

SOMALI BUSINESS REVIEW



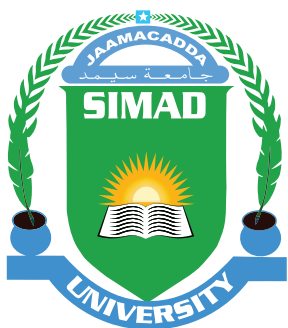
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NURTURING TALENTS FOR A GREATER SOMALIA



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EDITORIAL

There had been a growing number of services in the Somali business industries, especially banking industry. Since the collapse of the central government, Somalia had informal banks that provide only deposit and remittance services. For the last six years, a formal banking industry emerged with huge investment and financing potential. Most of the operations of the emerging formal banks are based on the principles of Islamic Banking System. Yet, there are a lot of good opportunities under many in Islamic Banking industry. Along getting these done, the future of Somali banking industry will unfold. In addition, the country is in the process of restructuring its financial system and rebuilding its economic infrastructure.

Another growing segment in the service industry is that of food industry. New restaurants and cafes offering foods ranging from Somali foods, Turkey foods, and other different foods with a high hushed, gentle locations conducive for ingestion are recently appearing in places including Maka Al Mukarama street, Banadir, Zobe areas and others. Restaurant managers in Somalia have to push creativity and innovation in ways that are geared towards freshness, uniqueness and indulgence, bigger and bolder flavors, and service elements, which are interactive and convenient within the consumer lifestyle.

In this issue covers articles that address business opportunities that exist in Somalia like ICT Opportunities which are probably needed by educational institutions such as universities, colleges, high schools, urban and rural communities in order to keep their records accurate. Since there's a growing and contributions in the banking industry, this issue mainly focused on banking industry. Also, technology has radically changed the lives of the individuals, institutions and the way people are conducting marketing to their business. More about this is addressed here.

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Privatization in Somalia

ABDIRIZAK MOHAMED AHMED

Introduction

Privatization means the transfer of the ownership of state property into the hands of private investors. The government ceases to be the owner of the entity or business. Privatization is considered to bring more efficiency and objectivity to the company, something that a government company is not concerned about. One of the main points for the privatization of publicly owned operations is the estimated increases in efficiency that can result from private ownership.

Privatization, a method of reallocating assets and functions from the public sector to the private sector, appears to be a factor that could play a serious role in the quest for growth. In recent history, privatization has been adopted by many different political systems and has spread to every region of the world. The process of privatization can be an effective way to bring about fundamental structural change by formalizing and establishing property rights, which directly create strong individual incentives.

A free market economy largely depends on well-defined property rights in which people make individual decisions in their own interests. The importance of property rights is captured by economist Hernando De Soto as he states, "Modern market economies generate growth because widespread, formal property rights permit massive, low-cost exchange, thus fostering specialization and greater productivity"(1996).

Along with creating strong incentives that induce

productivity, privatization may improve efficiency, provide fiscal relief, encourage wider ownership, and increase the availability of credit for the private sector.

Key Deliverables for Privatization

- To market the economy as being globally competitive.
- To increase productivity and reduce inefficiency of state-owned enterprises.
- Private enterprises tend to equip the enterprises in a better condition than that of public enterprises.
- Private sector will constantly seek new services in order to give citizen's competitive edge, while government is noted as slowly.
- Private sector utilizes the practice of capital renewal, where private firms ensure they are kept abreast for the latest technologies or production process.
- Privatization attracts foreign direct investment; countries with strong privatization programs typically experience a rapid increase in FDI inflows. It also has indirect effect by attracting additional investment through signaling effects.

Privatization in Somali

Somali communities had let to deal with a period of statelessness for longer than any other society in the contemporary world. It might seem reasonable to view Somalia as country left out the loop of new global markets, technologies, politics, and culture. Somalia is now struggling to accommodate peace, and security. The government has many functions





that they are grappling on it, so it cannot be held responsible or produce efficiently for every function. Therefore, the governments should privatize some of its publicly owned assets to private investors, since the performance of state-owned enterprises have been far from satisfactory which brings economic inefficiency; and inability to innovate and costly delays.

Currently, there are two basic economic sources that have been in low performance for the past years. But currently, the government privatized and transferred its ownership to a Turkish company called, Albeyrak. Mogadishu port and Mogadishu International airport are the two economic sources in Mogadishu. In 1975, a firm from Italy known as Impregilo completed the building of Mogadishu port at its first time and that moment, Mogadishu port were known as a working port. At the end of 2014, a Turkish firm was transferred to the operations of Mogadishu port in order to made renovation about it. It was renovated at a cost \$10 Million as the manager of Albeyrak, Mustafa Levant Adali, said.

Nearly two years ago, Mogadishu ocean Port was a government port. It worked, though not to its full capacity. Individuals and companies moved cargo through it. There were no proper structures for monitoring port activity, no proper revenue collection structures, no proper cargo handling equipment, and most of all, no will to turn the port into a revenue crating venture. Not surprisingly, the government received no revenue from the

Then the Turkish company Albayrak moved in, signed a 20-year contract with the government and set about creating order at the port. "A lot has changed since we took over the management," observes the company's immediate former general manager, Mustafa Adali.

Also Somalia's Federal government has given a Turkish firm a long-term contract to run and upgrade the Mogadishu international airport. Turkish construction Albayrak Group and Somali government officials signed a 20-year agreement to upgrade and run the operation of the airport by the firm. And such kind of upgrading is part of privatization. Now, The Albayrak Group Company is charged with bringing in new technology to modernize the cargo hub to international standards and reliable services.

Conclusion

Privatization is not a blanket solution for the problems of poorly performing country like Somalia, it cannot in and of itself make up totally, lack of competition for week capital markets or absence of an appropriate regulatory frame work, but when a medium of regulatory capacity is present, privatization yields some substances benefit.

The future of Somali for privatization is so important, the infrastructure of Somalia will high and growth so we need some privet companies those who take parte the development for prosper.

1975

During this year, a firm from Italy known as Impregilo completed the building of Mogadishu port and at that moment, Mogadishu port was known as a working port.

