

Market Hunt S02E04 / Manzil / Mohamad Sawwaf

Thierry Harris: Hi folks, [Thierry Harris](#) here. What if you woke up one day and said, I'm going to build an alternative to the way we do banking and finance in Canada? On part 2 of our Market Hunt Fintech series we sit down with [Mohamad Sawwaf](#), Co-Founder of [Manzil](#). Stay tuned.

[Intro Song Music]

Nick Quain: Entrepreneurship's hard. You need to have support there.

Andrew Casey: We fundamentally have to learn how to live our lives differently we can't keep going the way we have.

Thierry Harris: Congratulations, because that's a pretty brilliant path down the mountain.

Marie-Eve Ducharme: Actually, we were wrong. That's an incredible market.

Rune Kongshaugh: So I fall in love easily.

Thierry Harris: True. We are coming up with some pretty interesting ideas.

Andrew Casey: We solved it. Solved everything.

Thierry Harris: We've solved it all.

[End intro song music]

[Begin Promo spot music]

Narrator: *And now a message from our sponsor, [IE-KnowledgeHub](#). IE-KnowledgeHub is a website dedicated to promoting learning and exchanges on international entrepreneurship. Watch [Video Case Studies](#), listen to [podcasts](#) and much more!*

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le-KnowledgeHub focuses on innovation ecosystems and firms who commercialize their technologies in international markets.

Let's listen in to a [Video Case Study featuring Invest Ottawa](#).

Kevin Carroll: *A startup is an experiment. It's an experiment that has a thesis that they are trying to figure out something. Because as a startup, you don't have a product. you don't have money. you don't have customers, you don't have channel and you don't have employees. Right? so typically its you know, a couple of founders testing out an idea. and seeing ok does this work?*

Narrator: *That's Kevin Carroll, from Invest Ottawa. [Invest Ottawa](#) is an economic development corporation. Their mission is to help foster entrepreneurship in the Ottawa Capital region, bring more jobs to the area and attract foreign direct investment.*

The case explores some of the organization's accelerator programs, helping startups scale rapidly to become full fledged companies.

Elza Seregelyi: *The program is a combination of workshops, that give the entrepreneurs all the essential knowledge and skills they need at those early stages in their business. And we then pair that with one on one mentorship. It's really helpful to have a mentor or a guide that can help them walk through and flag the real things that they should be aware of, give them essential knowledge, help them acquire the skills, make introductions and just guide them through the process of getting that business off the ground.*

Narrator: *That's Elza Seregelyi, speaking about one of Invest Ottawa's accelerator programs. The organization is a big believer in group learning and networking effects to help foster a healthy entrepreneurial ecosystem.*

Elza Seregelyi: *They are looking for that type of support, and they are looking to be introduced into the local ecosystem. You know who is out there that can help them be it service providers, investors or even just meeting other people like themselves.*

Narrator: *Find out more about how Invest Ottawa fosters an entrepreneurial ecosystem at the end of the show. You can also checkout the Invest Ottawa video case study by visiting [ie hyphen knowledgehub.ca](http://iehyphenknowledgehub.ca)*

[End Promo Music]

[Begin show music]

Thierry Harris: [Inclusive banking](#) is the concept of helping reach underserved communities in various social and economic classes who are traditionally overlooked by mainstream banks.

In 2017 there were 1.7 billion people who didn't have a [bank account](#). Not having a bank account has a tremendous impact on a person's ability to invest in their health, their education and to build wealth.

With the advent of new blockchain technologies it is now very fast and very secure to open a bank account. But the issue still remains that too many are being excluded from reaping the benefits of financial instruments to help build their lives.

Inclusive banking can also mean providing services for religious and ethnic groups or to serve groups that hold certain values, such as being socially responsible when investing your money.

The Muslim community in Canada has recently been offered an alternative to regular banking, credit and lending services,

Globally, Muslim financial services has emerged into a [multi trillion dollar sector](#), accelerating its presence even more rapidly over the pandemic with double digit growth. But in Canada they didn't exist before 2020.

The sector is as old as Islam. It's been around for 1400 hundred years. In the 1960s, a [revival took place in Egypt](#). There, the first government sponsored banking institution in the modern era was born. The differences were subtle but important. Things such as Riba, narrowly interpreted as interest were banned. Transactions had to be transparent and, unlike the FIAT system, had to be backed by tangible assets.

Outside of Muslim countries, the United Kingdom holds the title for the most advanced regulatory district to integrate Islamic finance into their system. Rather than regulate Islamic financial products with separate legislation, the UK's approach is to [adapt preexisting legislation and regulations](#) governing conventional financial instruments to cater for the structures commonly used in Islamic finance. This has led to robust growth in the sector. That's good news for UK Muslims, a significant group that reached 5 percent of the overall population in 2020.

