

Communique
11th International Conference of Islamic Economics and Finance
Report and Post Conference Agenda

11th ICIEF
Rethinking Islamic Economics and Finance:
Paving the Way Forward for Inclusive and Sustainable Development

The 11th International Conference on Islamic Economics and Finance (11th ICIEF) was successfully held in Kuala Lumpur from 11th to 13th October 2016 under the auspices of the International Islamic University Malaysia (IIUM), co-organised with the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank Group, the International Association for Islamic Economics (IAIE) as well as the Ministry of Finance, Malaysia as strategic partner.

Coming on the 40th anniversary of the historical 1st Conference held in Makkah in 1976, the theme for the 11th ICIEF –*Rethinking Islamic Economics and Finance: Paving the Way Forward for Inclusive and Sustainable Development*– was set in relation to the need to re-evaluate the discipline and guide the next generation of scholars forward. The Conference provided a platform for constructive exchange of ideas on various issues in Islamic economics and finance through: two plenary sessions consisting of four keynote addresses; two panel sessions; eight parallel sessions; the 5th Symposium on Islamic Economics and Finance Education organized jointly with the International Council of Islamic Finance Educators (ICIFE).

In officiating the opening of the 11th ICIEF, the Honorable Rector of IIUM, Prof. Dato’ Seri Zaleha Kamaruddin, congratulated the series organisers who have managed to continue the series into its fifth decade. In order to ensure the legacy is kept alive, she proposed the need for a continuous effective coordination of activities among global Islamic economics and finance education providers, and that IIUM could play a pivotal role in this context.

The various sessions, some heated exchanges as well as the mix of academics, practitioners and policy makers, allowed the Conference to meet its objectives. The Keynote speakers included Professor Jomo Kwame Sundaram, Holder of Tun Hussein Onn Chair in International Studies, Institute of Strategic and International Studies (ISIS) Malaysia and Adjunct Professor of Department of Economics, IIUM, who spoke on the Issue of Globalization, Capital Flows and FDI and its Impact on Muslim and Developing Countries; Dr. Fahim Khan, International Advisory Board Member of the Dubai Center for Islamic Banking and Finance (DCIBF), Hamdan Bin Mohammed Smart University, Dubai, UAE, who spoke on the need for an Institutional Approach to Developing Islamic Economics and Finance;

Professor Dr. Abbas Mirakhor, First holder, International Centre for Education in Islamic Finance (INCEIF) Chair of Islamic Finance, who spoke on why there was an urgent need to replace the risk transfer/risk shifting system of modern finance with one that is based on the 'risk-sharing' feature, something ingrained in the Islamic economic philosophy; Tan Sri Dr. Irwan Serigar Abdullah, Secretary General of Treasury, Ministry of Finance, Malaysia, represented by the Deputy Secretary General (Policy) Dato' Siti Zauyah bt. Md Desa, who focused on how the Malaysian development planning process was based on the idea and principles of shared prosperity for all, hence trying to promote an inclusive and sustainable development path.

The scope of papers and discussions covered theory, practice and policy. Besides contributions by senior Islamic economists and scholars such as Professor Dr. Abdul Rahman Yousry, from the Qatar Faculty of Islamic Studies, Professor Dr. Mabid Ali Jarhi of INCEIF, Professor Asad Zaman from the Pakistan Institute of Development Economics just to name three, the conference noted with satisfaction the interest generated among young and upcoming Islamic economists and researchers in the various areas. The Conference received 370 manuscripts from 36 countries, out of which 110 papers were selected for presentation after passing through an internal vetting stage, a rigorous double-blind review as well as the Turnitin process, all to ensure papers were of quality original based research. Papers came under the following eight themes:

1. The Sharī'ah and Economics and Finance: *Fiqh* Issues, Sharī'ah Governance, and The Sharī'ah in Practice (13 papers).
2. History, Philosophy, Institutional Aspects and Critique of Economics, Islamic Economics and Finance: History, Philosophy and Institutional Aspects, The Way Forward (10 papers).
3. Theory, Practice and Policies of Islamic Economics and Muslim Countries: Theory of Islamic Economics, The Practice and Policies of Islamic Economics and Muslim Countries (10 papers).
4. Basic Needs, Poverty, Socially Responsible Investments and Socioeconomic Justice and Development (8 papers).
5. *Zakāh*, *Waqf* and Islamic Microfinance and Their Socioeconomic Role in Development: *Zakāh*, *Waqf*, and Islamic Microfinance (18 papers).
6. Islamic Corporate Finance and Economic Analysis of Islamic Banking and Capital Markets: Corporate Finance, Islamic Banking - General, Islamic Banking in Selected Muslim Countries, and Islamic Capital Markets (25 papers).
7. Risk Management, CSR and Regulatory Framework for Islamic Financial Institutions and Markets: Risk Management, *Takāful* and Insurance, CSR, and Regulatory Framework for Islamic Financial Institutions and Markets (19 papers).
8. Business Ethics, Management, Marketing and Accounting from Islamic Perspective (7 papers).

Islamic economic theory received good attention, though it was agreed that much more needs to be done. Developing contemporary Islamic economic theory had to not only find the relevant concept/idea-empirical mix, it also had to integrate between contemporary knowledge and the Islamic heritage/legacy. Applied areas of Islamic economics had to be based on the foundations of Islamic economics. In this context, the dire need for developing a coherent economic theory of Islamic finance was highlighted repeatedly. This is because Islamic finance must be rooted and have its foundations in Islamic economics.