The (Old) Stereotypes of Accounting Profession is Over

MOWLIID AHMED HASSAN

1.0 Introduction

Professionals care their images and try to improve how they are perceived and accounting professionals are not different. As many studies indicate the old image of accounting is that; accountants are bean counters, number-oriented and mundane professionals. In the last decades these above mentioned negative stereotypes were dramatically decreasing due to the change of collective factors that influenced the accounting career such as environmental and technological advancements. The objective of this article is to explain that the old-negative image of accounting profession is over and also to identify factors that outweighed the stereotypes. Therefore, in section 2, will be discussed the accounting stereotypes. Followed by, the

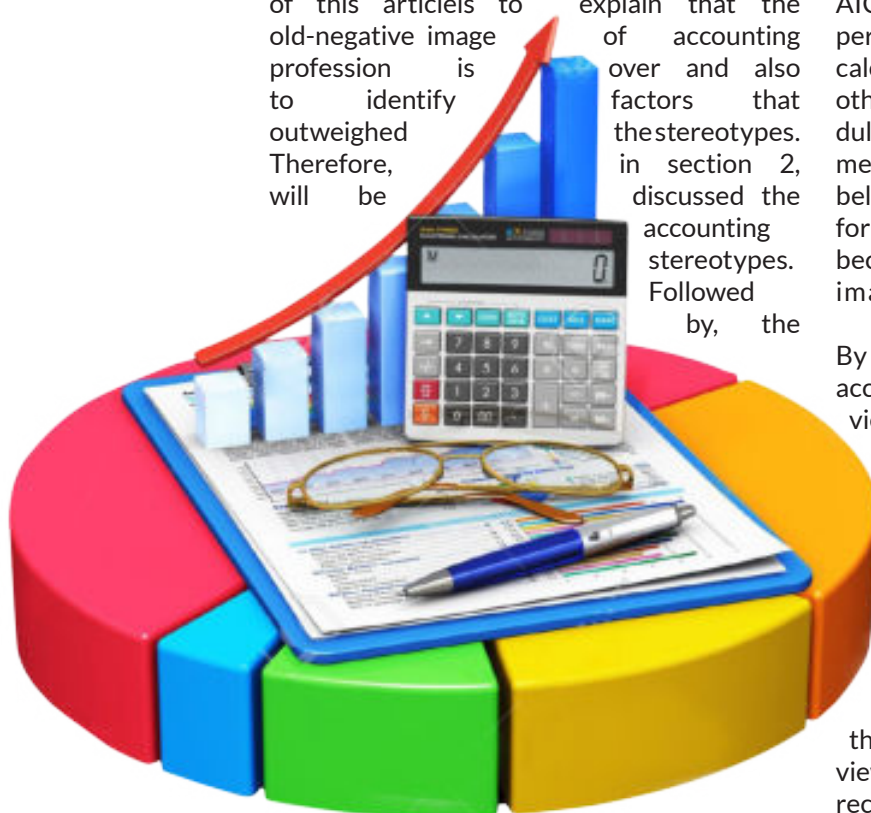
eliminated factor of the stereotypes in section 3. And section 4 concludes the article.

1.2 Does the Negative Stereotypes Over? A proof

Studies relating to the image of the accountants and accounting profession have been mainly discussed in international journals and conferences. To demonstrate that the negative stereotypes of accounting profession is over the following paragraphs are the highlights of some studies conducted in the last couple of decades:

AICPA(2000), accountants are widely perceived as being focused on math, tax calculators and detail oriented, while some others perceive that accountant are dreamers, dull, antisocial, bean counters, selfish, methodological and structured. Brass (2004) believes that accountants are responsible for these stereotypes and misconceptions, because they never tried to improve their images.

By glancing the contemporary studies, accountants and accounting profession are viewed as more positive and rewarding profession. In more recently, Mbawuni (2015) studied students' feelings and perceptions of accounting profession in developing countries and found that the traditional negative view of accounting profession does not exist today, anymore, in the minds of graduate and undergraduate student. Likewise, Germanoul et al., (2009) found that both Malaysian and British students view accounting positively. In summary, recent studies about the image of accounting



profession are more positive compared to the old ones. So this is an indication that the negative stereotypes of the profession is over.

2.3 Factors And Forces Eliminated The Negative Stereotypes of The Profession

It's very important to understand the factors that outweighed the negative stereotypes of accountants and accounting profession. Therefore, the following paragraphs summarize factors eliminated the negative stereotypes of the profession:

1. The changing role of accountant is one of the main factors that eliminated the stereotypes. Robert Half management resources interviewed 270 Canadian CFOs, and he found that more than 90 percent of those interviewed said their roles have expanded over the past few years into the outside of traditional accounting and finance. "The reality is that the world accountants work in is different from traditionally. They're much more involved in decision making. They are linked in to strategy," said Tashia Batstone, Chartered Professional Accountants of Canada vice-president of education.

2. Changing business practices expanded the accountants' roles and responsibilities from record keepers to business strategists. Lusher (2012) believes that accounting professionals provide proper guidance to help organizations accomplish their financial plans, strategic goals, and environmental accountability. In 2002, after the scandals of major US accounting big firms, Sarbanes-Oxley Act was established which put strict auditing and reporting requirements on public companies. Therefore, accounting professionals experienced new era of auditing and fraud detection mission.

3. Technological advancements simplified the accounting's harsh tasks, such as manual book keeping is not used today anymore, instead, excel or spreadsheet is simply clicked on the finger tips. In addition, today accountants are familiar with different software and hardware products that perform the complex tasks of accounting (like nine cycle) in a shortcut manner without losing energy. So,

the stereotype of accounting is mundane profession doesn't exist.

4. Accountants' value is highly understood by the people. Studies found that in the 1970s and the 1980s the accountant was believed as a responsible and rational person. Furthermore, the accountant was believed to be as a trained action man in the 1990s. However, in a recent label the accountant seemed as a more self-indulgent person. These trends observed reflect changes in wider social practice from low-civilized to highly-civilized (Baldvinsdottir, Burns & Nørreklit, 2010).

5. Accounting is a boundary-less career, unlike other professions. Governments, businesses, non-for-profit entities, hotels, hospitals and banks hardly need professional accountants alike, while other fields have rare opportunities compared to the accounting career. Therefore, accounting is needed by almost in every industry. "It appeals to people who are looking for a career. They know accountants will always be in demand whether the markets are up or down," said Jeffrey Power, accounting department' chair at Saint Mary's University in Halifax. Furthermore, a study conducted by ACCA in 2006 found that in Malaysia alone there is an expectation to require more than 65,000 professional accountants by 2020, more than three times the number that is available now (2006). Malaysia is not the only country who is suffering this shortage; but it is a universal. Even United States of America hasn't spared from that epidemic level of scarcity (Saemann & Crooker, 1999).

1.4 Summary and Conclusions

Contemporary studies relating to the image of accountants and accounting profession seems to be more positive compared to the old. This proves that the negative stereotypes of the accounting profession doesn't exist anymore. In the last decades the negative stereotypes of the accounting profession were dramatically eliminated by many factors including: the changing role of accountants, technological advancements, changing business practices and accountant's value is highly understood.