In this episode we speak with Canada's first Islamic fintech company, Manzil.

Founded in 2017 by Mohamad Sawwaf and Sam Holako, the company aims to service Canada's 1.6 million Muslims, offering Halal financial services for home mortgages and investments. The young startup has already received international attention, winning the World Islamic Fintech awards for [Most Promising Startup](#) and [Best Alternative Finance Fintech provider](#). I spoke to Sawwaf in December 2020. Let's listen in to the conversation.

[End show music]

[Short Music transition]

Mohamad Sawwaf: The purpose of Manzil really is to close the gap that we saw when it came to developing the Islamic finance market here in Canada with respect to actually creating bona fide products and solutions that cater towards the Muslim community here, specifically.

[Short Music transition]

Thierry Harris: Manzil exists to promote an inclusive financial system that can be representative of the values and belief systems of its target market.

[Short Music transition]

Mohamad Sawwaf: We exist, not only to basically fulfill a gap or a need because if you look at Canadian Muslims from a demographic, statistical piece, there are 1.6 million Muslims across Canada, it's growing to 2.6 over the next 10 years, which not only makes it the fastest-growing but the second-largest religious base after Catholicism.

Then, you look at the wealth that they've created and it's completely lopsided. That's not because of a balance sheet perspective because we have double the national average when it comes to post-secondary education, as well as six-figure household incomes. It's really, truly a lack of product. When you take a look at that, and you take a look at, well, we have the lowest participations of homeownership and capital markets. It's not because of balance sheets, it's because of lack of product.

We had to fulfill that gap of creating products that are available to this group from a religious principles perspective. That's our mission with respect to financial inclusion, with respect to accessibility, and creating that social impact that needs to be created because this is a strong community, that is a very giving or a charitable community as well.

The social impact piece, I don't know if you guys know, but in the religion of Islam, you're obligated to give away 2.5% of your wealth on an annual basis, 2.5%. This is what we call equivalent to almsgiving, I think in other religions. I was born here, I'm 35 years old. If Islamic finance was available 35 years ago, and a lot of people adopted it, what could have been the generational wealth that could have been created? What is then the 2.5% of that, that could then be disseminated into society to alleviate hunger, to alleviate poverty, to alleviate homelessness? It's crazy.

[Short Music transition]

Thierry Harris: The story of Manzil is one of struggle and perseverance. Theirs was a journey Sawwaf was determined to succeed in. Their main challenge was that they had to find a common ground between the Canadian financial regulatory framework and the Halal value based financial system.

Once Sawwaf had made up his mind that something needed to be done to address the lack of product in his target market, he embarked on a two year R&D period in 2017.

Sawwaf retained both Bay street lawyers in Toronto as well as International Sharia advisors to set up Manzil to meet the legal standards and principles from both entities.

But the story of Manzil doesn't start in 2017. It began 10 years earlier.

[Short Music transition]

Mohamad Sawwaf : When I graduated from my undergrad in 2007 and ended up in the financial services industry, I quickly kept hitting this wall within community members that I was speaking to, that I was trying to attract to the banking platforms I was working for. They were all shutting me out, just because there was no available products. I took that feedback and I've tried to work with the executive teams and said, "Hey, I think there's an opportunity here if we could only develop a product."

That's where all of the communication just stopped because what does that product look like? How do you even make it work? Where do you even start? As I started to build my career and kept hitting that wall, and that wall kept growing taller and taller, in 2014, I embarked on my MBA as just getting that foundational, academic learnings in corporate finance. I ended up actually meeting a professor by the name of [Walid Hejazi](#) who's an economics professor here at the Rotman School.

He was actually teaching a graduate-level course on Islamic finance. I expressed my interest to him, and he said, "Why don't you become my TA." Then, we ended up actually co-teaching that course, over five or six years. That's really where I started to better understand the foundations of Islamic finance, how to create products, how to structure them, but also how to localize them within our current regulatory framework because Canada hasn't changed their banking laws, or the regulatory frameworks foundationally to accommodate Islamic finance, unlike the UK, which is the best Western example, when it comes to seeing conventional and Islamic banking work in parallel.

That MBA then led me to Corporate Governance and Finance master's degree and then now into my Islamic finance doctoral degree. In 2017, I basically made the decision to leave corporate, I ended up at another fintech that I wasn't the founder of. That's really where all of my worlds converged and collided. It was just like, here's the platform that's attracting users digitally, providing that accessibility across Canada, and they're just using products that were other institutions products on the back-end.

