GLOBAL FORUM ON ISLAMIC ECONOMICS AND FINANCE



Shaping a Resilient Global Islamic Economy Through Values-Based Reforms

Date: 28–29 May 2024
Venue: Kuala Lumpur Convention Centre

Patron:

MINISTRY OF FINANCE

Organised by:

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Event Report

September 2024

Section I

Event Summary

An overview

The Global Forum on Islamic Economics and Finance (GFIEF), officiated by the Prime Minister of Malaysia YAB Dato' Seri Anwar Ibrahim, aims to unlock the transformative power of Islamic economics and finance in fostering shared prosperity and equity.

The two-day main forum GFIEF facilitated deep policy action discussions and showcased innovative solutions grounded in Islamic economics and finance principles to tackle global challenges. In addition, side events and exhibitions were organised throughout the week to support pertinent areas, including climate resilience, financial stability, sustainability reporting, social finance and Shariah.

Various international and local organisations, regulators, government ministries, Shariah scholars, financial services industry representatives, industry associations, fintech companies, corporates, non-profit organisations and Small and Medium Enterprises (SMEs) participated in the event.

GFIEF: At a Glance

2,300+
Participants

50+
Speakers

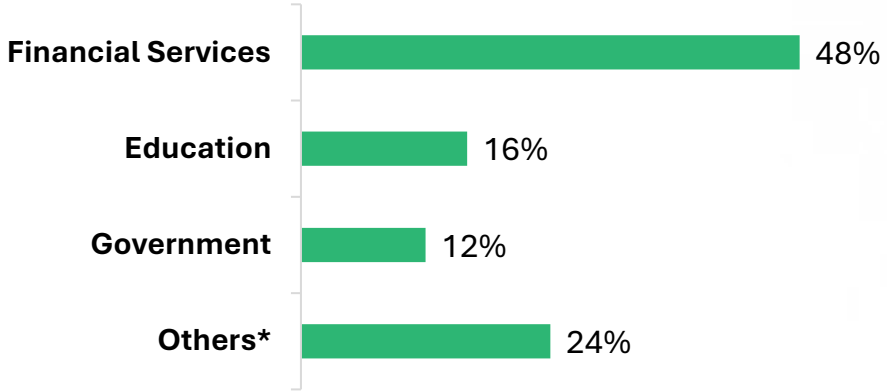
75
Countries

17
Launches

41%
Female delegates

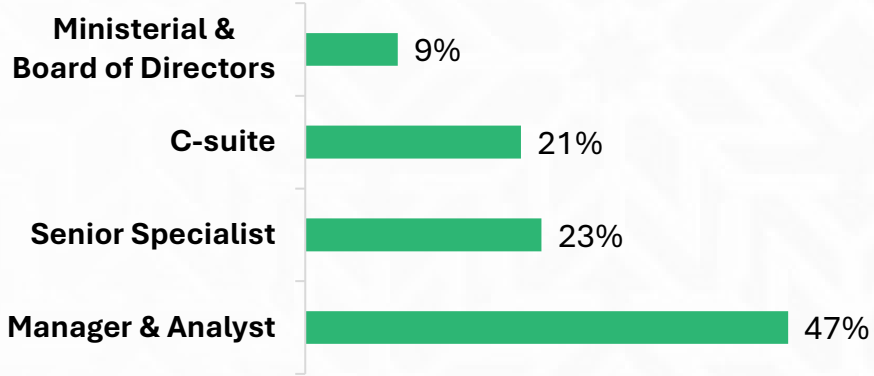
19
Side events

Delegates by Industry



Note: Others include consulting, information technology, etc.

Delegates by Seniority Level



Microsite performance*

3,444
Recording sessions' views via website

46,159
Visitors to website

5,700
Times PR was downloaded

*As of September 2024

GFIEF Key Resolutions

GFIEF has provided platforms for various stakeholders to deliberate and network to champion values-based reforms aligned with the principles of Maqasid Shariah and shaping the way towards a more equitable and just economy. Among others, stakeholders reflect a commitment towards ethical and sustainable finance by optimising Islamic Finance instruments and greater use of technology. This commitment will be supported by increased global cooperation, advancements in talent development and efforts in building greater mutual recognition of Shariah.

Throughout the forum, three important aspects consistently and passionately advocated:



Anchoring on values in developments and reforms in diverse aspects of finance and structural policies for a resilient and inclusive global socio-economy.



Advancing innovative solutions is a progressive journey, largely cutting across six domains of finance, economics, climate, health, digitalisation and enabling regulations.



Advocating stronger partnerships between Islamic economics and finance in areas of halal trade, infrastructure networks and talent.

The forum urged for stakeholders to collectively seize these prospects by taking actionable next steps which can showcase global impact deeply rooted in intrinsic Islamic values of wealth circulation and the practice of *Ihsan (benevolence)*.

Section II

Spotlight on GFIEF Launches

Innovative solutions and partnerships involving Islamic finance and economy

‘ The future of Islamic economy is truly one of promise and possibility, but it is also one that requires concerted efforts, steadfast determination, and unwavering resolve. Together, let us rise to the challenge and seize this opportunity with courage and conviction. ’

YAB Dato’ Seri Anwar Ibrahim
Prime Minister of Malaysia



Source:
Bank Negara Malaysia

01 | New Government Investment Issues (GII) Sukuk Structure

A new sukuk dimension is being structured under the Government of Malaysia, utilising the Sukuk *wakalah bil-khadamat* structure by 2025. This is expected to complement existing instruments, expanding the options available to investors, bolstering the investment ecosystem in the country.

02 | Malaysia’s First Social Stock Exchange

Securities Commission Malaysia (SC) is establishing a structured approach for private capital participation in projects with positive social outcomes. This will benefit entities such as Non-Governmental Organisations (NGOs), social enterprises and State Islamic Religious Councils. The exchange aims to amplify the government’s priority to raise the economic floor by promoting social justice, providing better education, healthcare, infrastructure, and offering equal opportunities for all citizens under the Madani economic framework.

