



## **Program & Abstract Book**

**Global Forum on Islamic Finance (GFIF)**

**March 13-14, 2018**

**Pearl Continental Hotel, Lahore - Pakistan**

**Center of Islamic Finance, COMSATS Institute of Information Technology, Lahore  
M. A. Jinnah Building Defence Road, Off Raiwind Road, Lahore - Pakistan**

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**Programme & Abstract Book**  
Global Forum on Islamic Finance (GFIF)

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3. Ms. Fakhr un Nisa	Lecturer, MS	Member/Secretary

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5. Ms. Amna Naveed	Assistant Professor, Humanities	Member

## Message by Chief Guest



I am pleased to learn about 6<sup>th</sup> Global Forum on Islamic Finance and the efforts of COMSATS Institute of Information Technology, Lahore for holding this event. Pakistan has been among the pioneer Islamic countries that endeavored to introduce and develop interest free banking at national level. Islamic banking was launched with renewed vigor in 2001 when the Government decided to promote it in a gradual manner as a parallel system in line with the best international practices.

Islamic banking in Pakistan over the last few years has recorded a commendable growth but it is still below the huge potential we have in country. At present, the Islamic finance industry of Pakistan consists of 19 Islamic banks with a network of 1200 branches spread across 80 districts, 27 Modarabacompanies, 15 mutual funds and 5 Takaful companies.

The Islamic banks should tap unbanked potential markets including agriculture and SMEs through their asset based and risk sharing products and contribute in catalyzing growth in the country. Many other scheduled banks have also opened Islamic windows that enable people to access the Shariah compliant financial products.

The Government is serious in supporting the growth of Islamic Banking in the country. The government has taken steps required for effective implementation of Islamic finance that includes formation of task force to undertake amendments in legal and regulatory framework. The issuance of sukuks by the government during the last three years, including the recent issuance of \$ 1bn international sukuk, is proof of the government's commitment to Islamic finance.

Once again I appreciate the efforts of CIIT for this noble cause. As a result of the Global forum on Islamic finance, the Center of Islamic finance was established at CIIT, Lahore. It is a visionary step and I am looking forward to productive and innovative research contributions from here.

I congratulate all the stakeholders including the Government officials, Islamic Banks, researchers, academicians, practitioners and media for making this event highly successful and memorable.

**Malik Muhammad Rafique Rajwana**  
**Governor Punjab**



## Message by Chancellor CIIT



Pakistan has been one of the pioneers in Islamic Economics and Finance. There has been growing demand of Islamic banking in Pakistan. Government of Pakistan has made sincere efforts and is still continuing in promoting Islamic Banking and Finance in the country. I am jubilant to visually perceive that conclusively there is a lot of discussion about the development and evolution of Islamic Finance in the financial sector of the country. This sub branch of Finance is a burgeoning field and has been formalized gradually since the late 60s globally.

COMSATS Institute of Information Technology (CIIT), as a dynamic academic institution with its wide outreach is playing a crucial role in reinvigorating Islamic Finance. CIIT has always come forward in taking up pertinent issues and hosting Conferences. CIIT, with its national and international strategic partners, has the potential to uplift Pakistan to the eminence in academic discourse in Islamic finance.

The Global Forum on Islamic Finance (GFIF) has comprehensively covered various developments in the Field of Islamic finance and provided the framework for way forward and future progress as well. GFIF has assembled together the regulators, professionals, practitioners, researchers and academic from around the globe at one platform. The open discussion of the noteworthy and accomplished professionals in Islamic finance and sessions with thought instigating research findings are very consequential contributions of this forum. The support of the national and international stakeholders for making 6th GFIF successful is highly commendable.

I am gratified by the commitment and dedication of the organizing team whose untiring efforts resulted in making this event a very remarkable one. I would appreciate and pass on the felicitations to CIIT for arranging this mega event instilled with pandemic spirit. I wish good fortuity to CIIT Lahore for organizing GFIF once again in 2018 and hope this forum continues and grow and positive results are reaped.

