

Islamic Finance news talks to leading players in the industry



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leasing for a wide range of assets and customer profiles. Our products meet requirements not being covered or addressed in the present GCC market(s).

What are the strengths of your business?

Uniqueness is the core strength of our business. To date, there are no middle market equipment leasing companies covering the entire GCC region. In our market sector, potential competitors are either isolated to single countries/regions or single asset classes so we don't necessarily go head-to-head in competition with any single entity. Also what differentiates us from the rest is our wholly Shariah compliant leasing structures. There are no GCC leasing companies providing Shariah compliant structures to their customers. Islamic banks do provide ijarah products; however these lease products are structured more so as asset-backed loans. First Leasing Bank provides unique and complementing products to the typical Islamic bank ijarah products.

What are the factors contributing to the success of your company?

We have good, hard working people, good managers and a supportive and involved board of directors. We also have invested in and developed infrastructure to support future growth, which is very important when the company is at a young stage.

What are the obstacles faced in running your business today?

Our biggest challenge is in raising a material amount of debt, especially in these difficult times. As we are still nascent and not rated, we face obstacles in leveraging our balance sheet and in raising debt. Originating transactions and growing our asset base has been relatively easy compared to sourcing debt capital to fund our growth. To reach a steady RoE and RoI level for our shareholders, the bank needs to reach a 3:1 debt-to-equity capitalization ratio. The concept of leverage is a little bit more restricted in the Middle East, as a large majority of the financial institutions here in Bahrain and in the GCC region are investment banks and not focused on lending to other financial institutions.

Where do you see the Islamic finance industry in, say, the next five years?

Based on the current establishment of Islamic finance, I expect to see it continue to grow at rapid levels, especially becoming more and more prevalent in the US, UK, western continental Europe, Asia and other markets outside the GCC region.

Name one thing you would like to see change in the world of Islamic finance.

It would be nice if there was a consistent application of a single standard in the Islamic finance industry. For us, the fundamental construct of leasing is very much Shariah compliant, so we don't have many issues in this regard. However, at the same time, having different schools of thought in Islamic finance and scholars with different viewpoints could be beneficial for the industry as a whole. Having different countries/regions with different variations of Islamic finance helps to keep the markets engaged in healthy debate on product development and allows for localization of product offerings to meet local/regional consumer preferences.

Could you provide a brief journey of how you arrived where you are today?

My initial exposure to leasing and asset-backed financing was during the mid 1980s when I managed capital expenditure budgeting, acquisition analysis and lease management at the IT division of Ford Aerospace, a defense contractor in southern California. I transitioned to US Leasing, a pioneer and thought leader in equipment leasing, where my experience included pricing, risk assessment, structuring and business development.

In 1994, I joined leading enterprise software company Oracle Corporation to help develop its fledgling vendor financing program. I spent close to 14 years in this organization, helping it grow into a multi-billion dollar enterprise in over 50 countries. While there, I happened to reconnect with a former colleague who is on the board of First Leasing Bank, which was seeking a replacement for founding CEO James Cracco. The opportunity to learn more about Islamic finance and grow a new business was very appealing.

What does your role involve?

I am responsible for managing the overall company, from sales and marketing to operations and financial activities. My emphasis has been on making sure the bank is fully utilizing our origination capabilities and exploring opportunities for us to expand the business. Apart from our go-to-market strategy, my role also involves sourcing the capital to facilitate our growth.

What is your greatest achievement to date?

From a personal standpoint, I always want to be focusing on addressing and overcoming the next challenge, not looking back at what's been done. However, looking at our bank as a whole, its greatest achievement has been in bringing a concept and business plan to fruition in only a few years. Every month and every year of execution brings significant change and milestone achievements. That is the good fun and satisfaction of being part of a growing collaboration of people and resources.

Which of your products/services deliver the best results?

By and large, all the products we have brought to the market deliver "best results". Because First Leasing Bank has a charter to develop Shariah compliant, middle market equipment leasing in the Gulf Cooperation Council (GCC) region, we have few, if any, direct competitors. Unlike banks which offer leasing on a credit basis only, we differentiate our products by incorporating asset knowledge and asset management into our lease structures. Unlike boutique leasing companies, which focus on specialty assets, we provide middle market equipment