03 | Malaysia Co-investment Fund (MyCIF) Waqf

Malaysian government allocated RM100 million to promote among others, fundraising activities with matching investment for Micro, Small and Medium Enterprise (MSME) in social impact projects including development of waqf assets. To materialise this effort, the Securities Commission Malaysia has engaged various State Islamic Religious Councils towards proposing appropriate fundraising structures.

04 | Pilot Programme on Greening Halal Businesses

A collaboration between the Islamic Development Bank (IsDB), Ministry of Finance, Bank Negara Malaysia and the World Bank. This aims to assist halal businesses in Malaysia to transition towards greener and sustainable practices by providing technical capacity advisory, tools to measure and report greenhouse gas emissions, and transition financing including certifications.

Key Launches

Innovative solutions and partnerships involving Islamic finance and economy

05 | Global Islamic Economists Development Programme (GIEP)

A visionary initiative aimed at cultivating dynamic and highly skilled young economists to address challenges within the integrated framework of Islamic economics and modern finance. GIEP features multiple-track structure covering executive education, applied research and working internship to build professional capabilities towards advancing economic and social development in Organisation of Islamic Cooperation (OIC) member countries.

06 | Dana Pemacu by Retirement Fund (Incorporated) 'Kumpulan Wang Persaraan (KWAP)'

Special allocation for private markets investment strategy across private equity, infrastructure and real estate sectors, aimed to accelerate efficient deployment of capital and spur development of private markets ecosystem in Malaysia. A total of RM6 billion has been allocated, out of which 50% (or RM3 billion) will be invested in Shariah-compliant transactions with *Tayyib* outcomes.

07 | Project Hassan

A collaboration between Lembaga Zakat Negeri Kedah, MIFC Leadership Council (MLC), Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) and INCEIF University to upscale *zakat* initiatives which elevates the socioeconomic conditions of *asnaf* (*zakat* recipients) and low-income paddy farmers in Kedah state of Malaysia. Through this collaboration, RM10 million is targeted via AIBIM's industry waqf platform to finance a smart-rice mill, which can increase farmers' yield.

08 | Islamic Digital Asset Centre (IDAC)

Under the IDAC initiative, Labuan International Business and Financial Centre (IBFC) will actively raise and invest funds using the blockchain technology, listing Islamic asset backed by tokens and nurturing new players at the Islamic digital finance sandbox. It aspires to create wealth and prosperity for unserved global *ummah* through digitalisation of products, players and infrastructure.

The MIFC Leadership Council (MLC) Position Paper

The MIFC Leadership Council Position Paper highlights the recommendations and key strategic direction for the next stage of Islamic Finance development in Malaysia and its contribution to the global Islamic Finance developments. Centered around the theme **'Establishing *Islah* (reform and restoration) through Islamic Finance'**, the paper highlights 18 MLC Impact Projects (MIPs) which reflect collaborative efforts by stakeholders including regulators, industry players, scholars and academia. The MIPs focus on impact-creation initiatives to foster inclusivity, sustainability, ethical practices, and efforts to advance the Malaysia International Islamic Financial Centre agenda in building stronger Islamic Finance linkages with global markets.



MLC chairman, Tan Sri Azman Mokhtar submitted the MLC document to Prime Minister, Dato' Seri Anwar Ibrahim
From the left: Datuk Seri Dr. Awang Adek Hussin, Dato' Seri Diraja Dr. Zambry Abdul Kadir, Datuk Seri Amir Hamzah, Dato' Seri Anwar Ibrahim, Tan Sri Azman Mokhtar, Datuk Johan Mahmood, Datuk Abdul Rasheed

> 'Scaling the mountain and an *Islah* superhighway through Islamic Finance and economics...
> ...co-creating the next *Islah* curve of growth and development towards a more inclusive and sustainable world.'



Tan Sri Azman Mokhtar
Chairman, MIFC Leadership Council

Exchange of Memorandums of Collaboration (MOCs) between MLC and its counterparts from Indonesia, Hong Kong, Republic of Türkiye, and the United Kingdom. The MOCs emphasise Islamic Finance product innovation, promote cross-border trade and financial activities, and enhance capacity building and education.



Signing Ceremony / Document Exchange of MOCs:
i. MLC with Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS)
ii. MLC with Finance Office of Presidency of The Republic of Türkiye
iii. MLC with UK Islamic Finance Council (UKIFC)
iv. MLC with Hong Kong Trade Development Council (HKTDC)

Initiatives by Stakeholders in Islamic Finance Ecosystem



From the left: Dr. Marjan Muhammad, Professor Emeritus Dato' Dr. Mohd Azmi Omar, Tan Sri Azman Mokhtar, YB Senator Datuk Seri Amir Hamzah Azizan, Tan Sri Dato' Sri Ir Zamzamzairani Mohd Isa, Dato' Zulkiflee Abbas Abdul Hamid, Dato' Khairussaleh Ramli, Dato' Muzaffar Hisham

Launch of the Translated Book of Dr. Yusuf al-Qaradawi "The Role of Values and Ethics in Islamic Economy" by Maybank Islamic and INCEIF University

The book presents the author's intellectual ideas and contributions as it serves as a poignant reminder of the profound intersectionality between values and ethics, Environmental, Social, and Governance principles, environmental and stewardship and Islamic economy and its impact on integrity, inclusivity, and sustainability.



From the left: Y.Bhg. Dato' Professor Madya Dr. Mohd Farid Ravi Abdullah, Tan Sri Dr. Ismail Haji Bakar, YB Senator Datuk Seri Amir Hamzah Azizan, YBhg. Dato' Mohd Muazzam Mohamed

Sadaqa House Book Launch: "Inspiring *'Adl* and *Ihsan* in the Realm of Islamic Banking" by Bank Islam and Selangor Islamic University

The book delves into the origins, implementation, and impact of Sadaqa House, exploring its role in promoting '*adl (*fairness*)* and *ihsan* within the financial sector. It discusses how the collaborative impact of the *siasi (*politic*), tijari (*economy*) and ijtimaei (*society*)* sectors collectively manifests positive results to achieve socio-economics justice.