I was like, "That's interesting." The front-end piece, I was like, "Okay, well, that's cool," because what that's solved for me as a traditional banker, I was like, "I don't need millions and millions of dollars to open up a bank in Canada in terms of a banking license, but I can do financial services under different licenses that could appeal to this market." I also didn't have any other institution to actually create the product.

I said, "I have to not only develop the front-end to allow these people to access these products, but I also have to create the product myself." We went into R&D mode, between 2017 and 2019.

We put a legal team together, we put an audit team together, we put a Sharia advisory team together, and we basically said, "Let's solve this problem.

Let's find a product that works within the confines of the Canadian regulatory framework, tax laws, and all the other laws that need to be looked at, but is also compliant from the religious principles perspective." 24 months later, we were able to do that. From there, we were able to raise money, get the products into the market, and actually have real clients, real users, and real revenue.

[Short Music transition]

Thierry Harris: Manzil's Halal financial certifications are overseen by the Bahrain based [Accounting and Auditing Organization for Islamic Financial Institutions](#).

So think about that for a second. You've got a startup attempting to put together financial services which comply with Canadian financial regulations while at the same time meeting an international body's standards to certify the validity of your products. Sawwaf elaborates on some of the main principles that distinguish their products as Halal.

[Short Music transition]

Mohamad Sawwaf: The main principles of Islamic finance, Number one is clear and transparent contracts on both sides. Me as a consumer or if the person on the other side is a financier, what kind of agreement are we entering into? What are all the clauses? I need to understand them, and I can't be taken advantage of.

Number two, asset-backed or asset-based transactions. We live in an economy not just in Canada, but globally under what we call fiat money. Money means nothing. In Islam, it also means nothing. There's no value on money, like back in the day, even if you went back to the Roman Empires, the Byzantine Empires, or Ottoman Empires, coins were backed behind commodities. You had gold coins, you had silver coins, you had bronze coins. They were worth something. Today, it's printed on paper or plastic.

Anytime we enter into a transaction, there's got to be some sort of asset behind it. The telling thing on this is, as an academic, as I mentioned, I've looked at a bunch of studies that came about post-2008. We all know that the 2007, 2008 financial crisis was really embedded upon borrowing, high leverage type situations. What they did was is they compared halal banks or to non-halal banks and how they faired.

Because halal banks had most of their products backed by assets, they weathered the storm. Their risk profile, if you looked at returns on a risk-adjusted basis, they outperformed the non-halal banks. If we look at it from that perspective, everyone would be like, "Why doesn't everybody do it? It's just safer for everybody. It's better for the planet." Transparent contracts, asset-backed or asset-based transactions.

Then the third piece is not getting involved in businesses that are deemed, let's say, harmful to society. What are these businesses? Alcohol, weapons or defense, tobacco, the entertainment industry like gambling, pornography, these are all things that we stay away from when it comes to investing in certain businesses or creating these types of businesses. Overall, when you talk to investment guys, they'll be like, "Oh, yes, those are just generally called the sin stocks." If you look at SRI itself, like social responsible investing, they filter out those companies generally speaking.

Thierry Harris: Absolutely.

Mohamad Sawwaf: Does that make it halal? By default, yes, but not by design. [laughs] There's lots of these products or instruments that are available to us today, that by default, comply with the religious principles of Islamic finance.

[Short Music transition]

Thierry Harris: Sawwaf went on to compare the outcome of the services to the difference between halal or kosher foods and non halal foods. On the outside they look exactly the same, but behind the scenes, the procedure for preparing the food is done according to the principles & regulations of each religion. Halal banking, he argues, is no different.

[Short Music transition]

Mohamad Sawwaf: The end result looks exactly the same. What is the difference between the two? It's the process, we have to treat everything humanely, especially when it comes to the table.

Islamic finance is no different. If you look at the end result, a person was able to get a home and is now making a mortgage payment, but the process and the documentation that's in place to make that happen is what makes it all let's say kosher or halal.

When you look at the food industry today, I'm sure, when I go to Montreal, there is no shortage of Middle Eastern cuisine options. Whether it be shawarmas or koftas and kebabs and all this stuff, and you have people from all walks of life coming in.

Thierry Harris: Yes. Certainly.

Mohamad Sawwaf: A guy like me may care because they're using halal meat and other people may not care because they just like the way it tastes and they just loved the culture.

I've had many conversations, just friends of mine who say, "I actually prefer buying the halal or kosher meat because I know I have clarity and transparency in the process." They're not religious at all, but they just want healthy meat on the table. [laughs]

[Short Music transition]

TH Narration: Alright enough with the food analogies and back to Manzil's business model.

