المصرف الدولي الاسلامي
International Islamic Bank

International Islamic Bank Implements Necessary Steps to Begin Trading in Foreign Currencies

BAGHDAD, IRAQ May ___, 2024 – The International Islamic Bank, a leading Islamic bank in Iraq, is pleased to announce its completion of a ten-month comprehensive review of its operations, which has resulted in the United States Department of Treasury issuing a statement saying that "we encourage the Bank" to seek a correspondent banking account with a U.S. financial institution "for future access to cross-border transactions."

The ten-month comprehensive review included an examination of the Bank's policies, practices, and procedures, and the implementation of certain changes in the Bank's operations. These changes will allow the Bank to seek a correspondent banking account and begin accessing U.S. dollar transactions for the first time since July of last year.

The International Islamic Bank has worked over the last ten months with the preeminent international law firm of Sheppard Mullin Richter & Hampton LLP, the Law Offices of Eric H. Blinderman, and the noted consultancy firm of Forensic Risk Alliance to identify gaps in the Bank's risk assessment and know-your-customer ("KYC") systems, as well as in the outcomes produced by those systems. Additionally, both the law firm of Sheppard Mullin Richter & Hampton LLP and the Law Offices of Eric H. Blinderman have registered as agents of the Bank in the United States for purposes of assisting with the process of re-establishing U.S. dollar banking transactions.

The Bank's comprehensive internal review was undertaken in response to a request made by the Federal Reserve Bank of New York to the Central Bank of Iraq in July of 2023 to stop fourteen Iraqi banks, including the International Islamic Bank, from facilitating transactions in U.S. Dollars by using the Central Bank of Iraq's U.S. Dollar Auction process.

Besides completing their review, the International Islamic Bank's legal and consulting team liaised with and worked with a broad swath of agencies within the United States and Iraqi governments (including the Federal Reserve Bank of New York, the United States Department of Treasury, and the Central Bank of Iraq) to craft a series of operational and related changes which will allow the International Islamic Bank to incorporate international standards and best practices into its anti-money laundering and sanctions regulations risk programs and which will allow the Bank to begin the process of obtaining a foreign correspondent banking partner.

In particular, the International Islamic Bank is proud to report that it is creating an Oversight Committee to review and approve all of its U.S. dollar and foreign customers and transactions that will be headed by its outside attorneys. Further, the International Islamic Bank is particularly proud to report that it will be the very first bank in the entire Middle East to implement and use proprietary screening software provided by Enigma Technologies, Inc. that will assist the Bank in preventing bad actors from using unlawful means to access financial services or to engage in illicit activities, thereby upholding the highest standards of integrity and compliance within the industry. Enigma is used widely in the U.S. banking industry. The Enigma software operates constantly, generating sanctions alerts and compliance reporting in real time. Enigma draws on databases that are consistently updated in real time from multiple U.S. and foreign sanctions reporting authorities, and currently screens over 1 billion requests per month for the presence of sanctions and politically exposed persons.

"The last year has been particularly challenging for the International Islamic Bank, and for the many other banks that were removed from the Central Bank of Iraq's daily dollar auction program," said Haider Albaghdadi, CEO of the International Islamic Bank. "Fortunately, we were able to move quickly and retain the best and brightest international attorneys, advisors, and consultants to figure out why the Bank was originally removed from the program, to impose proper remedial measures, and to satisfy regulators in the United States and Iraq. We look forward to a period of growth, stability, and rebuilding while we identify the most suitable foreign correspondent bank which will satisfy the needs of our growing customer base and the broader development needs of Iraq."

The Chairman of the International Islamic Bank, Haider Alshmaa noted that the "domestic and international financial system is facing constant stress, but the dynamic team we have assembled at the International Islamic Bank will allow us to weather these issues, to thrive, and to set the standard for all banks in Iraq to follow."

About The International Islamic Bank

The International Islamic Bank is a joint-stock company providing financial services, headquartered in Iraq. Founded in 2016, the International Islamic Bank operates in many cities throughout Iraq and provides a host of commercial banking services for its customer base including personal accounts, commercial accounts, personal and investment loans, and internet and mobile banking services. The mission of the International Islamic Bank is to provide innovative products and services while abiding by the highest of ethical and professional standards while following an Islamic regulatory approach to its business. It is continuously seeking to provide the Iraqi market with innovative products and services, while growing the investments of its clients while maximizing shareholder value and strengthening the ties of the Bank to broader regional and financial markets.

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