From the left: Dato' Wan Mohd Fadzmi, YB Senator Datuk Seri Amir Hamzah Azizan, Nik Mohamed Din

Launching of Masterplan for Labuan Shariah-compliant Blockchain Hub by Labuan Financial Services Authority (LFSA)

Labuan International Business Financial Centre envisage the world's first Shariah-compliant Blockchain Hub, which offers smart contracts and innovative decentralised applications technology catering for global *ummah* and world at large. The Labuan Islamic blockchain initiative is one of the components of the Labuan's Islamic Digital Asset Centre.

Initiatives by Stakeholders in Islamic Finance Ecosystem



From the left: Datuk Wira Ismitz Matthew De Alwis, Syed Umar Abdul Rahman Alhadad, Datuk Muhamad Umar Swift, Datuk Kamarudin Hashim, Dr. Ridzwan Bakar, Dato' Haji Ibrahim bin Haji Md. Yusof

Collaboration Announcement between Eq8 Capital and Yayasan Waqaf Malaysia Towards Issuance of World's First Waqf-featured Exchange Traded Fund (ETF)

Eq8 (member of Kenanga Investors Group) continued partnership with Yayasan Waqaf Malaysia in spearheading *waqf*-related capital market products.

The initiative will contribute to the growth of ETF market by drawing in investors who are not only interested in the financial benefits of ETFs, such as diversification and liquidity, but also in making a positive social impact through their investments.



From the left: Dr. Muhammad Syahmi Mohd Karim, Mohd Radzuan Mohamed, Tan Sri Azman Mokhtar, Elmie Aman Najas, Prof Dr. Said Bouheraaoua

Soft Launch of Maqasid Shariah Scorecard for VBIT by the Malaysian Takaful Association (MTA)

The development of the Scorecard is part of MTA's strategic initiatives under the Value Based Intermediation for Takaful (VBIT).

The scorecard aims to measure values and impacts from the operation of Malaysian takaful players, which hinges on betterment of community and environment in line with the Maqasid Shariah requirements and VBIT aspiration.



From the left: Hichem Bouqniss, Mohamad Safri Shahul Hamid, Adnan Zaylani Mohamad Zahid, YBhg. Dato' Paduka Syed Mashafuddin Syed Badarudin, Hanif Ghulam Mohammed

Signing Ceremony between International Islamic Liquidity Management (IILM) and Affin Islamic to onboard Affin Islamic as the IILM's Primary Dealer

Official onboarding of Affin Islamic Bank as the IILM's 11th primary dealer. Affin Islamic will be the third Malaysian-based global primary dealer for the IILM's 'A-1' and 'F1" rated short-term Sukuk programme.

The IILM short-term Ṣukūk plays a critical role in global Islamic liquidity management.

Section III

Main Forum Summary

Navigating the Global Economy in Post-Normal Times: Application of Values-Based Reforms



From the left: Dr. Lalita M. Moorty, YB Senator Datuk Seri Amir Hamzah Azizan, H.E. Muratbek Azymbaklev.

Anchored on Malaysia's MADANI Framework, efforts underway towards building robust socio-economic policies such as National Energy Transition Roadmap (NETR), good governance and better social protection. Innovations in financial mechanisms – *waqf*, shariah-based private equity and crowdfunding supports MSMEs growth.

Kyrgyz Republic welcomes global cooperation and learning from Islamic Finance players to achieve climate goals and the Sustainable Development Goals. Their economy is growing steadily with enabling infrastructures.

Key takeaways: Building economic resilience with Islamic finance through holistic approaches and global partnerships

Discussions centred around national policy considerations for sustainable and inclusive economic development with Islamic Finance as an approach to achieving financial resilience.

Call-to-action:

- Islamic Finance exhibits potential to bring **innovative solutions** in tackling inclusion and climate challenges – pivotal in bridging a share of the global SDG funding gap.
- **Accelerate multilateral partnerships** to drive impact and improve lives of people.
- **Sharing knowledge globally** for impactful policymaking and scalable solutions.

Snippets:



"Malaysia's whole-of-nation approach to building financial resilience is holistic, emphasising inclusive development and addressing needs of all society."

YB Senator Datuk Seri Amir Hamzah Azizan
Minister of Finance II, Malaysia



"Crucial to learn from other Islamic finance players to achieve climate goals and the SDGs for our people."

H.E. Muratbek Azymbakiev
Head of Foreign Policy, Kyrgyz Republic



"Harness power of Islamic economics and finance to build a world that is not only economically vibrant but also socially just and environmentally sustainable."

Dr. Muhammad Sulaiman Al Jasser
President, Islamic Development Bank



"Partnerships are vital – it has become evident that no nation can meet climate goals, reduce extreme poverty, and achieve the Sustainable Development Goals (SDGs) alone."

Dr. Axel von Trotsenburg
Senior Managing Director, World Bank

Feature Session

Bridging Perspectives: Integrating Modern Economic Thinking with Islamic Economic Principles



From the left: Yin Shao Loong, Professor Mehmet Asutay, Tan Sri Daud Bakar, Tan Sri Andrew Sheng, Dr. Andrew Coleman.

The speakers emphasised the need for renewal within modern economic frameworks, potential of Islamic Finance as an alternative solution, and the importance of education in improving economic growth, particularly in emerging markets.

Speakers criticised the current economic system for disregarding the future by exploiting people and planet. A paradigm shift is needed, key stakeholders adopting a stewardship role to renew economic systems to overcome weakness of interest-based financing and risk transfer systems.