90%

of those interviewed said their roles have expanded over the past few years into the outside of traditional accounting and finance.

ICT Business Opportunities in Somalia

ALI OLOW JIM 'ALE SABRIYE

Abstract:

ICT (information and communications technology - or technologies) is an umbrella term that includes any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as videoconferencing and distance learning.

This sector has proven to be a strong driver of Gross domestic product (GDP) growth in nations across the world. From developing countries, to developed nations, the ICT sector has contributed to the success of nation's economies, the advancement of its people's skills and capabilities and positioning the nation as a place for global firms to more efficiently do business. The review discusses the foundations for establishing a viable and sustainable Information and Communication Technology (ICT) industry and the opportunities it offers against the challenges may Somalia face in their concerted efforts to participate fully in the information society and knowledge economy.

Introduction

ICT-information and communication technology- which is a generic term referring to technologies that are used for collecting, storing, editing and passing on (communicating) information in various forms, have the potential to transform business and government in the world, driving entrepreneurship, innovation and economic growth. ICT industry in Somalia is relatively new in comparison to other business sectors; its local enterprises operating in hardware, software and internet service providers (ISP) segments. With the advantage of earlier initiation, the hardware segment dominates the market while the relatively late entrant, software segments becomes next and



Internet and Network Services make up the remaining part of the market. The core strengths of Somalia ICT sector is the people; each year, various institutions produce a huge number of IT graduates, therefore entrepreneurs and foreign investors may invest ICT center and benefit from ITs' s skills and knowledge as well.

Current ICT sectors

Somalia is currently in the midst of a telecommunications boom driven by private investors, who have created a mass market with the cheapest calling rates in Africa. Private investors have put an estimated \$194 million into Somalia's telecommunications sector over the last ten years. The telephone companies that provide much of the service across the war-torn country include: Golis Telecom Somalia, Hormuud, NationLink Telecom, Somali Telecom Group, Galkom, Global Internet Company, Somtel, Netco, Somafone, Telecom Puntland and Telenet International.

The telecommunications systems are also improving banking ability for many Somalis; it

\$194

The estimated amount in millions that Private investors have put into Somalia's telecommunications sector over the last ten years.



designed a money transfer service for its registered customers.

On another hand, the internet connections are mainly done via Dial-Up, but GPRS, ADSL and LRE (Long range Ethernet exist). Wireless and Satellite services also exist in Somalia. Most of the companies are additionally beginning to provide VOIP services. By adding that, there area few ICT centers which provide basic software solutions, web and application development, network building and IT short course trainings. All of these sectors are not enough to the country's' needs upon technology and ICT services.

Opportunities

In Somalia, the ICT opportunities exist without any doubt; for example: educational institutions such as universities, colleges, secondary and primary schools may require systems to keep student's records as well as employee. Urban and rural communities need an access to the internet easily. Without internet and research publishing journals, the researcher's outcomes will be inaccessible. Hospital management systems are not available in most of health centers and hospitals. There are no digitized public libraries, cultural centers, museums, post offices and archives in the country. Most of world's populations have not access to local television and radio services. Shopping centers and malls need commercial systems. These ICT opportunities and many others are still waiting business entrepreneurs.

Key challenges in implementing ICT for

development

Information and communications technology (ICT) represents an enormous opportunity to introduce significant and lasting positive change across the developing world, but is accompanied by significant challenges and possible threats include:

1. A weak central government;
2. A geographically and politically fragmented media environment;
3. A strong private telecommunications sector that benefit from a lack of regulation;

Conclusion

ICTs are enablers for economic growth because of their crosscutting nature thus affecting all sectors. Adoption and proper utilization of ICTs will lead, among others, to increased yields and quality production of goods and services. ICT industry can be resourced, properly managed and mainstreamed into a significant contributor to GDP.

In order to take advantage from the existing opportunities in the market especially, the opportunities in the ICT sector, the recommendation is to invest a fully integrated ICT center which encompasses the basic ICT divisions like: Software development, database analysis and design, web design and development, Network solutions, Hardware maintenance and troubleshooting, multimedia and graphical design as well as ICT consultants and training center.

Email Marketing Strategy for Small Businesses



YAHYE ABUKAR AHMED

1. INTRODUCTION

The heart of every business successes depends on its marketing that affects sales and productivity. Most aspects of a business lie in successful marketing. Today the revolution of information technology (IT) and communications has changed the way people conducting marketing to their business. Email marketing is broadcasting commercial messages through electronic mail (Email) to a group of people using it.

E-mail is one of the most popular Internet applications and has become a useful marketing tool. It can be used to send ads, solicit sales, donations, request business, build loyalty, trust and brand awareness among potential customers. Unlike many other marketing opportunities, when properly implemented, email marketing can provide your business with various ways to target specific customers.

The first section of this article will focus on the importance of email marketing, that will highlight significant advantages compared to most other marketing methods, the second

section illustrates the strategies to optimize email marketing campaign. Finally, how to create effective email marketing.

2. THE IMPORTANCE OF EMAIL MARKETING

As shown - The Radicati Group which is the market research firm - there are over 2.5 billion email users worldwide and this number is expected to grow over 2.8 billion by year-end 2018. According to Pavlov et al. (2008), email marketing campaigns produce approximately twice the return on investment of the other main forms of online marketing such as web banners and online directory adverts. In recent years, market research has shown that email marketing is still a more useful and trusted medium for marketers than traditional digital marketing. Email marketing is a great way to reach your customers where they are without spending a lot of money.

Email marketing is important for building relationships and loyalty with prospects, leads, current customers, and even past customers because it gives you a chance to communicate directly to them through their inbox, at a time that is convenient for them. Be friendly and

personable. You are not invading their space if you have chosen your message and your recipient wisely.

