

Abdul Rasheed Ghaffour: Roundtable Meeting of Centralised Shariah Advisory Authorities in Islamic Finance

Welcoming remarks by Mr Abdul Rasheed Ghaffour, Deputy Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the Roundtable Meeting of Centralised Shariah Advisory Authorities in Islamic Finance, Kuala Lumpur, 2 October 2018.

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It is an honour for me to be here today at the inaugural Roundtable Meeting of Centralised Shariah Advisory Authorities in Islamic Finance. On behalf of Bank Negara Malaysia, I would like to welcome the esteemed Shariah scholars and delegates who are gathered here this morning to share their experiences and exchange perspectives. We are at a time where our economies and financial systems are more connected. We are seeing greater cross-border trade and services, and mobility in capital. Technological advancements are shaping the way businesses operate and influencing dynamism in customer behaviours. This gathering today therefore is an important first step – towards strengthening relations and connectivity among the scholars and regulators who share common goals – that Shariah principles are embraced not only in form but more importantly in substance, – and that Islamic finance consistently delivers positive impact to the broader economy and society.

The global Islamic finance industry has seen remarkable progress over the last decade. Global Islamic banking assets have doubled over the last 10 years and Islamic financial services are now available in more than 48 countries. In fact, in a number of jurisdictions such as Bahrain, Brunei Darussalam, Maldives, Nigeria and Malaysia, Islamic finance is increasingly becoming an important component of the broader financial system. In essence, Islamic finance is impacting the lives of many – individuals and business alike. All these progress would not have been possible without the dedication of Shariah scholars such as yourselves in harnessing collective wisdom to resolve many practical and contemporary issues facing the Islamic finance industry. From enabling deposit taking to facilitating funding, investments and protection solutions – Shariah has been the underpinning thrust of Islamic financial intermediation in meeting the evolving expectations of businesses and consumers.

My remarks today will focus on three imperatives for Shariah scholars to be the beacon for financial, social and economic developments.

Engagement with wider stakeholders

First, the world we live in is not static. It is important to understand that issues confronting the global economy and our modern society are intricately linked to the issues facing the financial sector. This therefore demands for Shariah rulings to constantly be contextualised towards addressing contemporary issues facing the *ummah*. From ending poverty and hunger to promoting responsible production and consumption; providing affordable housing; better healthcare and education – Shariah deliberations on Islamic finance matters should reflect on the evolving needs of the economy and society.

Shariah scholars are constantly challenged to have a thorough and sound understanding of other fields of expertise such as economics, law, psychology and technology to formulate well-rounded and pragmatic *ijtihad*. With Shariah scholars at the forefront of multi-disciplinary knowledge, the Shariah fraternity can play a more prominent role in the global call for action for the financial sector to better respond to the contemporary challenges facing our world today. Closer engagement with wider stakeholders, be it the financial industry, regulatory authorities, central banks and the public sector, has never been more pressing than before. It is the way forward. It is the way to ensure that the Islamic finance industry continues to be able to deliver on the intended objectives of Shariah.

Transparency of Shariah rule-making

My second point relates to the importance of transparency of Shariah reasoning and credibility of Shariah rulings. This will encourage a deeper understanding of Shariah requirements and outcomes beyond a compliance mindset. Pronouncing a clear and comprehensive *hukum* is certainly not easy; Shariah deliberations would need to be anchored to a comprehensive and robust decision making approach that captures holistic considerations including legal, risk, accounting, operations and also stakeholder implications.

It is equally important that Shariah rulings are well-understood by everyone. This calls for an effective communication strategy to advocate the intended outcomes of each rulings and the underlying reasons for each decisions. Platform such as this gathering – offers all of us the opportunity to learn and exchange views from each other's experiences. Best practices in Shariah methodology and governance can be shared and deliberated to elevate the quality of rulings and stature of Shariah advisory authorities globally.

Connectivity among centralised Shariah advisory authorities

The final point is on increasing connectivity among centralised Shariah advisory authorities to promote mutual respect and knowledge-sharing. Islam has flourished with a strong foundation of knowledge, wisdom and tolerance among its scholars. Differences in ideas and open discourses to assess the veracity of knowledge – have always been practiced in many Islamic societies. While achieving consensus is ideal – full appreciation of differences in circumstances and considerations is equally important and necessary.

I have observed over the years that the implementation of Islamic finance varies from one jurisdiction to another. Rightly so, this reflects the different stages of development and diversity in local customs, market conventions and cultural norms. I believe through frequent and constructive dialogue, Shariah boards and advisory authorities will become more appreciative of the many differences in business and economic environment – that lead to different Shariah interpretations. Concerted efforts to cultivate greater understanding of the variations in *fiqh* interpretations and approaches to Islamic finance development are positive steps towards harmonisation that can deliver certainty of Shariah implementation in the global Islamic financial system.

This roundtable meeting organised today is just a starting point of a long journey. It is my hope that this meeting offers a productive networking opportunity for all of us to identify common issues; explore mutually beneficial opportunities; and implement positive changes in our financial systems. It is not too far-fetched – to envisage the generation of breakthrough thinking for future research collaboration that is solution-driven; practical; and innovative in future meetings of this forum.

Ibnu Taymiyyah once said: *“Surely among the main thrusts in a religion is the union of hearts, the unison of views and easing of disputes conducted in good way.”* I implore all of us to begin today's dialogue with an open mind and candid sharing of experiences that can benefit us all. It is through collaboration and cooperation that the intended values and impact of Islamic finance can be realised for the betterment of the *ummah*. On that note, I wish you a productive and engaging discussion.