Key takeaways: Call for greater integration of Islamic economic principles in contemporary applications to address global challenges

Renowned experts highlighted the potential benefits of Islamic principles to address inequality, climate risk, and economic resilience.

Call-to-action:

- By emphasising on ethical finance, sustainability, and equitable growth, these principles can provide **authentic solutions to contemporary economic** issues.
- **Anchoring Islamic values** on resource accessibility, promoting wealth circulation, and modernising economic models is key.
- **Innovative Islamic finance instruments** can bridge climate funding gaps and foster sustainable development.
- **Explore sandbox approach** by authorities and private sector to experiment new ideas, ensuring that economic and financial products effectively serve the society.
- For mature Islamic banking markets, to reduce concentration of banking assets in property financing with **rebalanced trade financing and sustainable financing.**

Snippets:



‘Islamic concepts such as *waqf* and *zakat* promote wealth circulation with ethical imperatives...both Western and Islamic economies can co-adopt a stewardship role in renewing economic models...’

Tan Sri Andrew Sheng
MIFC Leadership Council member



‘...looking into authentic solutions, by leveraging Islamic political and moral economy, as it promotes the concept of justice and equilibrium (*ihsan*).’

Professor Mehmet Asutay
Director, Durham Centre for Islamic Economics and Finance



‘...building trusts to promote global cooperation and foster investors’ confidence in addressing the funding gaps to transition to green energy.’

Dr. Andrew Coleman
Senior Research Economist, Reserve Bank of New Zealand



‘...importance of modernising new economic models and redefining capital concepts based on data analytics, evolving demand and global trends.’

Tan Sri Daud Bakar
Executive Chairman, Amanie Group and Recipient, the Royal Award for Islamic Finance 2022

A Just Transition towards a Shared Future



From the left: Tan Sri Jemilah Mahmood (*on the screen*) Datin Seri Sunita Rajakumar, H.E. Dr. Fahad Ibrahim Alshathri, Dame Susan Rice, Dato' Khairussaleh Ramli

The journey towards net zero carbon economy calls for orderly and equitable transition. Panelist showcased variety of local efforts for economic growth and social cohesion. These include people education and development, investment in infrastructures and industries, and governance.

When integrating local solutions into the wider financial system, there must be a pragmatic solution for countries at different levels of development, in delivery of financial offerings and harmonising regulations.

Key takeaways: Joint partnership towards sustainable solutions through Islamic finance

Global experts from health and financial sectors explored the relationship between economic growth, inclusion and climate action, and the role of Islamic Finance in driving the energy transition journey.

Call-to-action:

- To support local solutions, financial players should collaborate with key industries to innovate and create tools such as **hybrid financing,** which could help companies achieve their climate goals.
- Importance of reskilling and upskilling **workforce with climate-related knowledge**.
- To establish **ESG research rating for equities** to drive ASEAN decarbonisation journey.
- Central banks can take a collaborative approach in ensuring **consistency between climate change regulations and financial standards** developed by international bodies.

Snippets:



'It's crucial for central banks to balance these responsibilities, ensuring that financial policies align with their mandates while addressing broader issues such as sustainability and climate action.'

H.E. Dr. Fahad Ibrahim Alshathri
Deputy Governor, Saudi Central Bank



'...countries could learn from existing local transitionary solutions that indirectly practise these universal principles, ensuring no one abandoned or left jobless.'

Dame Susan Rice
Chair, Global Steering Group, Global Ethical Finance Initiative



'...need (mindset) shift from the current 'take, make, use, and lose' economy to a regenerative and distributive model in addressing climate change and inequality.'

Tan Sri Jemilah Mahmood
Professor and Director, Sunway Centre for Planetary Health



'Islamic finance principles emphasise harm-free practices and promoting good, which naturally align with value-based financing.'

Dato' Khairussaleh Ramli
President and Chief Executive Officer, Maybank Group

A Humane Approach to Food and Economic Decisions



From the left: Ha-Joon Chang (*on the screen*), Dr. Nungsari Ahmad Radhi.

‘ Economics is not just about the “narrow economy”, it is about institutions and politics. Therefore, we need to build good institutions in order to have a good economy and a good society. ’



Ha-Joon Chang
Research Professor,
SOAS University of London

Key takeaways: Significance of adopting a humane approach to food and economic decisions

Panel accentuated a feast of alternative economic ideas wrapped up in stories about food from around the world. It underscored the importance of comprehending and appreciating various economic theories and society value systems within their specific country contexts, which influences desired outcomes.

Call-to-action:

- **Establishing long-term policies** is essential in ensuring the resilience and sustainability of economies.
- Emphasise on strategic and inclusive approach by providing varied perspectives and **solutions tailored to specific socio-economic** challenges of the country.
- Encouraging **conversation among society segment** is crucial to understand different values within the same community, each participating in the economy that meets their specific needs. This helps prevent the imposition of values on others through violence or other unjust means.
- To preserve our planet's environment for future generations, consider the current actions taken and its **implications to climate change**.

Panel Session 2

Advancing the 4-Ts of Global Private Sector Halal Development – Technology, Trade Connectivity, Talent Capability, and Climate Transition



From the left: Omar Shaikh, Khurram Hilal, Hairol Ariffein Sahari, Loi Tuan Ee, Dr. Kenan Bagci

The session aimed to delve into each of the 4Ts and examine their interplay, synergies, and transformative opportunities for private sector development on a global scale.

Continuous dialogue between the halal economies and Islamic Finance sectors is crucial for promoting public-private partnerships in tackling capacity constraints among OIC countries.

Most speakers agreed that talent development was first priority to tackle technology, trade and climate dimensions in the changing environment.

Key takeaways: Global private sector halal development has ample growth opportunities with right enablers-4Ts

Discussions centred around the economic, social and cultural linked development of halal industry, given the growth prospects and rising consumer demand from both Muslim and non-Muslim countries.

