

Abdul Rasheed Ghaffour: Welcoming remarks - Global Forum on Islamic Economics and Finance

Welcoming remarks by Mr Abdul Rasheed Ghaffour, Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the Global Forum on Islamic Economics and Finance, Kuala Lumpur, 28 May 2024.

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It is with immense pleasure and gratitude that I welcome you to the Global Forum on Islamic Economics and Finance or GFIEF. GFIEF is a continuation from the 15th International Conference on Islamic Economics and Finance, that was held in February this year. The discussions and research papers presented earlier have laid the groundwork for fostering a sustainable and humane economic framework, which we hope to advance today.

There is a myriad of opportunities and challenges facing the global economy. Global trade is expected to strengthen, inflation is moderating, and positive labour market conditions continue to support global growth. Nevertheless, downside risks remain as the threat of further escalation of geopolitical tensions persists, and higher-than-anticipated inflation outturns might contribute to further volatility in the global financial markets.

The climate crisis and environmental degradation also looms large, not only wreaking havoc in our physical world, but also threatening the lives and livelihoods of many. It is estimated that if no mitigating actions are taken, climate change could slice off up to 18% of global GDP by 2050¹. These headwinds will no doubt aggravate economic inequality – widening disparities not only across, but within, countries.

The principles of Islamic economics and finance hold the promise of driving value-based growth, beyond mere profit goals – one that is balanced, progressive, sustainable and inclusive. Aligned with the objectives of Shariah, we are called to foster shared prosperity.

Throughout the history of Islamic civilisation, we have observed that the adoption of Shariah principles as the guiding light has coincided with periods of unparalleled societal advancement, marked by diminishing poverty and robust economic prosperity.

As remarked by Ibnu Al-Qayyim, "in its entirety, Shariah is justice, mercy, benefit, and wisdom". Indeed, the fundamental values of Islamic economics and finance offer a way forward to reflect and rethink our approaches in addressing challenges facing the global economy.

As we reflect upon our duty as vicegerents (khalifah) in this world towards "Shaping a Resilient Global Islamic Economy through Values-based Reforms" – which is the theme of our forum – let's ponder on three questions:

- How can we more effectively apply the principles of Islamic economics and finance to tackle pressing global challenges facing our world today?

- Second, how can we ensure that Islamic finance remains grounded in its principles and values in an evolving financial landscape characterised by innovation and technological advancement?
- Third, what steps are needed to enhance our economic, financial and monetary system that will further embody, both in form and substance, the fundamental principles of Islamic economics and finance?

It is our hope that these questions can guide us along this journey, urging us to reflect, engage, and collaborate to seek practical solutions "via values-based reforms" towards a shared vision of a more resilient global Islamic economy.

I believe that there will be many enlightening discussions over the next two days. But allow me to share very briefly some propositions for consideration:

(a) Firstly, embodying Maqasid al-Shariah in economic and sustainable structural reforms;

(b) Secondly, advancing innovation in tijari (trade) and waqf as catalysts to reinforce an inclusive and resilient socio-economic model, where Islamic finance plays a greater role in delivering value-based solutions; and

(c) Thirdly, strengthening global integration to propel mutual economic development and shared prosperity among Islamic nations, including through increased intra-trade within the OIC.

We look forward to the efforts that will support these propositions. This includes closer engagements with multilateral institutions and investors, as well as initiatives to enhance the regulatory environment to facilitate the application of a more diverse range of Shariah contracts.

Ladies and gentlemen,

To conclude, GFIEF represents a significant collaboration, bringing together over 2,300 delegates from 75 countries. The forum is made possible through the patronage of the Ministry of Finance Malaysia, and the strong support of all our partners. Thank you to all who have made this forum a reality and success.

My deepest thanks also go out to the honourable PM for gracing our event today, our esteemed speakers and participants. As we engage in meaningful dialogues, let us harness our creativity to challenge and question the status quo, contributing ideas and solutions based on Islamic economics and finance to address economic and social challenges.

On that note, thank you.

¹ Source: [This is How Climate Change Could Impact The Global Economy | World Economic Forum \(weforum.org\)](https://www.weforum.org/articles/2019/05/21/this-is-how-climate-change-could-impact-the-global-economy/)