3. EMAIL MARKETING STRATEGIES

The strategy of Email marketing is considered to be the key important part of overall marketing strategy and business plan. It can give a chance to market your products and services through the use of the email channel, in order to make a profit that will allow business to reach their goals. An effective email marketing strategy takes into consideration what your target customers are, their preferences and benefits they are looking for as well as your products services and industry and which email marketing messages are most effective.

a. Create an Acquisition Strategy

Successful email marketing starts with prioritization of targeted audience and its growth. To analyze the places where customers are already engaging with your business helps markets to decide the targeted audience. The more you know about your audience, the easier it will be to provide valuable content within your communications. Then, determine how to improve those experiences and drive interactive engagement with new tools and techniques. For example, always optimize acquisition forms for mobile. If a customer is using on a tablet or Smartphone and can't afford to fill out your form easily and quickly, you're sure to lose the acquisition strategy.

b. Build Email Marketing Strategy for Offers

The basic idea of creating an effective offer in the emails is to decide what kind of a business you run and how to make offers in your emails. In order to do this you need to urge people to get information about what they really want. Giving them a discount or promotion for a product they're interested in, because of this, pushes consumers to your website for email subscription. A good offer behaves like helpful, so when you promote a product via email, do it as a friend who wants to help the consumer.

c. Use Newsletter Marketing Service Strategy

Newsletter marketing involves sending out information about the recent activities through email to interested parties. When you set up an email newsletter, you're offering your audience a way to subscribe to get emails from you that contain informal news or broadcasts that you send out. Normally, business probably



sends and receives emails every day using an app like Gmail or Outlook. Those tools work great for sending one-off messages to individuals and groups, But for larger groups and scheduled sends, you can't use app like Gmail and Outlook. The following sections will illustrate how to sign up and create email marketing server provider.

4. HOW TO CREATE AN EFFECTIVE EMAIL MARKETING?

Creating email marketing might seem difficult and exhausted for small business. When you open your inbox, all you see are promotions from eBay, Amazon, and Google. In this section we will focus on how to create effective and easy email marketing. the following steps guides :

a. Selecting an Email Marketing Provider

Selecting the right Email Service Provider (ESP) is the first step you can launch a successful email marketing campaign. We strongly recommend that you talk to and try different providers and choose the one that you consider to be effective and friendly. in order to sign up for an email marketing service provider, you need to subscribe MailChimp, AWeber, Mad Mimi or Constant Contact companies. These companies make it easy to create beautiful, mobile-optimized emails and manage email lists, integrate forms and sign-ups on your website. Many of these ESPs offer a free trial or free based on list size so you can decide which one is right for you.

b. Email marketing list

Selecting who you want on your list and

2.5B

The estimated number of email users worldwide. The number is expected to grow to over 2.8B by the end of 2018.

receive your marketing email. You can add a list of recipients you have already inserted into your account. The best way to grow an email list is to offer incentive for people to sign up. Examples: offering a month for free accessing to exclusive content or provide a free online course to new subscribers or free eBook.

c. Design and develop email marketing Contents

Here is about what will you write in your emails to create a strong email marketing contents, and there two different approaches to design it. Standard-style approach which is simple in appearance and form, the other approach is considered to flash based content using HyperText Markup Language (HTML) or special design software to craft bold styles that can be eye-catching and attractive. Both approaches needs to focus the following steps

- Email Marketing should be Easy to Read: in order to make your email attractive use white space which means don't pack the email with graphics and text; the size of the font should also be large, colored and easy to read.
- E-mail subject line: The subject line in the e-mail is the first point of contact and acts as a trigger to encourage the message recipient to open the e-mail. There are two main components in the subject line: e-mail sender and the subject matter. The sender name, is the inbox field that tells your recipient who sent the messages. Some marketers use a company name, others a brand, publication or person's name, while others simply use an email address. Email sender forms the foundation of your recipients' trust and email relationship with you. Here is the point your recipient to recognize whether to ignore, delete or open your messages. The subject matter is considered to be one of the hardest parts of email marketing. Set your subscribers' expectations and clearly state what's inside the email example use the word "FREE", an exclamation point! and make your subject line as a question, and target the question at the types of problems your customers need to answers.
- Length of e-mail : The length of e-mails marketing ranged from 1 to 5 pages and the average length is 2 pages . The best emails will be under 750 words total, and that's a great deal of text. The longer the e-mail the weaker it gets at the bottom.

You must to put enough content in to get your message across and make sure it's relevant, consistent and useful for your customers.

d. Track impact of your email marketing

Email tracking is a cost-effective way to see every individual who opens your email and rate the quality return visitors to your site. You want to know how many people open your email, and how many people click the links. This will help you determine what works and what doesn't when you're ready to send the next message. The first step to tracking the success of your email campaign is setting up Campaign Tracking. When people come to your website from other sites like Twitter and Facebook, it's easy for Google Analytics to know where they came from and tag the traffic appropriately (as social traffic, for instance).

5. CONCLUSION

This article highlighted the importance of email marketing and its strategy. it illustrates how to build marketing strategy. Email marketing strategy helps you market business's products and services with the use of the email channel.

Email marketing strategy focuses how we are going to achieve our goal. Email marketing can build trusting relationships with the recipients. This is going to build business's customer loyalty Email allows you to target and segment your messages on individual level.

As the researcher showed email recipients open email based on subject line alone, therefore, before sending email marketing we have to focus the subject line. People who buy products marketed through email spend 138% more than people that do not receive email offers. Unlike many other marketing opportunities, when properly implemented, email marketing can provide your business with various ways to target specific customers. the finally section in this article was discussed about how to create an effective email marketing that provides extremely user-friendly and easy-to-use with premade templates.



Islamic Banking Industry in Somalia: Good Opportunities under Many

DR. BASHIR A.SAMAD HARED

Challenges

The hope to recover from the war ravages emerged from the corner in the last few years, investors, both local and foreign, started pondering and presaging the issue of what and how to take hold of such rare opportunities that is out of sight of many Somalis who usually mistreat their economic possessions and affluence.

It is not the mistake of the investors to hunt their interest, but it is a normal rule of life that according to the Darwinian Theory "the world is always possessed by the fittest", with the extinction of others, and because of that, the underutilized economic resources, of course in the less developed nations, belongs, by hook or by crook, to the fittest; mostly developed nations, who can use it properly and deservedly. On that logic, the untouched economic opportunities; Somalia's free-for-all business markets, are at the seizure of the fittest who are "fit" to fill the gap. In similar way, the Islamic business industry is being

seized by the "fittest" business patrons hopefully through either foreigners or foreign-affiliated investors.

Universally, the Islamic finance industry has expanded rapidly over the past decade and is growing at the rate of 10-12% annually, and currently with estimated assets of \$2 trillion, which has led to many countries, Muslims and non-Muslims, to develop exceptional regulations for this emerging industry. Somalia's case is also similar. Islamic business industry is growing immensely but without supporting environment.

Although up to present, the license is given to six Islamic Banks and two Takaful Insurance companies, however, the industry is working in a shadowy and volatile business situation that lacks all types of defensive regulations, infrastructure and human capital platform. The regulatory foundations of financial institutions industry represent number ONE challenge. For instance, since the start of the

first Islamic bank in 2010, the issue of financial institutions regulations was under discussion, and up to the present, there is no Financial Institutions Law passed by the Parliament or issued by the Central Bank to regulate Islamic Financial institutions Industry.