[Short Music transition]

Mohamad Sawwaf: We like to call ourselves a B2C or D2C play, but we also have a B2B2C play as well. Hopefully, I can break it down for you. Number one, we are a product manufacturer. Like I said, or I had mentioned earlier in this conversation, we don't get clients because of our digital platform. The digital platform is the enabler. It's the accessibility, what makes it accessible, but people come to us because they know on the back-end, we have a product that is in line with their belief system.

Anytime we're launching a product, we don't even look at the marketing strategy. We don't look at the UI, the UX, the design. We're like, what is the legal structure of this product first? That's a conversation between lawyers and advisors so we start there. We then make a product that complies on both sides, which is the Canadian legal system, as well as the religious legal system. Then we start to build everything around that. For our [mortgage solution](#), this is where we have end-to-end control.

We are the source of funding and we are also the ones originating, underwriting, and providing those financing agreements to the public. We have a digital platform that allows people to apply directly. They will then get underwritten and then they will get, let's say, funded and then serviced. We will take their payments on a monthly basis, excuse me, on a monthly basis. We have the ability to change those payments.

That was actually one of the gaps that we saw when we were building this mortgage piece of our business was, there isn't one all-encompassing third-parties digital platform or tech piece that we could just bring on, and it'll fulfill all this underwriting, origination, and servicing. It was actually three or four platforms that we had to stitch together and we were like, "This is just not efficient."

That was one piece that we focused on creating ourselves. It's end-to-end, we have full control of it, and it's 100% scalable. We are so proud of that product that we've

created from a tech piece. On the investment side, how do we fulfill this waitlist that we have of people that are inundating us, that want a mortgage?

Like I said, we attract our own capital. Again, it ended up being a two-in-one solution, because if you look at the Muslim Canadians and what was it accessible or available to them from a financial investment perspective, they had access to equity-based products, but they'd never had access to fixed income-based products. We said, well, why-- Again, my background, I've dealt with many mortgage funds.

I was like, "Why don't we just create a mortgage fund that these same groups can invest in, but then that capital gets redirected towards this same community, and it ends up being a peer-to-peer model?" [CI Direct](#) which is now formally WealthBar, last year engaged with us and said, "Hey we want to create a diversified halal offering on our platform. Do you guys have a fixed income piece?" We're like, "Absolutely."

Once we established that relationship and that's the B2B2C piece because people come to our platform, we then transition them on to the CI Direct platform, because they're a robo, they do their thing best, which is set-up accounts, make it seamless, the UI, UX is amazing. Then, what ends up happening is they invest in the Manzil portfolios, which is one of four diversified options.

Our strategy has always been, how can we get to market as fast as possible to create the space? Because there's a perception and there's an aura of, well, is there really demand for what you guys are doing? Instead of creating our own robo, we partnered with another robo that's national-- now it's CI Direct, they're backed by [CI Financial](#), largest non-bank asset manager in Canada. What better partnership to have in place.

Then what happened over the summer was, we got a partnership established with [KOHO](#), which is another national fintech backed by Portage. They said, "Well, is there a play on our current offering to make it halal?" They have a prepaid visa credit card program. We're like, "Yes, absolutely. We can definitely do this and this would be a great offering for our community because they don't like to take on credit-based instruments that involve interest." We're like, "100%, absolutely."

We then established a partnership again with them and what do they have? They have a product, they have the back office, they have an infrastructure. We were basically there to attract and certify, that's our two main pieces when it comes to B2B2C, is we will certify the product to ensure that it complies, but then we will also attract the demographic that they're not able to, because of the sensitivities towards culture or religion or any of those pieces that they just don't understand.

Thierry Harris: Congratulations, because that's a pretty brilliant path down the mountain, did you see this when you started this, Mohamad, or was this just happened?

Mohamad Sawwaf: No. If you came to me in 2019, May, when we closed our first round of financing, and you told me, oh, within a year, you're going to have partnerships with KOHO and CI Financial. I'd be like, I'm calling your bluff, how does that even happen? That wasn't our path. Our whole path was, we're just going to do it ourselves and we're going to figure this out. We're going to vertically integrate everything. Lo and behold, the good thing is, is these institutions understand there's an opportunity and they've realized that they can't do it themselves.

They partner up with us to say, "We'll provide the backoffices for you. You're the front-facing and it's a win-win."

[Short Music transition]

Thierry Harris: When you are a startup it's a great thing to be able to partner with a larger more established player that can a) give you credibility and b) access to their markets. Manzil was able to do so with two of Canada's largest non-banking financial institutions.