Call-to-action:

- Creating **halal industrial clusters at sub-regional level** (e.g. Southeast Asia) to demonstrate successful experiences that can be replicated in other regions.
- A banker's **Halal 360 initiative** supports halal businesses in various ways such as providing export advisory services, facilitating skill development and accreditation process.
- Importance of **talent capability**, highlighting the need to infuse entrepreneurship and business acumen within the halal ecosystem.
- **Grading system for halal products** to help consumers make informed choices and promote end-to-end Shariah compliance within the industry.

Snippets:



"Halal economy and Islamic Finance are like conjoined twins that have vast potential for holistic synergies, as they serve the same target market."

Khurram Hilal
CEO, Group Islamic Banking, Standard Chartered Saadiq



"HDC prioritising collaboration over competition within the industry, whether through government-to-government or business-to-business cooperation."

Hairol Ariffein Sahari
CEO, Halal Development Corporation



"Inter-OIC trade has only increased by 10% in over 30 years...importance of addressing capacity constraints whilst fostering dialogue."

Dr. Kenan Bagci
Senior Researcher, Statistical, Economic and Social Research and Training Centre for Islamic Countries



"Building ethical brand loyalty, developing marketable products and innovating with culturally appealing products to compete with larger multinational companies, such as dates-based milk for Muslims during Ramadan."

Loi Tuan Ee
Co-Founder and Group Managing Director, Farm Fresh Berhad

Advancing Global Cooperation to Propel Islamic Nations to a Better Future



From the left: Göksel Aşan, Dr. Ghiath Shabsigh, Dato' Paduka Iqbal A. Khan, Professor Emeritus Dato' Dr. Azmi Omar

An emerging trend of Islamic Finance innovation involved the separation of payment systems from traditional banking functions.

Islamic Finance must maintain its distinct value proposition rather than mimicking conventional finance. This involves offering unique financial instruments that provide different consumer choices and benefits, which can attract a wider audience and foster acceptance within the global market.

Key takeaways: Experts advocate for innovation in Islamic Finance

Panel unpacked important shifts and synergies needed to realise the true potential of Islamic Finance in addressing the current geopolitical and socio-economic challenges.

Call-to-action:

- To advance greater integration of Islamic Finance in the global financial system, **greater standardisation** within Islamic Finance.
- A high level of **consensus amongst OIC countries is crucial** for collective industry growth.
- Islamic finance must **expand its equity-based model offerings and adopt inclusive practices** that reach out to different market segments and investors, including conventional investors.
- Islamic finance's stability lies in its **alignment with the real economy,** contrasting the volatility of conventional systems.
- **Regulatory reforms** are essential to create a level playing field between debt and equity by adjusting risk weightage and taxation policies.

Snippets:



‘Banks are increasingly creating subsidiaries for payment processing and digital transactions, which attract private equity investments. This trend reduces systemic risks associated with the traditional banking model where banks control both financial intermediation and payment systems.’

Dr. Ghiath Shabsigh
Secretary-General, Islamic Financial Services Board



‘The future of Islamic finance lies in asset management platforms based on equity risk-sharing models, promoting democratisation of finance and wealth.’

Dato' Paduka Iqbal A. Khan
Chief Executive Officer, Fajr Capital Group and Recipient of the Royal Award for Islamic Finance 2012



‘...importance of encouraging innovation, or *ijtihad,* and creative problem-solving, *idmah*, within the framework of Islamic finance to keep up with evolving global opportunities and challenges.’

Göksel Aşan, Ph.D.
President, Finance Office of Presidency of the Republic of Türkiye

Panel Session 4

Global Economic and Finance Policy Reforms: Scholarly Lense from *Maqasid* Shariah Perspective



From the left: Prof. Dr. Ashraf Md. Hashim, Dr. Farhan Ahmad Nizami, Dr. Jasser Auda

The enduring relevance and adaptability of *Maqasid* Shariah in shaping a fair and inclusive economic landscape should be integrated with modern economic strategies to build a robust framework for sustainable development and shared prosperity.

The insights and recommendations from the forum provide a compelling blueprint for future policy reforms, underscoring the potential of Islamic finance to contribute meaningfully to global economic stability and growth.

Key takeaways: *Maqasid* Shariah: Pathway to Sustainable and Inclusive Global Economy

The panel underscored transformative potential of policy reforms grounded in *Maqasid* Shariah principles, which have historically propelled Islamic civilisations to unprecedented heights by fostering just and inclusive practices.

Call-to-action:

- **Revival of the *waqf*** culture to create sustainable and inclusive economy that prioritises community welfare over profit.
- Careful **Islamic legal concepts consideration** to address current issues, cautioning against superficial interpretations that may dilute their true essence.
- Advocate for a holistic approach to Islamic Finance, encompassing not just banking and takaful but also **social finance mechanisms** like *zakat* and *waqf*.
- Dynamic and **innovative approach to Islamic jurisprudence** to better address contemporary challenges.

Snippets:



‘ ...pursuing policies that bridge the gap between the rich and poor through fair redistribution of wealth, aligning with the SDGs and Islamic principles. ’

Dr. Farhan Ahmad Nizami
Founder and Director, Oxford Centre for Islamic Studies



‘ Given the interdependence of political and economic reforms, key for comprehensive policies that address the root causes of poverty and inequality by leveraging Islamic financial principles. ’

Dr. Jasser Auda
President, Maqasid Institute Global



‘ To achieve the higher *Maqasid*, it is about to gain the benefits and to avoid harms. It will include justice and shared prosperity to all human beings, regardless of religion and all the creatures. ’

Prof. Dr. Ashraf Md. Hashim
Chairman, Shariah Advisory Council, BNM

MIFC Leadership Council (MLC) Position Paper – Unlocking Global Islamic Finance Opportunities



From the left: Mustafa Adil, Tan Sri Azman Mokhtar

‘ A successful organisation, individual, nation and civilisation are the ones that are able to reinvent themselves along this curve *(Islah)*. ’



Tan Sri Azman Mokhtar
Chairman, MIFC Leadership Council

Key takeaways: Impact Projects by MLC to build a pathway towards *Tayyib* demonstration

Discussions deep dived into MLC position paper launched at the Forum, advocating for integration of *Islah* in Islamic Finance, and recommends several high-impact collaborative opportunities to co-create a resilient and compassionate global financial landscape. Anchored principles like inclusivity and integrity, the Council aspires with the adoption of these recommendations, it will continue to propel growth and positive impact of Islamic Finance on our society.

