shall be the notional asset, which the Central Bank is empowered to sell and issue SUKUK-AL-SALAM on a book entry system to participants. The title is surrendered back to the Central Bank at maturity in exchange of cost plus mark-up. Essentially, the CBG enters into simultaneous contracts as Agent of Government to interested participants. The minimum amount of investment in SAS would be D25,000.00 and shall be in multiples of D5,000.00

### OBJECTIVE

The new product is designed to have similar policy objectives as the conventional Gambia Government Treasury bills of mopping up excess liquidity from the system.

### PARTICIPATION

The existing Primary Dealers (PDs) in the conventional Treasury Bills market will be eligible to participate in the SAS market, and new applicants will be considered based on the prescribed standards.

### COMMENCEMENT DATE

The Central Bank would commence the floatation of the SAS instrument on November 21, 2007.

### FURTHER INFORMATION

For further information, please contact: Banking and Financial Supervision Departments, Central Bank of The Gambia, Ecowas Avenue, Banjul, The Gambia.