[Short Music transition]

Thierry Harris: I asked Sawwaf how one would apply to get a mortgage with Manzil? How exactly was it different from applying for a mortgage with any other financial institution?

[Short Music transition]

Mohamad Sawwaf: Great question. From a process perspective, I think there's no difference in terms of, let's say, the steps you're going to apply. We think we've provided a more convenient way to do that, just because it's completely digital. You don't really have to walk into a retail branch and sit down with somebody to collect your information. You can just do this from the comfort of your own home. You'll submit all of your financial information required.

Our underwriting is no different than the banks. We use the same guidelines, which are called B-20 guidelines, even though we're not obligated to because we're not a schedule I bank. We do that just to keep the playing field level, especially with respect to any institutions that we partner with, or that may be looking towards a capital injection in our fund. We can come back to that and say and confidently be like, "This is the same underwriting process that you guys have." There's no difference in the underwriting.

Then once you get a pre-approval from us, it's really no different in terms of how you want to go about and shop for your house. You're going to go shop for your house, you're going to say, "I like this one." What happens at that point is what makes the difference between conventional financing versus our financing.

The bank would basically come on closing and say, "You've been pre-approved for whatever, \$500,000 mortgage, we're going to send the money to the bank, and then you're just going to owe us X amount of interest over this period of time, and then come back to us in five years, and we're going to renew you."

That's the traditional way. Just an FYI, 98% of mortgages in Canada are on a five-year fixed closed rate. This is going to be very important because this is how our products differentiate from that respect. Under the Manzil system, you would enter into a purchase and sale agreement with the property seller, and then you have two ways of engaging with us. Either we can buy the property on your behalf, and resell it back to you, or we come in as a partner on that property with the amount of financing that we're bringing to the table.

If you came and said, "I just want you to buy it and resell it." That's good. Think of it as like a 25-year fixed-rate or up to 25-year fixed-rate, because what's going to happen is, we're going to buy this property for \$500,000, and then we're going to put an implicit underlying financing rate, and we're going to make some calculation, would come back and say, "If you were to make these payments over a 25-year period, your total cost would be, let's say \$750,000.

The profit margin, there's 250, over a 25-year period, right?

We would just come back to you and say, "Give us a monthly payment of \$2,500 a month for 300 months. 300 times 2,500 is 750,000.

Thierry Harris: Yeah. Absolutely.

Mohamad Sawwaf: That just acts like a 25-year fixed-rate, which, again, is not available in Canada.

[Short Music transition]

Under this model, which is the Murabaha or credit sale model, we have sold that property back to them. All this happens on the same day of closing. It's a buy and sell. You still end up having full title of the property. It's in your ownership. We have a standard mortgage agreement and a collateral charge. We have a lien on the property just like the banks would.

So all of these things. Again, remember, when I talk to you like, at the end of the day, there's no difference when you look at the two.

Thierry Harris: Yeah.

Mohamad Sawwaf: It's just that, why do we have to buy the asset and then sell it back to you to satisfy that element of being an asset-backed or asset-based transaction?

Thierry Harris: There you go, there you go.

Mohamad Sawwaf: I can't give you money, and ask for more money in return? Under what premise? If I have something that I own, and you're willing to buy it from me for a certain price, well, that allows us to satisfy this tenant of the transaction.

[Short Music transition]

Thierry Harris:

Manzil also offers the opportunity to invest in what Sawwaf calls a mortgage fund.

[Short Music transition]

Mohamad Sawwaf: Our pool of money basically ends up just getting dividends or distribution from the cash flows of those mortgage payments. We don't participate in the increased value of the property. If you were to invest let's say \$10,000, into the mortgage fund, and you can do that through your RSPs, TFSA. RSP is like any type of account under the sun is available, through our partnership at CI Direct to be able to invest in this.

What will happen is, on a monthly basis, you're just going to get distribution or a dividend, based on the profits that come through all of those mortgage payments, and it's distributed equally as a pool. You as an investor are lowering your risk because you're not tied into one mortgage directly, you're tied into hundreds or if not thousands. The risk of that portfolio is super, super low, with very, very stable cash flows.

[Short Music transition]

I look at our fund as very plain vanilla. It's residential properties only. It's not even commercial and residents. It's residential only. These are real homes, not development or pre-development. We won't finance anything without a real tangible asset on the property. We ask for a minimum 20% down payment from our clients. There's a buffer there, on the equity side, just in case Canadian real estate market goes awry. We're generating a return on investment anywhere between 3% and 4% long term. In a zero rate environment, which we're in now, where can you find that?

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We do get requests for all of these other types of financing strategies, whether it be construction,

Thierry Harris: Renovation.