Call-to-action:

- To propel Islamic Finance forward, **broadening and deepening philanthropic capital**, such as *zakat* and *waqf*, as it aligned with benevolence, mercy and justice values, aiming to create inclusive and equitable economic system.
- Importance of **discipline in the implementation and execution** of the MIPs identified in the paper. To realise the MIPs into successful outcomes, an Oversight and Sponsorship Committee should be established involving relevant representation from the ministerial level, regulators, scholars and industry players.
- Emphasises that Islamic economy should not be based on any established system (capitalism, etc), but rather based on benevolent. Halal *tayyib's* terms is not newly introduced but it is widely used in the industry. MLC has come forward to also use the **halal *tayyib*** and working towards defining the terms in industrial practices, and framework to better guide the *Islah*.

Fostering Finance at Scale through Capital Markets



From the left: Christian de Guzman, Dr. Ramaswamy Balasubramaniam, Tan Sri Abdul Wahid Omar, Mohamad Safri Shahul Hamid, YM Raja Amir Shah Raja Azwa

Experts emphasised critical role of Islamic Finance in revolutionising the capital markets in fostering sustainable economic growth through innovative financial instruments like sustainable bonds and sukuk.

International exchange platforms are increasingly offering Islamic capital instruments to achieve climate goals with the potential for mainstream and ethical financial system.

Key takeaways: Vital role of capital markets in promoting diversified and inclusive growth

Conversations delved into the advancements in sustainable sukuk, various notable issuances and enabling platforms by governments and corporations. With expectations towards more innovative financial structures, diversified Shariah contracts as well as integration of digitisation and tokenisation in capital markets.

Call-to-action:

- Importance of **sustainable bonds and sukuk instruments** in driving credible climate transitions with significant allocations directed towards decarbonising the energy, properties and transport sectors.
- The emergence of **social stock exchanges** in enabling ethical investors to channel high-quality capital towards versatile and impactful social initiatives.
- Building **appealing propositions for impact investors and philanthropic funders** to ensure investments generate measurable impacts alongside financial returns.

Snippets:



‘ ...importance of transparency, accountability and capacity-building to foster a robust social finance ecosystem. ’

Dr. Ramaswamy Balasubramaniam
Chairman, Social Stock Exchange Advisory Committee, Securities and Exchange Board of India



‘ ...need for coordinated efforts to pivot towards developing purpose-based financial instruments to ensure greater alignment with SDGs. ’

Tan Sri Abdul Wahid Omar
Chairman, Bursa Malaysia



‘ ...despite the remarkable progress of capital market, Islamic finance still represents a small fraction of the global financial market...younger generation should pursue careers in Islamic Finance. ’

Mohamad Safri Shahul Hamid
CEO, International Islamic Liquidity Management Corporation



‘ Attracting new class of investors by mobilising concessional finance with catalytic capital which can absorb higher risk and lower capital cost of unproven ventures and unbankable segments. ’

YM Raja Amir Shah Raja Azwa
CEO, HSBC Amanah Malaysia Berhad

Bridging the Inclusivity Gap in Nation Building Efforts



From the left: Alina Amir, Maha Saleh, Farzana Yaqoob.

This session has explored ideas on structural and policy reforms to enhance economic empowerment and financial inclusion surrounding women and youth.

Greater representation from women and youth in policymaking and development can enhance economic productivity, improve development outcomes for the next generation, and make institutions and policies more inclusive, aligned with SDG aspirations.

Key takeaways: Imperatives for policies and economic reforms which cultivate women and youth empowerment

Conversations emphasised promoting women and youth participation in politics, economic development and social cohesion as part of harnessing inclusive growth.

Call-to-action:

- A proper **legislation and good policies** can support and effect real change. Governments and institutions with greater inclusive representation, can accelerate prosperity and empowerment efforts. These includes parliamentary seat and budget allocation to skill women and youth to actively contribute their ideas.
- Provide **financial literacy, capacity building training** to women, refugees, underprivileged society, to promote job opportunities and income generation. This approach of addressing the entire supply chain would make the implemented policies more sustainable.

Snippets:



‘Everyone should cooperate and collaborate hand by hand to send their voice and demands. We need to provide platform and good opportunity for women to showcase their abilities.’

Maha Saleh
President, Jordanian Arab Women Leaders Union



‘The most effective way to advocate for policy reform promoting gender equality is to provide clear evidence that your strategies work. Demonstrating successful action points and clear outcomes is the best approach.’

Farzana Yaqoob
CEO, MANTAQ Center for Research

Financial Inclusion – The Way Forward



From the left: YM Raja Teh Maimumah, Fachmy Achmad, Dato' Muazzam Mohamed, Dyota M. Marsudi, Upendra Poudyal

Low penetration in Islamic banking presents significant opportunity with emphasis on developing products that directly address underserved customer pain points, particularly the lack of accessible and affordable loans and deposit accounts.

Among others, strategic approaches discussed include specific financial needs of underserved society in the context of unique country landscape and infrastructure levels. Central theme on fostering greater financial inclusion and expanding reach of Islamic banking globally.

Key takeaways: Leveraging technology for financial inclusion, particularly focusing on serving underserved segments

The discussion focuses on technology advancement for financial inclusion, with leaders of Islamic banks sharing their unique innovative approaches.