Hence, Islamic finance must also be serving the economic and social objectives of the society so that it is seen to be serving the genuine needs of the *ummah*. However, one cannot think that having Islamic banking and finance institutions per se will automatically lead to inclusiveness and sustainability. It will require other policy measures that are not only pro-growth but that will ensure the attainment of equity and the socio-economic progress of all segments in society. All economic agents, including

governments, need to focus on poverty reduction and security improvement, prerequisites of comprehensive human and social development. Development must be ‘holistic’ and must also be measured using appropriate methodology to measure this progress. Policies to achieve progress must also reflect the noble values that are set out in the Shari‘ah.

The Islamic economy is a three sector economy with private, public and voluntary/not for profit sectors, all having their own roles and contribution. In the private sector, a genuine risk sharing system which is rooted in Islamic economic philosophy must be developed to replace the existing risk transfer/risk shifting system that has caused much concern and destruction in many communities. Markets, while very important for achieving growth, must be ‘well-functioning’ markets. Proper regulation (not over regulation or no regulation) are needed, hence the role of the state/government. However, one cannot rely on the state to regulate markets as well as to be providing all basic needs and social goods that are needed. Here is where the third or voluntary sector comes in. In this context, there is a very important role for the institution of *waqf* or charitable endowments to play in future development of the economy and society.

When doing all of this, it must also be kept in mind that the *ummah* cannot live in isolation. In developing Islamic economics and finance, there must be a critical interaction between knowledge received from divine wisdom and knowledge available in modern bodies of knowledge. What is required to achieve the best outcome is to be able to integrate wisdom from revelation and the genius of the intellect and human reasoning.

For further consolidation, coordination and streamlining efforts in teaching and research in Islamic economics and finance, a resolution to establish an International Federation of Islamic economics and Finance Educators or *I-FIEFE* was passed. The Global Secretariat of I-FIEFE would be based at the International Islamic University Malaysia (IIUM), with the Centre for Islamic Economics, playing a direct administrative role to this Federation together with other like-minded partners such as the International Council of Islamic Finance Educators (ICIFE). For the secretariat to become a

reality and be effective, it would require the support from all parties including the government of Malaysia, agencies such as the Islamic Research and Training Institute (IRTI) of IDB Group and founding member institutions.

Activities would need to be effectively organized to achieve the following suggested objectives of this Federation, among others:

a. developing a global data base of Islamic economics and finance education. The focus of this database would cover programmes, curriculum and ‘talent’ development among educators and is to be published as a ‘Islamic Economics and Finance Education’ report with the support of IRTI and other partners

b. with the support of IRTI and other host institutions, to hold international workshops/seminars and continuous education programmes for university lecturers to improve the standards of teaching and research in Islamic economics and finance, especially in the OIC-Member states.

c. to develop ‘best practices’ standards in curriculum and teaching to ensure highest quality education in Islamic economics and finance.

d. conducting and coordinating greater research collaboration and academic/student exchange between member institutions.

While quality theoretical research and publications must continue, another area of emphasis should be on policy research in the fields of Islamic economics and finance. While efforts at Islamic economic reforms are gaining momentum in various Muslim countries, studies on comparative development planning, as well as comparative policy formulation and implementation can provide valuable lessons for member OIC countries. This is where countries like Malaysia can be a case study from which lessons can be learnt.

In addition, the 5th International Symposium on Islamic Economics and Finance Education that was held on Day 3 of the 11th ICIEF saw discussions related to developing a common framework for curriculum in Islamic Economics and Islamic Finance at the Masters level as well as specializations at the undergraduate level. It was agreed that greater

collaboration and effort to develop quality standards and benchmarks in IEF education was very crucial since the demand for IEF education is growing rapidly globally. To facilitate greater effectiveness, country/regional/global Islamic economics and finance education report would be undertaken. This would be another important function of the proposed I-FIEFE to be established in collaboration with partners such as IRTI.

In officiating the closing of the Conference, YB Senator Dato' Dr. Asyraf Wajdi bin Hj. Datuk Dusuki, Deputy Minister in the Prime Minister's Department was very supportive of the Conference, being himself an Islamic economics and finance scholar before moving into politics. He had also participated in earlier Conferences and was very happy to be invited to see many familiar faces. He expressed full support for the proposed I-FIEFE and stated that he would be willing to take up the proposal of setting up the Secretariat at the IIUM to the highest level of the government.

The Organising Committee would like to thank all parties in organizing the 11th ICIEF, carrying on the great tradition of this 40 year old premier event. As hosts, the IIUM would like to formally extend its gratitude to co-organisers the Islamic Research and Training Institute (IRTI) of IDB Group, Jeddah and the International Association of Islamic Economics (IAIE) as well as our strategic partner, the Ministry of Finance Malaysia, for their financial and moral support.

We look forward to the 12th ICIEF that will be held in March/April 2018 in Makkah al-Mukarramah hosted by the Umm al-Qura University.

Mohamed Aslam Haneef

Professor, Department of Economics,
And Director, Centre for Islamic Economics,
IIUM, and Chairman, Organising Committee,
11th ICIEF.