Mohamad Sawwaf: Or renovation, or land. Like I said, we're very plain vanilla. We will expand once we start to saturate that piece.

To saturate, the Islamic mortgage market in Canada is \$150 billion. When I come back on this podcast, and you say, "Hey, Mohamad, you've done 150 billion." I'm like, "Okay, we're getting into construction. Now we're doing all these other things." All of these loan types can be structured in a manner that complies or can be halal. It's just a matter of what is the biggest, let's call it anchor, so to speak. For us, it's always been that retail mortgage because everybody wants a home, everybody wants a car. If they have a home, and they can participate in the Canadian dream of building wealth and equity through homeownership, everything else can be taken care of at that point.

[Short Music transition]

Thierry Harris: I asked Sawwaf about who were some of the global players who were participating in this Halal financial ecosystem?

[Short Music transition]

Mohamad Sawwaf: You can go south of the border, and there's a company called [Wahed Invest](#). They're more on the halal robo-investment side. They have a global presence over 130 countries and they're one of our partners in the Manzil Halal Portfolios. When you invest in the Manzil Halal Portfolios, you'll get our mortgage fund, but then you'll also get the stock-based fund or ETF, which is provided through Wahed.

If you go to the UK, where they have a very dominant Islamic finance, or Halal finance industry or sector because they've opened that up since 2003. They have five bona fide Islamic banks, they have 20 Islamic financial institutions, they have over \$12 billion pounds worth of assets in that marketplace. This is a very great example that I always like to bring up, because, when you look at the commonalities between the UK and Canada, in terms of the legal infrastructure, we're both under common law, jurisdictions.

Even Australia. [Australia](#) is now growing to be another epicenter of Islamic finance, which is great to see. Again, it's because of the precedents that the UK has made under common law. They've created a sub-regulator under the FCA, that focuses on-- it's like an Islamic finance regulatory authority. These are all things that aren't available in Canada yet, but we're pushing and creating that industry slowly over time.

If you go into Malaysia and the GCC, which is the Gulf Country Cooperation, the UAEs of the world, the Saudis of the world, Kuwait, Bahrain, Qatar, that's where you're going to find a lot of these Islamic banks. What you won't find, though, are these digital plays. They're not there yet. That's just starting to happen, this whole digital experience and trying to attract clients and users with these underlying products.

We're starting to see more and more of that landscape start to increase globally. It's very refreshing, actually, because if you came to me a couple years ago, I would

have told you, I don't know anybody in the space, but now, I know many people and most of them are outside of Canada, unfortunately, that's fine because we're like the only Islamic fintech right now. I'm hoping that there'll be more and more that come to the table.

The US has a lot of up and coming fintechs, the UK is busting through the seams with the amount of fintech that's coming into play now, especially with their [Challenger bank status](#) that you can get.

You can easily get a Challenger bank or an e-money license in the UK within three to six months. It's crazy. They're talking to me, and they're like, "Oh, it takes a bit of time to do that." Three to six months, I'm like, "I can't even get anything filed in three months here in Canada." [laughter]

Thierry Harris: [laughs]. Yeah. No yeah. First of all, there's a Commonwealth story. I don't know how many countries are there, but it's more than a dozen countries that have that legal regulatory framework and also the innovation piece and a user experience, just driven again by consumer expectations, consumer demands, to have those seamless transactions, to have that transparency that almost gamify the experience so that it makes it fun and makes it exciting, and makes it something that you can track and follow and monitor and take ownership over. Why is the user experience something important for your organization to focus on?

Mohamad Sawwaf: Oh, it's paramount actually. If you look at Canada, generally speaking, when it comes to financial services, we are just so brainwashed to be like, "We have to go to the bank, we have to meet with somebody face-to-face in order to get these things done." The banks have done a very good job over the last 150, 200 years of their establishment, to instill that mentality. What we're seeing now, is this change of consumer behavior, this change of wanting to do it from the palm of my hand.

I want to do it at the convenience of my home, and why can't-- It's still alarming to see how many forums I go on to, and they're like, "It took me seven days to open up a bank account." Or, "It took me all of this back and forth between verifying ID and having to come in and do a-- to just open up a simple bank account." That's where I think the opportunity lies, is there is already this trend of consumer behaviorism, for good or for bad, because of instant gratification or instant satisfaction, they just want it now, but in the financial services industry, we're so far behind.

Actually, I think the pandemic accelerated that for us because we've seen positive net inflows increase month over month. It was a challenge for us to force people to say, "You have to click this link to get started. You have to start here to do it. Well, why can't you do it?" You know how many people randomly just walk into our office, [laughs] and said, "I want an appointment."?