Call-to-action:

- **Online Know Your Customer (KYC) and partnerships with retail chains** for financial transactions can enhance financial inclusion by making banking services accessible to a larger population at reasonable costs.
- Technology enables banks to **understand and reach customers better**, particularly focusing on the youth and gig economy.
- Emphasises real economy impact and long-term resiliency for both banks and customers, with a focus on **inclusive governance and sustainable relationships** with customers.

Snippets:



‘ In order to pursue our objective of being able to elevate the financial mobility for the underserved segment, we need to use a different sources of fund and this must be philanthropic sources. ’

Dato' Muazzam Mohamed
CEO, Bank Islam Malaysia Berhad



‘ Integrated platform of digital learning and empowerment program by stakeholders is critical to increase consumer capacity as entrepreneurs and showcase impact scorecards with measured SDGs. ’

Fachmy Achmad
Director, BTPN Syariah and President Commissioner of PT BTPN Syariah Ventura



‘ Collective goal of the Global Alliance is to promote banking system that is more transparent and supports economic, social and environmental sustainability. ’

Upendra Poudyal
Regional Representative, Asia-Pacific, Global Alliance for Banking on Values



‘ Create a rich discussion so that we can solve problems in a way that it hasn't been solved before. ’

Dyota M. Marsudi
President Director and CEO, Bank Aladin Syariah Tbk

Section V

Side Events

Diverse topics covered at pre-event and post-event of Main Forum

Active Exchange of Knowledge and Networking among Stakeholders in Islamic Finance and Economic Sector



Launching of Forest Conservation Certificate and Dialogue on "Malaysia's Forest Initiatives: Balancing Conservation and Economic Development"

Lead Agency: Malaysia Forest Fund and Ministry of Natural Resources and Environmental Sustainability

The Minister of National Resources and Environmental Sustainability, YB Nik Nazmi bin Nik Ahmad launched a non-market-based mechanism, the Forest Conservation Certificate (FCC). The FCC protocol recognize contribution from the donor in conservation and sustainable management of forest. YB Nik Nazmi also witnessed the exchange of Memorandum of Understanding between MFF and FCC funders, namely Layang Kaji Sdn Bhd and Angkatan Koperasi Malaysia Berhad (ANGKASA).



IIFM-LFSA Seminar: Risk Management and Value Creation in Islamic Finance via Sustainability, Tokenization and Hedging

Lead Agency: International Islamic Financial Market and Labuan Financial Services Authority

The panel deliberated on contemporary issues on Islamic Finance such as sustainability, tokenization and hedging. The program included sessions on ESG considerations and potential role of carbon credits, unlocking the potential of asset tokenization in Islamic Finance and briefing on IIFM hedging standards and implementation by the industry. The sessions were led by distinguished leaders from the world of Islamic Finance showcasing market trends and latest developments. More than 280 delegates attended the seminar.



IsDB-IFMC Treasurers Dialogue

Lead Agency: Islamic Development Bank and Islamic Financial Market Subcommittee Treasurers

The dialogue featured an exchange of investment insights and opportunities, showcasing the depth of Malaysia's sovereign and corporate debt securities market, its diverse and innovative sukuk structures as well as the development of Islamic derivatives and hedging markets. The discussions also highlighted investment opportunities in the IsDB's 'AAA' rated sukuk, alongside the IsDB Treasury's liquidity investments in high rated investment grade sukuk in Malaysia. Various parties expressed commitment to continue exploring mutually beneficial opportunities, towards developing depth of Islamic financial market, in Malaysia and beyond.

Active Exchange of Knowledge and Networking among Stakeholders in Islamic Finance and Economic Sector



WB-BNM Report Showcase: "Managing Flood Risks – Leveraging Finance for Business Resilience in Malaysia" (Report)

Lead Agency: World Bank and Bank Negara Malaysia

The closed-door session showcased the key findings from recently published Report, covering impact of floods to the Malaysian economy and the pivotal role of financial sector in supporting business adaptation and resilience to flood risks. Subsequently, a panel discussion held on the topic involving representatives from the government, banks, insurers and SMEs. The event was attended by about 50 delegates from financial sector, corporates and associations, NGOs/international organisations and educational institutions.



WB-MIA Roundtable on "Value-based and Sustainability Reporting to Improve Information Flows and Islamic Finance Mobilization"

Lead Agency: World Bank and Malaysian Institute of Accountants

A closed-door session discussed the intersection of Shariah audit and sustainability reporting, and the critical role they play in mobilising Islamic Finance for sustainable business practices. 25 discussants and observers from a diverse group of stakeholders from within and outside of Malaysia, including the accounting standard setters, accounting professionals, Islamic Finance service providers, Shariah scholars, regulators, contributed and exchanged their views at the roundtable.



WB-IsDB High-Level Policy Roundtable on Impact Evaluation

Lead Agency: World Bank and Islamic Development Bank

The closed-door roundtable dialogue discussed on opportunities and challenges in establishing a monitoring and evaluation (M&E) culture as well as policy framework on impact evaluation in Malaysia. The roundtable featured a panel of speakers comprising of Dr. Bambang Brodjonegoro (Former Minister of Finance of Indonesia), Dr. Ahmed Elsayed (Executive Director, J-PAL Middle East and North Africa) and Ms. Aditi Malhotra (Chief Impact Officer, Yayasan Hasanah), with Dr. Issa Faye (Director General, Islamic Development Bank) as moderator. The roundtable was attended by 50 participants from government agencies, financial regulators, financial sector practitioners and civil societies.