Currently, Somalia has developed Financial Institution Law No. 130/2012, which provides the general guidelines of financial institutions operations, both Islamic and conventional. This situation leaves the financial industry to accommodate and to be open for conventional financial institutions; i.e. Riba-based banks and insurance companies, which might lead a regulatory confusion in the country. As a result, in the recent days, there were some investors who were willing to launch conventional financial institutions in different regions.

For instance, since last year, there were strong attempts in Somaliland to get the license for the first conventional bank in Hargeisa. This attempt has created a legal debate and religious conflict among Somaliland legal/sharia institutions. However, even though such attempts did not succeed till now, but there are no strong legal foundations to hinder those (secular) investors from their ambitions to occupy the field. In a worse case, Puntland state has licensed the first conventional bank to open its branch in Bosaso in the last January, without having the license from the Central Bank of Somalia.

Puntland president commended the opening of CAC international bank branch in Bosaso and commented that: "opening of CAC International Bank is a step forward towards financial solutions and bolster our economy". The President noted that international banking will boost the local economy and ease issues

related to international banking. On top of that, the Branch manager of CAC announced in Bosaso that the bank is going to deliver enormous services to its clients as well as redefining banking standards in the region through transformative banking solutions.

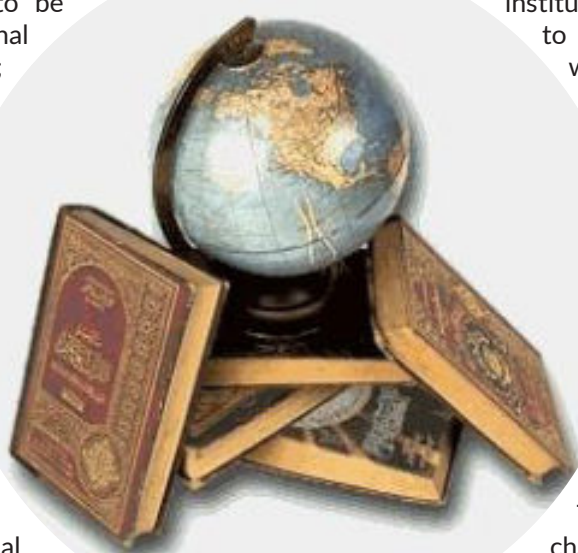
He added also, that they are going in the near future to open other Branches across Somalia. It is a very dangerous action to open the doors for the giant conventional financial institutions to open their branches in Somalia as our immature Islamic finance institutions would not be able to survive against such well-established institutions and what is more dangerous is the absence of regulatory institutions in the country. Certainly, this situation renders this promising industry to be aborted in its birth place.

The other apparent challenge is that the national leaders may not comprehend the importance of the concept of "Business Islamicity" in Somalia, a 100% Muslim nation, who understands what is permitted in business and what is not.

This is a legal chaos and no one cares about the feelings of the people in the future as well as the economic system of the country. I am sure had it been a referendum in Somalia, majority, if not all, would voted against conventional banking system. But who cares about the people and their point of view. Equally, had it been there a clear Islamic Financial Institutions Act, national leaders could not dare to such actions that might hurt the nation's constant principles. However, now the ball is in the court of the Somali Shariah scholars, who are supposed to stand for defending the foundations of the Ummah and to spread the awareness of the society towards Islamic banking industry and its importance for the future development of the nation's economic system.

\$2T

The estimated value of assets in trillions of the Islamic finance industry in Somalia. It has expanded rapidly and is growing at the rate of 10-12% annually.



Online Digital Library System: A Total Reading Convenience



**HAWO ABDIRASHID , ABDIRIZAK
HASSAN, ABDIRAHMAN ADAN, AND
ISMAIL MOHAMED**

Introduction

Do you buy on the internet? You have excuses because e-commerce is not practiced here in Somalia. But do you use internet to read? perhaps you are not accustomed to open a book on the internet and start reading it and normally you cannot read the book one time. You open it another day and resume your reading from where you have stopped. This is a smart and convenient way of reading. Don't be fool to think of computers only. You can also use your smartphone or iPad and similar handhelds. This type of reading happens when library resources are digitized and presented in organized way ; usually referred to a digital library.

A digital library is a collection of documents in organized electronic form, available on the Internet or on electronic media such as CD-ROM (compact-disk read-only memory) disks.

Online digital library system is a system used to work as online by facilitating the library resources to the students, lecturers and other researchers in order to get advantage from it. So, it enables them to easily access the library resources without coming to the center of the library office. The fundamental reason for building digital libraries is a belief that they will provide better delivery of information than was possible in the past. Furthermore public libraries should provide the public with access to books and periodicals, because of their main task.

Our project will be produced as a Digital Library System (DLS) to the library of Simad University, Mogadishu – Somalia, in order to manage the whole information about the documents that Visitors (Researchers) will need including text, audio, or video. So, our project enables users to get through internet connection using PC or PDA and search for their requirements in the Server that is containing the database of our Library Data. This project will utilize dynamic web content



24

The number of hours a day that digital libraries can be accessed.

technology like PHP at the front and MySQL as database, and this system will be used and benefited most of the students in the Universities and Librarians also.

Online Digital Library System

Online Digital Library System is a focused collection of digital objects that can include text, visual material, audio material, video material, stored as electronic media formats (as opposed to print, micro form, or other media), along with means for organizing, storing, and retrieving the files and media contained in the library collection. Digital libraries can vary immensely in size and scope, and can be maintained by individuals, organizations, or affiliated with established physical library buildings or institutions, or with academic institutions. The electronic content may be stored locally, or accessed remotely via computer networks.

Solutions of Digital Library System

We have solved by the following limitations:-

- No physical boundary: The user of a digital library need not to go to the library physically, people from all over the world could gain access to the same information, as long as an Internet connection is available.
- Round the clock availability: Digital libraries can be accessed at any time, 24 hours a day and 365 days of the year.
- Multiple accesses: The same resources can be used at the same time by a number of users.
- Cost - The cost of maintaining a digital library is much lower than that of a

traditional library. A traditional library must spend large sums of money paying for staff, book maintains, rent, and additional books. Digital libraries do away with these fees.