Thierry Harris: [laughs] Yeah.

Mohamad Sawwaf: The stay-at-home initiative across Canada has actually forced people to be online, to get up to speed with consumerism online, and even doing financial services online. I think now, there's just a better comfort level there. We're obviously fortunate to have received that end of that behavior.

[Short Music transition]

Thierry Harris: Taking advantage of a market opportunity, and putting something out there, you're calling it Islamic finance, you're calling it Halal finance, Do you ever see a B2B2C play, where you're going to be able to use that process, and those instruments and then perhaps take away that mantra or that name, so that you think that it will access a much greater market than simply the Islamic market, based on the fundamental principles and values which one could argue are universal in certain aspects?

Mohamad Sawwaf: It's a great point and a great question. I think we have had internal discussions about this. These products are designed for this community and by default available for everyone else. Right?

Thierry Harris: Right.

Mohamad Sawwaf: I think what could end up happening is if we start to actually saturate this market here in Canada, and there's a bigger play at large, then we probably might create a secondary brand or a sister brand and attract more of that ethical community, that socially responsible community and do it that way to remove that religious element, but the underlying products wouldn't change.

It would just be, just to be able to speak that common language to attract those certain individuals that don't understand the nuances or the sensitivities of our current marketing.

Thierry Harris: Yeah. Basically, again, are coming from a different point of reference than people from the Muslim community might be coming from. That wasn't a trap question so to speak, but when we're analyzing businesses, when entrepreneurs start going in all sorts of different directions too soon sometimes, we've heard it many times here on [Market Hunt](#) and in some of the cases that we've analyzed on the Ie-Knowledge Hub where you're 10 years or 15 years in advance of what the market demands, even though you have the technology right there.

Then you start spreading your capital too thin. You're trying to conquer global markets. You're not concentrating your capital in one market and trying to be the dominant player in that market. That really allows you once you're established there, step by step process, taking your time, making sure that you're dotting all your I's and crossing your T's. That once you have that hold on that market and you can become the dominant player, then you'll look at expanding as opposed to trying to do everything parallel because ambition is one thing, but actually

execution is where you hit the pavement and you get things done and execute properly.

You have to be able to align both your ambition with your execution to be able to get a project started as opposed to being able to talk about it and then it evaporates because you're not able to do it.

Mohamad Sawwaf: Oh, absolutely. I couldn't agree more.

[Short Music transition]

Thierry Harris: We've covered a lot of ideations in terms of how you started this, in terms of the global economic ecosystem, in terms of what the expectations of your target audiences are, in terms of how you're expanding to reach new audiences, and focusing still on driving that consumer adoption for your technology, in terms of the strategic partnerships that you've had. What do you believe are some key variables that need to change in order for Manzil to grow and to thrive?

[Short Music transition]

Mohamad Sawwaf: Great question. We're in an era right now where there's this whole movement. We've seen the Black Lives Matter movement, this whole movement on minority entrepreneurs. I like to put ourselves in that category because the VC space, the startup space is very much male white-dominated. Not only am I at a disadvantage from this point of perspective, but I'm also at a disadvantage because of the market that I'm attracting and the products that I'm providing.

I don't think it's done on purpose. I think there's just an awareness and an education gap. I brought up the fact that this has been done in the UK. It's being done actually across the whole world. It hasn't been done here in Canada and that's what I'm bringing to the table, is I'm bringing something that's already being done but just into a new market because it hasn't been localized. That's our value proposition.

There's a captive market here. You look at founder-market fit, you look at product-market fit. You're in a niche demographic, but for me, 1.6 million individuals in a captive market is a lot. Then if you look at globally, you can expand to 1.8 billion Muslims and then you probably add the SRI or the ethical people on top of that, maybe you get 75% of the world.

I think there just needs to be that open-mindedness, is the word I'm looking for, when it comes to engaging with guys like me or a startup like mine to be like, "What are you actually doing? Why are you doing this and why is there this need and why hasn't it been done before?"

I think a constructive conversation can come from that, probably an even enlightening one. I can't tell you how many times people were like, "I didn't even know that this was an issue."

I didn't even know that this was a problem." That's what we're trying to do is just bring that awareness to the table and make it as mainstream as halal or kosher meat.

Thierry Harris: Absolutely. I truly believe, again, I would love to know where every penny of my investments are at. Even for people who are fortunate to have investments, where is the money going? How is it being driven? What's the transparency there? I think that that's an expectation that's only going to increase with a new and upcoming generation that's accessing wealth. A lot of companies, once they see an opportunity, if they're not able to do it themselves, they can always license that technology and have another company run with it there.