**Rana Tanveer Hussain**

**Minister for Science & Technology/Chancellor CIIT**

## Message by Executive Director CIIT



I am pleased to know about the 6<sup>th</sup> global Forum on Islamic Finance organized by COMSATS Institute of Information Technology, Lahore. Your participation in rendering, penetrating and insightful observations will make this event a historic milestone. The knowledgeable recommendation made at this forum will go a long way in developing future goals. The Islamic banking and finance has experienced substantial and unprecedented magnification in recent years. Such immense growth has brought Islamic finance to the attention of the international banking and finance community prompting the major banks to establish Islamic financial windows to capitalize on demand for Shari'ah compliant finance.

Distinct from Islamic countries, is the interest of few global financial centers around the world that now provide policy and tax incentives to promote Islamic finance industry to attract funds from high net worth clients. As a result of exhilarating developments, financiers and bankers working in the field or those who wish to enter the Islamic financial market need to be cognizant of and trained in the principles, operations, techniques and mechanisms of Islamic finance and financial products as well as the dynamic if Islamic financial and capital markets. Moving from traditional Islamic product, now the industry is offering consumer financing for residential purposes and structuring financing vehicles for supporting infrastructure and housing finance projects etc. Indeed Islamic Finance promises to be a bright future and lucrative career to young generation and even to existing finance professionals.

I congratulate Center of Islamic Finance at CIIT Lahore for organizing such an event every year.

Wish you success!

**Dr. S.M. Junaid Zaidi, H.I., S.I.**  
**Executive Director COMSATS**

## Message by Rector CIIT



It is needed my pleasure to be a part of this thought provoking forum. COMSATS Institute of Information Technology (CIIT) is serving the nation by providing quality education at undergraduate and graduate levels in various disciplines of Engineering, Sciences, Information Technology, Management Sciences and Humanities. CIIT delivers highest quality education to 40,000 students with the help of more than 1200 PhDs through eight ISO 9001:2008 certified campuses and ten research centers in Pakistan. The Times Higher Education UK and Nature Index ranked CIIT as No.1 in Pakistan. Higher Education Commission of Pakistan (HEC) has recently ranked CIIT among top five universities in the Country. In addition to sciences and business studies, CIIT is propelling towards Islamic Finance and has established Center of Islamic Finance (CIF) in 2014 for the promotion and development of Islamic Banking and Finance.

Pakistan emergence was not just the emergence of new state; it was created on the basis of Islamic ideology, for the preservation of culture and civilization and the Islamic way of life. The ideology of Pakistan took shape through an evolutionary process and historical experience provided the base. The Muslims of South Asia believe that they are a nation in modern sense of the word. The basis of their nationhood is neither territorial, racial, linguistic nor ethnic rather do they believe they are a nation because they belong to the same faith, Islam.

As we can witness Islamic finance services have been transformed from being a peripheral activity to a sizeable industry which is attracting global interest. Although currently the size of Islamic finance is small relative to global financial system, it has promising growth prospects. The large global financial players have been instrumental in fostering linkages and product innovation. Worldwide demand for Islamic Financing is also gaining momentum as Islamic Finance conforms itself to conventional finance by adopting proper regulatory and supervisory frameworks. It is the need of the hour to consolidate and merge Islamic financing to have the scale, efficiency and cost effectiveness to compare globally. Well developed and integrated Islamic money,

Capital and foreign exchange markets will not only be beneficial for borrowers and institutional investors, they can also further enhance the stability of Islamic financing institutions, providing them with improved portfolio, liquidity and risk management tools.

Therefore CIIT's commitment for promotion of Islamic Banking and Finance is a step forward in right direction. State Bank of Pakistan along with the Government of Pakistan has made notable efforts in promoting Islamic Banking and Finance. However, academia and media needs to come forward and join hands with government, and contribute their role in this noble cause, as these two pillars play a pivotal role in the progress of any nation.

CIIT undertakes the visionary initiative of arranging the Global Forum on Islamic Finance (GFIF) every year since 2013, bringing together Islamic finance experts from various industries to share their findings and collaborate and development in the field.