The Importance of Online Digital Library System

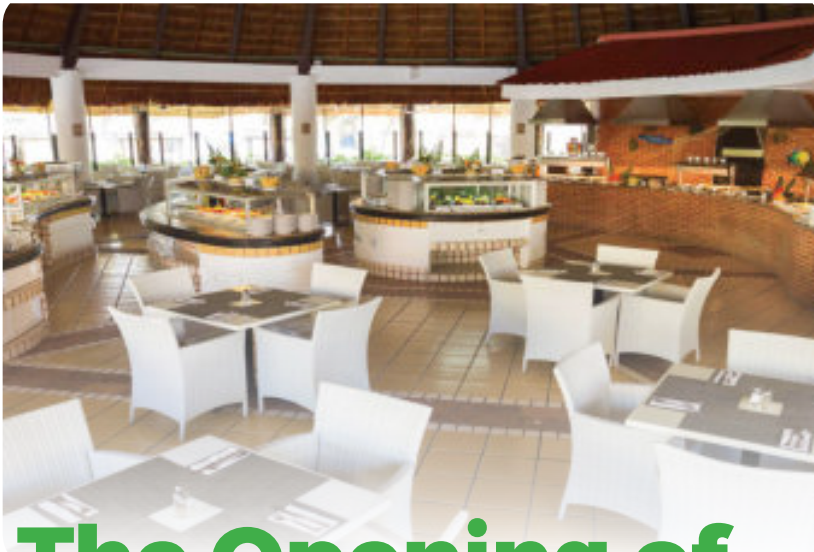
This System will have more significance importance, because it will assist the Somali Librarians, particularly the Library of Simad University, Library Staffs and Students who will visit the library through online. It can store huge data including millions of texts such books, Journals papers, videos and others. In addition to that, it will assist sharing data among the users.

This System will definitely serve the community who cannot reach the library's office center for the reason of their work by visiting the web via internet connection without coming to it. So, it saves more of their time and the system can further improved by those who will do future researches in the same area

Although, SIMAD possesses good library, maybe one of the best libraries in Mogadishu, at the same time, there is no Online Library System being used currently in SIMAD, an issue that can be burden on those who love to read continuously irrespective of location. The idea here is that traditional library systems have the restriction of location. The students, Lecturers and others Researchers must come to the building of the library to study what they need, and they might not find adequate books to their researches due to limited books in the library. Even if a student borrows a book, others cannot get that book due to limited copies in the library.

Conclusion

Online digital library system is a crucial system and fast growing segment in the education field and it is, undoubtedly, needed by a country like Somalia where gaps do exist and awaits technological solutions. Online digital library system is available in anywhere at any time needed by the user through connection, and this can be an effective way to spread the knowledge to the parts of the world and take advantage from there. Therefore, such this system is the required system and it has a good contribution to improving education in all kinds.



The Opening of New Restaurants is Booming

NASRA AHMED MOHAMED

Newer bars and cafes offering food ranging from Somali foods, Turkey foods, and other different foods is making an appearance in places like Maka Al Mukarama street, Banadir, Zobe areas and more. It seems that there are higher delivery services with delicious foods. What comes out of the kitchen are somewhat different from what is used to be going back to the previous years. It incredibly looks «modern» meal, the kind you would possibly encounter in a credible contemporary Somali restaurant in Mogadishu.

Opening restaurants is becoming one of the fastest growing segments in the service industry. We are eating out more often, and the people are spending a lot in the commercial restaurants, and thanks to our increasing desire for quality, value for money, consistency and social experiences. People interested in a comfortable environment to eat lunch and dinner, quick service is growing too because the

combination of the ambience and quality of food that a full-service restaurant offers, with the speed and delivery of quick service outlet. Restaurants are challenging to offer high-quality food and service at a keen price point. Going to the restaurants seems to be one thing that people are doing so much in those days, when they have meeting, and want to have tea and talk together, in sometimes they conduct the family dinner together in a restaurant.

The country is recovering for its unrest, long lasted civil wars that caused an increase of the population's needs, the customers' demands have raised thus the operators need to step up and to be more innovative and productive in their efforts to keep their customers. To be innovative, it is needed a talented chefs who possess the right skills and attitudes to deliver what today's customers demand. It is not easy finding someone with the necessary skills and passion to fill

the customer demand but operators must do their best to even hire from the abroad if necessary and use this talented people for preparing a nice food.

Even though the sector has many entrepreneurs interesting to invest, succeeding as a restaurant services supplier or operator today is truly a hard to get and to reach that point requires being a creative to stand out from the crowd. Restaurant operators in Somalia have to push creativity and innovation in ways that are geared towards freshness, uniqueness and indulgence, bigger and bolder flavours, and service elements, which are interactive and convenient within the consumer lifestyle.

The Diasporas are one of the main memory generated of starting the restaurants. Also they have customers people who came back to the country and those who used to stay showing willingness to spend larger proportions of disposable incomes on eating out, in order to respond these customers' demand the industry is forced to become 'innovation-rich' and trying to come up with new concepts.

We all know that the most important thing about a restaurant—the thing that stands out and Shapes a guest's experience—is the food. Not only that, but we can name other elements that are crucial to the guest's restaurant experience, including staff, service, location, ambience and decor, menu, and overall execution, so to keep the restaurants from failure, the owner-manager must look well for the internal factors, as well as the external factors.

Finally, nowadays restaurants are growing faster and people are going out to eat, with a comfortable place, this has caused the investors to start in investing this service industry, the most important thing for the restaurant owners is to ensure they have a qualified chef which is not easy to get in Somalia because there are no institutes neither universities offering the cooking classes, even though there are some local people who try to teach people how to cook but not with a standardized way. For that reason, the investors opening restaurants are forced to employ international chefs who can cook professional manner for a nice dish and some of them use Somali chefs trained on abroad and that they can give training to their fellow cooks.



Somali Banking Industry: From Idealism to Realism

DR MOHAMED IBRHIM NOR

INTRODUCTION

An active banking industry is crucial for today's contemporary economy. Banks facilitate both investment and financing needs through intermediation framework. Intermediation is a process by which banks provide investment and financing needs without bringing the surplus and deficit units together. Traditionally, people used to look for their financial needs directly without intermediation. However, due to the huge transaction costs involved in the traditional method, people preferred to look for their financial needs indirectly via a third part intermediation. Commercial banks manage billions of transactions worldwide. A thriving banking industry is not only important for the household consumers but also for business development.

In the context of Somalia, the banking industry had been growing in terms of service providers and clients. Since the collapse of the central government, Somalia had informal banks that provide only deposit and remittance services. For the last six years, a formal banking industry emerged with huge investment and financing potential. Most of the operations of the emerging formal banks are based on the principles of Islamic Banking System as they claim.