Tremendous potential for the future. Very exciting stuff.

[Beginning of ending music under audio]

Thierry Harris: The IE-Knowledge Hub is a hub for further study and education, and transparency. We're all about accessibility to it. What kinds of questions do you think students should be looking at in terms of the fintech space and specifically with regards to what you're doing? What kind of market research would you love to have or new innovative pathways that you would like to pursue that you might not have time for but if you put the question out there, who knows who's going to be exploring that and getting back to you?

Mohamad Sawwaf: I think that's a great question. I love these research-based topics. I would love to see especially in the fintech space, we're always interested in market research with respect to consumer behavior, what makes them adopt versus not? What is that key factor for people to be like, "I want to do it with them versus these guys." I'm always of the thought that it's trust and credibility, but trust and credibility can be built one of two ways, with a lot of marketing dollars or a major backer, which is probably another bank behind you or time.

I'm always interested, how do you speed that process up with a consumer? What is it that you need to say or show to instill that trust and confidence and to close that gap to make sure that they can jump over that hurdle and say, "Yes, I want to become a client of this firm"?

Thierry Harris: I'm sure in many other industries from anything from taking a vaccine or not, to adopting new technologies, to downloading an app for a pandemic which the government is putting out to help track, trace, and diagnose who's infected or not for a virus, that's a big question that lots of different industries are asking. Certainly, if we can target it towards fintech adoption, that would be a solid question to put out there.

If you do have any ideas out there for our audience, you can write to us at solutions@ie-knowledgehub.ca and we'll take those answers and we'll include them in our website. Thank you so much, Mohamad, for all your time today. It was a real

pleasure speaking with you. Hopefully, only one of beginning of a conversation that we'll have, and wishing you all success for the future.

Mohamad Sawwaf: Thank you so much for having me. I really, really enjoyed this discussion.

[Short Music transition]

[Begin Promo Music]

Narrator: *And now a final word from our sponsor, the IE-KnowledgeHub. IE-Knowledge Hub is a website dedicated to promoting learning and exchanges on international entrepreneurship.*

If you are an education professional looking for course content, an academic researcher seeking research material, or someone interested in business innovation check out IE-Knowledge Hub.

Let's pickup where we left off with Invest Ottawa, an economic development corporation fostering entrepreneurship in the Ottawa National Capital Region.

Kevin Carroll: *To, to take a municipal view on things, from an entrepreneurial perspective, doesn't make any sense. So what we do is we work closely with all of eastern Ontario. and we'll work with New York and Boston and in Silicon Valley with some of the investors there.*

Narrator: *That's Kevin Carroll from Invest Ottawa. Invest Ottawa not only helps entrepreneurs but they also work to attract foreign direct investment to the region. To do this they need to go beyond the municipal focus and branch out to entrepreneurial networks abroad.*

Kevin Carroll: *We work closely with the federal government because they've got people, who are feet on the ground working directly with industry that can help make those connections. And then the last piece is really around personal connections, because There is a lot of Canadians, I'll use the example of the c100 in California. ex-venture people or they are working for Google, or high up in Microsoft and things like that. but they are ex-Canadians living in California.*

Narrator: *In addition to finding financing from outside of Canada, many Ottawa based companies sell products and services internationally. Bruce Lazenby, Invest Ottawa's former CEO explains.*

Bruce Lazenby: *Virtually all of the companies that we deal with understand that their first sale may come from Ottawa or Canada. but that's not where they are going to make their money. Canada could be a good place to start. but being born global means that you always have ideas to selling to the rest of the world.*

Narrator: *You've been listening to segments of the Invest Ottawa video case study. To learn more about how to foster an entrepreneurial ecosystem, watch their full case available for free at [ie hyphen knowledge hub dot ca](http://ie.hyphenknowledgehub.ca).*

[End promo music]

Thierry Harris: Market Hunt is produced by Cartouche Media in collaboration with [Seratone Studios](#) in Montreal and [Pop Up Podcasting](#) in Ottawa. Market Hunt is part of the IE Knowledge Hub network. Funding for this program comes from the [Social Sciences and Humanities Resource Council of Canada](#). Executive producers [Hamid Etemad](#), McGill University, Desautels Faculty of Management and [Hamed Motaghi](#), Université du Québec en Outaouais. Associate producer Jose Orlando Montes, Université du Québec à Montréal. Technical producers Simon Petraki, Seratone Studio and Lisa Querido, Pop up Podcasting. Show consultant JP Davidson. Artwork by Melissa Gendron. Voiceover: [Katie Harrington](#). For Market Hunt, I'm Thierry Harris, thanks for listening.