Active Exchange of Knowledge and Networking among Stakeholders in Islamic Finance and Economic Sector



Islamic Financial Stability Forum (IFSF) 2024

Lead Agency: Islamic Financial Services Board

The 22nd Islamic Finance Stability Forum themed "Resilience and Stability of the Islamic Financial Services Industry in an Evolving Risk Environment" was designed to address the unique challenges and opportunities faced by the Islamic financial services industry amidst rapidly changing global risk landscapes. The main objective of the forum is to offer a forward-looking perspective, providing key insights into the current trends, growth drivers and soundness of the Islamic financial services industry and its outlook amid an uncertain and increasingly complex global environment.



IFSB Knowledge Sharing Session

Lead Agency: Islamic Financial Services Board

Islamic non-bank financial institutions (NBFIs) are increasingly vital in driving financial inclusion across underserved populations globally. Their innovative Shariah-compliant financial products and ethical practices not only align with Islamic principles but also foster economic empowerment and social justice. This insightful session has delved into the strategic role of NBFIs in extending financial services to those excluded from traditional banking, emphasising their impact on sustainable development and poverty alleviation.



4th Centralised Shariah Advisory Authorities (CSAA) Working Group (WG) Meeting

Lead Agency: Bank Negara Malaysia

The closed-door 4th WG meeting, gathered officials from 11 (out of 20) Centralised Shariah Advisory Forum (CSAF) participating countries which discussed the revised CSAF model with its key Terms of Reference (ToR) and potential agenda or topics of discussion for the upcoming 6th CSAF meeting within second half of 2024.

Active Exchange of Knowledge and Networking among Stakeholders in Islamic Finance and Economic Sector



MIFC Leadership Council Breakfast Roundtable

Lead Agency: MIFC Leadership Council Secretariat & Bank Negara Malaysia

The roundtable explored recently launched MIFC Leadership Council Position Paper. This session provided a platform to discuss the scholarly review of the *Tayyib* concept, a study conducted by the ISRA Research Management Centre of INCEIF. The session was participated by an approximately 40 distinguished individuals, including high-ranking representatives from Bank Negara Malaysia, the Securities Commission, the International Financial Services Board, various industry associations, and international delegates from the United Kingdom, Pakistan, Dubai, and others.



Islamic Social Finance Masterclass: Advancing Financial Inclusion through Islamic Social Finance

Lead Agency: INCEIF University

The half-day Masterclass delved into a transformative framework aimed at promoting inclusive economic growth. Participants explored the foundational concepts, significance, and objectives of Islamic Social Finance (ISF), understanding its crucial role in addressing financial exclusion. By examining classical and modern ISF instruments, participants gained insights into their practical applications and transformative potential. Joining Prof Aishath at the Masterclass was Dr. Sutan Emir Hidayat, Director of Islamic Economy Infrastructure Ecosystem at the National Committee for Islamic Economy and Finance (KNEKS), Indonesia. The session attracted 47 participants from Malaysia and abroad.



Close-Knit Mentoring Programme for Next Generation Shariah Expert Group (NextGen)

Lead Agency: Shariah Advisory Council of Bank Negara Malaysia

A closed-door session focused on networking and training platform which connects emerging Shariah committee members with prominent global Shariah scholars to develop a sustainable pool of Shariah Advisory Council (SAC) successor candidates. It is part of the broader strategies by BNM to futureproof the SAC amidst talent scarcity in Shariah.

Active Exchange of Knowledge and Networking among Stakeholders in Islamic Finance and Economic Sector

Roundtable on Financing Sustainable Public Health

Lead Agency: International Federation of Islamic Economics and Finance Education, Ikatan Ahli Ekonomi Islam Indonesia, INCEIF University, KENMS-IIUM & International Islamic University Malaysia

The session discussed on the Health White Paper for Malaysia (HWP) which was passed by the Malaysian Parliament with the aim towards systematic and structural reforms to respond to the nation's health challenges and ensure greater equitability, sustainability and resilience of the health system. Participants from academia, industry players and policy makers explored views on innovative financing sources from public, private and not-for profit sources.

Roundtable on Future Economy: Implications for Islamic Economics and Finance Education

Lead Agency: International Federation of Islamic Economics and Finance Education, Ikatan Ahli Ekonomi Islam Indonesia, INCEIF University, KENMS-IIUM & International Islamic University Malaysia

The session examined emerging trends and disruptive technologies shaping the future of economics and finance - theories and practices. Apart from that, the roundtable also explored the implications of emerging trends on the discipline of conventional and Islamic perspectives of economics and finance. Participants deliberated on the future direction for Islamic economics and finance education along with the proposed actionable solutions to improve the education quality.

Launch of Research Paper: ESG-i Assessment Framework: Empowering Sustainable and Ethical Growth for MSMEs and Startups

Lead Agency: INCEIF University & Ficus

The session witnessed the launch of ISRA Research Paper Series on "ESG-i Assessment Framework: Empowering Sustainable and Ethical Growth for MSMEs and Startups". INCEIF in collaboration with Ficus, also introduced an ESG-i platform to support MSMEs and startups in assessing their sustainability and Shariah-compliant practices. Other areas discussed include sustainable and ethical growth for MSMEs (including startups) in Malaysia, the role of regulators and banks, and the Halal economy.

Seminar Research: "Employment Impacts of Implementing an Employers Contributory Pillar: Evidence from Chile"

Lead Agency: Asia School of Business

Profesor Marcela (Universidad de Concepción, Chile) discussed her findings regarding the impact on Chile with the implementation of the employer's contribution to employee pensions. This was followed by a lively discussion over the comparison with other countries. The session was attended by 15 academics and policy researchers.

GFIEF
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Under the patronage of the Ministry of Finance Malaysia,
GFIEF is organised by Bank Negara Malaysia in collaboration with
the Securities Commission Malaysia, Labuan Financial Services Authority, the International Islamic Liquidity Management Corporation,
the Islamic Development Bank, the Islamic Financial Services Board and the World Bank Group.

For more information including access to the event recordings, please visit https://www.bnm.gov.my/gfief2024
For more information on Malaysia's Islamic finance developments, please visit www.mifc.com

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