

The Global Forum on Islamic Finance (GFIF), 2015

COMSATS Institute of Information Technology (CIIT), Lahore Campus has been organizing a Global Forum on Islamic Finance (GFIF) since 2013 for serving the noble cause of penetrating Islamic finance in Pakistan. After two consecutive GFIFs in 2013 and 2014 a Center of Islamic Finance (CIF) was established at CIIT Lahore campus. CIF is primarily meant to undertake research and development for contributing Shariah compliant financial solutions. It further offers demand driven and customizable trainings for professionals. In addition CIF also supplements the Department of Management Sciences in degree programmes with specialization in Islamic finance.



CIF organized the 3rd GFIF on March 10 – 11, 2015 at the Pearl Continental Hotel, Lahore that was a bigger event in number of sessions and speakers. It benefited the audience through 13 parallel sessions in which 44 notable speakers contributed their work on the latest and applied issues in Islamic finance.



This platform successfully assembled regulators, Sharia experts, professionals, researchers, and academicians to deliberate Islamic Finance: A Viable Alternative. Eminent professionals represented State Bank of Pakistan, IRTI KSA, IIFM Bahrain, IFAAS UK, IBFC UK, UKIFC, ISRA Malaysia, Akhuwat, Qatar Foundation, HBFC, Maxim Corporation Finance UK, First Habib Modarba, University of New Orleans USA, International University Lebanon, KSBL Karachi, Mount Allison University Canada, Partner Taylor Wessing UK, International Business & Social Sciences Rhine – Waal University Germany, Al Barakah Multi-Purpose Cooperative Society Mauritius, FAST National University, National University of Computer and Emerging Sciences, Al – Huda, University of Peshawar, La Trobe University Australia, UMT, and University of Wah, Meezan Bank, MCB Islamic Bank, UBL Ameen, Faysal Bank and HBL Islamic, FBR, SECP, Council of Islamic Ideology Pakistan, Takaful companies, chambers of commerce, Shariah courts, media and corporate sector. An audience of 413 people representing

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various walks of life participated in the event on both days. An effective media coverage projected GFIF, CIF and CIIT in the electronic and print media.



In addition to conference sessions on the first day a Policy Roundtable Meeting (PRT) was also held that was chaired by Mr. Saeed Ahmad, Deputy Governor, Islamic Banking Division, SBP. PRT targeted bridging the gap among national and international stakeholders focusing on the role of regulators, direction for future research, and required capacity building for promoting Islamic finance.



On the second day acknowledging the significance of GFIF, Molana Muhammad Khan Shirani, Chairperson Council of Islamic Ideology (CII) and Justice (Rtd.) Khalil ur Rehman also graced the event.



All sessions in GFIF were extremely interactive and beneficial. On the last day the 1st meeting of the Advisor Board of CIF was also held.



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Subsequent to GFIF eminent guest speakers from IRTI, ISRA and IFCUK were brought to CIIT Lahore campus for extending research relation and paving the desired faculty exchange. All these three organizations consented to shake hands with CIF for joint research and faculty exchange. MOUs will be reached shortly after the guests will reach their homelands.

GFIF 2015 successfully concluded contributing consensus on its theme with recommendations for the way forward for education, Islamic banks and government as follows:

1. It was agreed that Islamic finance is indeed the broader canvas founded and finalized by Allah through His prophet Muhammad (SAAW). Its principles and procedures are well defined and universally applicable. Islamic finance is thus a viable alternative for entire mankind. It provides best guidelines for trivial sale of potatoes to the management of complex fiscal affairs of a country. It is very pleasing fact that the world is switching to Islamic finance since over half a century. Islamic banking is striving to be a pure manifestation of Islamic finance as result of Ijtihad of Shariah scholars and banking practitioners. Such commendable evolution thus calls for further research and development seeking possible optimization.



2. As **Way Forward for Education**, academicians in GFIF emphasized on improving the curricula for secondary to intermediate level of studies for spreading awareness on Islamic teachings on contracts (Muamalat). Writing relevant books and literature on Islamic banking and finance was further encouraged.



Further it was suggested that in the Juma gathering, Khateeb may be persuaded through Department of Auqaaf to inform masses about Islamic finance.

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of the hour especially for engineering Islamic benchmarks and formulas. Reliance of Islamic banks on formulas of compound interest, Kibor and speculated future values does not negate time value of money, speculation and excessive profit than market rates.

3. As **Way Forward for Islamic Banking**, practitioners, Shariah advisors, educationists and regulators recommended the following:



- a. Islamic banks should be encouraged towards **Social Development**. Feasible models of **Islamic microfinance** were recommended to be offered for poor by Islamic banks. High cost deposits and slow progression in advances by certain Islamic banks was identified as a cause of excess liquidity resulting concentration of public wealth with commercial enterprises. Contrarily Islam demands distribution of wealth enabling development of poor instead of its concentration with rich. Regulators are expected to encourage Islamic banks towards effective distribution of public money among needy ascertaining sustainable social development.

Further research in all emerging areas of Islamic finance was strongly recommended such as Islamic derivatives, capital markets, risk management, Sukuk, Riba in Sale (Bai) etc. Research for integrated product development was also recommended for replacing replicas of conventional banking products. Engaging end-user/consumer while engineering customized Islamic products was also encouraged.

- b. **Joint Research among Economists and Shariah Experts** was rendered need

- c. **Effective Role of Centers of Islamic Finance in Capacity Building and HRD** was rendered an urgent way forward. Emphasis was laid on educating top government officials, politicians, finance professionals in public and private sector and

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academicians. Alternately training Shariah experts on conventional financial system was also rendered essential. Utilization of electronic and print media for spreading awareness on Islamic banking and finance especially in Urdu/native languages was strongly recommended.



- d. Islamic financial institutions (IFIs) were encouraged to adopt **Shariah Compliant Corporate Governance**. Relevant guidelines were contributed for this purpose.



- e. **Islamic Banks should Go Global** in near future. Optimizing and customizing their products competitive with international standards and demands must be undertaken right from now. Diversified models of Islamic banking in different Muslim countries are further recommended to be studied and adopted as possible.

4. The **Way Forward for Government** was recommended to broaden its support and scope of Islamic Finance. Instead of limiting Islamic finance to commercial IFIs, government is appealed to adopt it in the entire fiscal management of Pakistan including all its functions such as monetary policy, currency generation, budgeting, wealth distribution, taxation, accountability etc. Islam certainly obliges a state following it to link fiscal management with size of its population, tangible productivity (without interest), value of all the best services, value of the best defense, maintenance of law & order and providing justice, and required aid for poor. Government of Pakistan is thus requested to broaden the implementation of Islamic finance in all its policies, SOPs, formulas, and departments.