**Prof. Dr. Raheel Qamar (T.I)**

**Rector CIIT**

## Message by Director



As Director of the Lahore Campus I feel highly exalted to host you all at this glorious forum. COMSATS Institute of Information Technology, Lahore is serving the nation by providing quality education at under graduate and graduate levels in various disciplines. In addition to pure Management Sciences, CIIT is propelling towards Islamic Finance. Islamic Finance has to be recognized as parallel systems which will argue and be augmented by the deeper knowledge and experience of the conventional financial system. As such the key challenge in going forward to its growth and sustainability would lie in how it interfaces benefits from complementing and supplementing the conventional system. Exploiting properly the unique features of Islamic finance with appropriate adaptability, without compromising Shariah principles, will be critical to the growth and promising future of Islamic Finance industry.

CIIT has envisioned taking strategic move by promoting and searching the long sung Islamic finance. It has acknowledged far and wide, from East to West that Islamic Finance has the potential to the problems of inflation and financial problems the world is facing today. Global forum on Islamic Finance (GFIF) is an annual event of CIIT Lahore. GFIF 2013 resulted in the establishment of Center of Islamic Finance CIF at our Lahore campus that is a hub for training manpower and research and development in Islamic Finance for national and international markets.

GFIF has brought Islamic Banking and Finance experts on one platform to discuss the recent development in the field of Islamic Finance. The valuable findings shared by the experts from around the globe are highly acknowledged by the diversified audience.

I am grateful to the State Bank of Pakistan, Ministry of Science and Technology, Higher Education Commission of Pakistan, National Bank of Pakistan, United Bank Limited (UBL), Meezan Bank, Islamic Research and Training Institute and other reputed stake holders of Islamic Finance for supporting in organizing such a monumental event.

I congratulate the GFIF organizing team for their devoted efforts for successfully organizing this global event once again.

**Prof. Dr. Qaisar Abbas**  
**Director, COMSATS Institute of Information**  
**Technology, Lahore**

## Message by Head, Center of Islamic Finance, CIIT Lahore



Islamic banking and finance is close to the heart of millions of Muslims around the globe. Still there are scores of arguments for and against current structure of Islamic banking and finance. I think the reason of such controversies is lack of awareness of even educated Islamic communities. Despite the need of significant developments there is substantial progress on technical sides, both Shariah & banking operations. We all need to spread awareness about the spirit and processes of current operations among masses for their inclusion into the Islamic finance network. Our extraordinary watchfulness to Shariah principles is probably hindering our customer friendliness, new product development and may be shareholder's interest. These are key areas for future expansion and becoming an alternative to conventional banking. Focusing on Shariah compliance is of paramount importance for long-term success of Islamic banking and finance, but giving all stakeholders an attractive business model is the key for prompt growth and sustainable development of the segment.

Islamic finance has fortunate strength to fulfil global needs of today's world. Movements such as socially responsible investing (SRI), environmental, social and governance (ESG) models and Ethical Finance share several fundamental values with Islamic finance. We all at the helm of Islamic finance can also contribute to attain SDGs to transform our world by focusing on SMEs and Islamic microfinance. Today technology is the way forward and Islamic banking and finance is absolutely no exception, aiming at FinTech should remain at the top of our priorities for the success of Islamic banking and finance.

I greatly appreciate efforts of my team of Center of Islamic Finance (CIF) in organizing 6<sup>th</sup> Global Forum on Islamic Finance (GFIF) 2018 and looking forward to fruitful discussions during the Conference to set a strong agenda ahead for all stakeholders (In Sha Allah).

**Dr. Abdus Sattar Abbasi**

**Head, Center of Islamic Finance (CIF), CIIT, Lahore**

## GFIF Programme

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### Day One – March 13, 2018

#### Opening Ceremony (Crystal Hall)

<b>Hours</b>	<b>Program</b>
09:30 – 09:35	Recitation of the Holy Quran
09:35 – 09:40	Welcome Address by Director CIIT, Lahore
09:40 – 10:00	Keynote Address
10:00 – 10:15	Address by the Chief Guest
10:15 – 10:20	Islamic Finance Excellence Award (IFEA) Ceremony
10:20 – 10:25	Vote of Thanks by Rector, CIIT
10:25 – 10:30	Launch of “Textbook of Islamic Finance”
10:30 – 10:35	IoC Signing Ceremony with International Council of Islamic Finance Educators (ICIFE) Malaysia
	Souvenir Exchange
<b>10:35 – 10:50</b>	<b>Refreshments and Networking</b>