As usual for an infant industry, formal banks in Somalia emphasized on financing side while using bank capital for almost all of their financing transactions. Putting emphasis on financing side of the bank equation without considering the other side of the equation (investment side) poses a huge threat to the sustainability of Somali banking industry. At the beginning, the service delivery of the banks was very limited due to several key issues that are discussed in this paper. In this article, two main issues are discussed.

TERM AND COST OF FINANCING

The first issue was the duration of the contract. Due to the risk-averse mentality of the owners of the emerging formal banks in Somali, the duration of the contracts was a maximum of one year. This was a huge challenge to the operations of the banks because household financing needs require a sufficient period of time for successful debt repayment. Household financing needs such as vehicle financing and home financing are basic needs for almost every household but households can purchase neither a home nor a vehicle if they cannot make the contractual monthly repayment. The second issue was the cost of financing or the mark-up. Though there are various Islamic Mode of Financing, Credit Murabahah is the mostly used mode of financing by Islamic banks



10%

The mark-up that some of the banks are charging in Somalia. This is down from 20%.

in Somalia. At the beginning, banks started to put very high cost of financing, which was as high as 30%. Due to the trade mentality of the owners, banks put high cost of financing. Practically, banks strive to satisfy their shareholders, who look for high profit margins. Somali banks' high cost of financing has pushed a lot of household consumers back and this discouraged a lot of poor and low-income households to apply for financing.

These two issues were critical for households and business community. High cost of financing coupled with limited contract duration created both opportunity and threat in the context of Somali banking industry. It has created an opportunity for the establishment of new Islamic banks but poses a threat to the sustainability of the existing banks. Due to these two problems, bank operations are only limited to very specific products such as vehicle financing. These issues did not only block the ability of the banks to sell the available products but also to create new products and provide the financial needs of the people in an innovative way.

After almost four years, there are currently more than four Islamic banks in Mogadishu, the capital city, alone. There is huge market with huge competition. Though most of the banks still think traditionally, some of the

banks have started to provide financing facilities with low cost of financing and longer term of financing. Instead of charging a 20% mark-up per annum, some of the banks are now charging less than 10% mark-up per year. On the other hand, the term of financing has also been increased due to strong competition among the Islamic Banks in Somalia. Banks used to refuse financing applications that require longer term of financing.

Unlike past practices, banks are now providing financing services with three year repayment period. This kind of financing encourages poor and low-income households to achieve their financing needs. Moreover, the banking industry can increase their clients by increasing the access, affordability and outreach of their products.

CONCLUDING REMARKS

The future of Somali banking industry is unfolding as the country is in the process of restructuring its financial system and rebuilding its economic infrastructure. Though there might be poor performance in the banking industry due to strong and tough competition, Somali banking industry can prosper in the long term. To achieve the anticipated results, the banking industry should be innovative in terms of financial instruments and service delivery.

The Contribution of Islamic Banks to Economic Development of Somalia:



LAYLA ABDULLAHI OSMAN, MOHAMED HASSAN MOHAAMED AND MOHAMED AMIN HASSAN GEDOW, MOGADISHU-SOMALIA

INTRODUCTION

Banking is the most important sector of the modern day economy (Ahmed, 2011). It provides an opportunity to the households with surplus capital to select the best mix of investments in terms of return, tenors security. Moreover, it provides an opportunity to businesses and governments to finance their activities through obtaining surplus funds.

Over the past decade the Islamic banking sector has grown steadily and rapidly worldwide, the Multinational banks witnessed that expansion that Islamic banks want through in the Middle East, Asia Pacific, European and African market. Unfortunately, Somalia's financial system has been decimated by two

decades of conflict. In January 1991, all state institutions that provided services and regulated the economy collapsed, including the Central Bank of Somalia and the entire banking system.

Overall financial sector development dependent on a sound legal and regulatory framework and the ability of central banks to provide the necessary support and supervisory functions. Thus, without a clear legal framework enforced by a functional regulator, there is little scope for attracting private sector investors to set up banks and other financial institutions in Somalia (Istanbul conference on Somalia 21 – 23 May 2010).

However the last decades there were a private Islamic banks functioning in Somalia, although they cannot cover the actual need of Islamic banking system in the country. but with the increasing number of Islamic banks in Somalia and the increasing demand of our society Shari'ah compliance banks may create that the

Islamic banks to play vital role to the economic development in Somalia. Thus, this study attempts to investigate the contributions of Islamic banks to the economic development of Somalia.

ISLAMIC BANKING

The Islamic banking system emerged in the 1970s. Islamic Banking is interest free banking governed by the principles of Islamic Shari'ah. Islamic banking has established to replace the interest based banking in Muslim countries and has grown rapidly over the last two decades both in Muslim and non-Muslim countries (Ahmed, 2004).

Islamic banking is a growing sector with its diversity in different segments and spectrum. It caters to religious Muslims in Muslim's societies as well as in countries where Muslims are in minority. In addition, it is a broad standard, non-Muslim individuals and communities that seek

Ethical financial solutions have also been attracted to Islamic banking. It is clear from banking practice that Islamic banking is equally popular in all communities (Warde, 2000). An Islamic bank is an intermediary and trustee of other people's money with the difference that it shares profit and loss with its depositors (Dar & Presley, 2000).

ECONOMIC DEVELOPMENT

McKinnon (1973) defines economic development as the reduction of the great dispersion in social rates of return on existing and new investments under domestic entrepreneurial control.

According to Schumpeter (1983), defined economic development is a fundamental change in the structure of an economy, such as a change in the share of industry and agriculture in the GDP in favor of industry, moving people from villages and rural areas to live in cities and changing consumption patterns. While, Shahrar, (2013), economic development defined as balanced and sustained improvement in the material and non-material well-being of men, and development as multidimensional process which involves improvement of human well-being through advancement, reorganization, and reorientation of entire economic and social systems in accordance with norms and values in Islam. According to the American economic development council (1984), "Economic development is the process of

creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services". In view of differences, the above definitions agree that the economic development is improvement of human well-being.

ISLAMIC BANKS INSTRUMENTS FOR CONTRIBUTING OF ECONOMIC DEVELOPMENT

Islam encourages the earning of profit as profit symbolizes successful business dealing and creation of new wealth. Interest on the other hand is a cost that is in place regardless of the outcome of business operations. If business losses are experienced, there may not be real wealth creation. Social justice requires that lenders and borrowers share both profit and loss in an equitable manner and that the method of accumulating and distributing wealth in the economy is fair and represents true productivity (Iqbal, 1997). There are several modes of finance used by Islamic banking, which are discussed below

MURABAHA

A kind of "cost-plus" transaction in which the bank buys the asset then immediately sells it to the customer at a pre-agreed higher price payable by installments. This facility is often used in the way that mainstream banking customers might seek a mortgage when buying property.

The most preferred method of financing for many Islamic banks due to the simplicity of the model. Murabaha has no direct effect upon poverty reduction, but indirectly it provides a good tool for an efficient deferred sale, providing business men the asset of its choice and providing banks profit for the effort and risk that it took. Murabaha has little effect on the reduction of unemployment; there is no clear study on the effect of Murabaha on inflation. (Diamond, 1984).

MUSHARAKA

According to Omar (1986), Musharakah is a partnership, normally of limited duration, formed to carry out a specific project. Participation in a Musharaka can either be in a new project, or by providing additional funds for an existing one. Profits are divided on a pre-determined basis, and any losses shared in proportion to the capital contribution. In this case, the bank enters into partnership with a client in whom both share the equity capital and maybe even the management

1991

The year in January that all state institutions that provided services and regulated the economy collapsed, including the Central Bank of Somalia and the entire banking system.

-of a project or deal, and both share in the profits or losses according to their equity shareholding. Musharaka encourages partnerships, also created jobs for many people in society, promotes enterprise and partnership ventures, creating jobs in the country, and promotes business enterprise culture in society and growth of skilled people. Musharaka has a potent effect on controlling inflation and spread of baseless credit, promoting joint ventures without potent investigations and research ensures business successes, not speculations.

MUDARABAH

A form of investment partnership between a bank and a business that shares the risk and losses/profits between both parties at pre-agreed levels. A Mudarabah transaction, bringing some of the benefits of a business loan to Shariah-compliant business customers, effectively requires the bank to take a stake in the business, with clients investing their time and expertise in running the enterprise. Mudarabah is a very potent tool for removing interest from the society by providing an interest free tool for skill utilization and it can especially help in mobilizing resources of the society by employing them as a manager, while banks will provide the finance and also bear the chances of profit and loss, which is absent in interest based financing for venture capital.

IJARAH (LEASING)

Ijarah is a Form of Shari'ah law-compliant involving the rights over the use of an asset under which the bank buys the asset then leases it to the customer over a fixed period in return for agreed monthly price. Provisions can be made for the customer to buy the asset at the end of the agreed period. Thought needs to be given to issues such as the provision of insurance, as the asset is effectively owned by the bank during the lease period (Tang, D. 2006).

ISTISNA

Istisna is another form of forward sales contract, is a longer-term financing mechanism under which a price is agreed before the asset described in the agreement is actually built. Sellers can then either create the asset themselves or subcontract, with buyers also having the option of paying the entire sum due either in advance or as installments during the manufacturing process.

Istisna is especially useful in the housing sector, boosting the construction demand, creating employment and wealth to society without harmful effects of interest. It has also good effects on the reduction of unemployment by boosting construction and house building activities in society. Istisna has a little effect on inflation control (Ahmed, 2002).

1970s

The time that Islamic banking system emerged in Somalia. Islamic Banking is interest free banking governed by the principles of Islamic Shari'ah.



SALAM

A kind of forward sales contract which requires the buyer to pay in advance for goods that are to be supplied later, Salam is very useful in reducing agricultural sector poverty easily, by enabling the banks and farmers to contract with each other of the crops and to get finance at an appropriate time, instead of usurious loans, which ultimately deteriorates through the compounding of interest. Salam also has great potential in reducing rural sector unemployment and reduces trend towards urbanization, by enabling farmers and agriculturists to work. Salam engages them at villages and towns, thus decreasing the unemployment burden.

This generates agricultural and rural sector development and eventually more income for these poor people. Salam has a great effect on reducing inflation, where food stuff has reached its peak prices, the main way it cuts inflation is through ensuring increased aggregate supply and reduce food product deterioration by use of pesticide and fertilizers at appropriate times, boosting the yield of land and farms to much extent (Wilsom, 1978).

BENEFITS AND OBSTACLES OF ISLAMIC BANKING

In the modern era Islamic banking is growing very fast due to its optimistic impact on every individual, industry and the economy as a whole. As Islamic banking is not only covering the credit worthiness and the ability to pay the loans and the profits as and when it is due, it also increases the worth of the project which is directly proportionate to the profit of the project.

Ultimately, projects grow at a rapid speed and business are getting bigger and bigger (Shahzad, 2012). Many obstacles are realized in the implementation of Islamic banking in different countries. For instance, Sarker (1999) a few interesting factors are:

- Insufficient legal protection;
- Lack of unified Shariah rulings;
- Shortage of supportive and link institutions;
- Shortage of skilled and trained manpower in Islamic Shariah banking.
- Lack of Shariah manual or guidelines;
- Lack of linkages with other Islamic banks and Islamic NGOs for extending micro credit;
- Lack of linkages with training institutes and Shariah supervisory bodies; and
- Lack of management's commitment in strictly following the Shariah guidelines.

DISCUSSIONS

Overall study shows that Islamic banks in Somalia contribute more to economic development. Also, the study evaluated the benefits faced by Islamic banks and found that Islamic banks benefited from society and repay back to them through investing and lending them. Furthermore, the previous researchers agreed that Islamic banks have great contribution on economic development. According to Ahmed (2005), Islamic banking has a positive impact on economic growth. Some economists even believe, because of the elimination of interest (riba), working according to Profit and Loss Sharing (PLS) and its similarity to universal banks,

Islamic banking has a more important role than conventional banking systems in this regard. Economic developments defined as balanced and sustained improvement in the material and non-material well-being of men. And development as multidimensional process which involves improvement of human well-being through advancement, reorganization, and reorientation of entire economic and social systems in accordance with norms and values in Islam and have their great impact on the economic development, (Shahran 2013).

RECOMMENDATIONS

This section presents recommendations that researchers have suggested after completing this research, the following points are our recommendations:

1. Islamic banks in Somalia should pay attention to do more in local economy.
2. Islamic banks should encourage and support business entrepreneurs by lending them money to invest their creativity and innovation.
3. Islamic banks should make investment opportunities.
4. Islamic banks in Somalia should spread their products and service in the whole country, and
5. Islamic banks should support low income groups.



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		Annual Subscription:	\$250	
		The program fees :	\$300	
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		Annual Subscription	\$250	
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		The program fees	\$520	
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		Annual Subscription	\$1,200	
		The program fees	\$1,300	



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