**10:50 - 11:30**

**Panel Discussion**

**Title:** Unraveling Islamic Finance Potential in CPEC

**Venue:** Crystal Hall

**Moderator:** Prof. Dr. Khalid Riaz, Dean, Faculty of Business  
Administration, CIIT

**Participants:** Mr. Saeed Ahmad, President National Bank of Pakistan  
Mr. Rizwan Ata, Group Head, Islamic Banking Bank  
Alfalah, Pakistan  
Dr. Tamsir Cham, Research Economist, IRTI-IDB  
Dr. Razaq Raj, Leeds Beckett University, UK  
Mr. Qazi Abdul Samad, RSBM, Bank of Khyber,  
Pakistan

**11:30 - 12:30**

**Policy Roundtable Meeting**

**Theme:** “Islamic Banking - Growth, Challenges and Way  
Forward”

**Venue:** Emerald Hall B

**Chaired by:** Mr. Ghulam Muhammad Abbasi, Director IBD – SBP

**11:30 – 13:00**

**Session I – A (Crystal Hall)**

**Session Chair: Prof. Dr. Ruksana Kaleem, Dean IIB, UMT,  
Pakistan**

11:30 – 11:50

Dr. Shabeer Khan  
INCEIF Malaysia  
“Determinants of Informal Business Sector in OIC and Non-  
OIC Countries: Is there any Role for Islamic Finance?”

11:50 – 12:10

Dr. Zaheer Anwer  
University of Lahore, Pakistan  
“Agency Conflicts: What do we know about Islamic Equities?”

12:10 – 12:30

Mr. Muhammad Zeeshan Farrukh  
National Bank of Pakistan  
“Islamic Banking & Finance Practices – the Requirement for  
the Next Phase”

12:30 – 12:50

Dr. Azam Ali  
Islamic Banking Department – SBP  
“Proposed Policy for the Development of Methodology for  
Maqasid al-Shari’ah based Multi Index”

12:50 – 13:00

Questions /Answers

**11:30 – 13:00**                      **Session I–B    (Emerald Hall A)**  
**Session Chair: Prof. Dr. Mian Muhammad Akram, GSC Lahore, Pakistan**

11:30 – 11:50                      Mufti Aziz ur Rehman  
Mawarid Finance Dubai –UAE  
“Importance of Arabic Fiqhi Terminologies in Islamic Economics and Banking Industry”

11:50 – 12:10                      Dr. Atiq uz Zafar  
International Islamic University, Islamabad  
“Islamic Finance and New Avenues for Investment”

12:10 – 12:30                      Dr. Kausar Abbas  
University of Lahore, Pakistan  
“Awareness and Willingness towards Islamic Banking among Muslim Women: The Case of Pakistan”

12:30 – 12:50                      Dr. Mohsin Ali  
Air University, Islamabad  
“Impact of non-intermediation activities of banks on Economic Growth and Volatility: An Evidence from OIC”

12:50 – 13:00                      Questions /Answers

**13:00 –14:00**                      **Prayer Break followed by Lunch and Networking**

**14:00 – 15:50**                      **Session II – A    (Crystal Hall)**  
**Session Chair: Dr. Dzuljastri Abdul Razak, International Islamic University Malaysia.**

14:00 – 14:20                      Mufti Najeeb Ahmed  
Summit Bank Pakistan  
“Challenges and Opportunities for Financial Inclusion of Agriculture Sector in Pakistan”

14:20 – 14:40                      Mufti Irshad Ahmed Ejaz  
Bank Islami, Pakistan Limited  
“Cryptocurrency - An Islamic Perspective”

14:40 – 15:00                      Mr. Muhammad Hussain Qureshi  
Virtual University Pakistan  
“Analysis of Islamic Financing and Related Assets: A Study of Islamic Banks of Pakistan”



- 15:00 – 15:20 Mr. Atiq ul Haq  
University of Management Technology, Lahore  
“Ba’i Tawarruq and its implications in Islamic Banking system.”
- 15:20 – 15:40 Dr. Tahir Rashid  
University of Salford, U.K  
“Islamic Customer Relationship Marketing constructs and their implications for Islamic Banks”
- 15:40 – 15:50 Questions /Answers
- 14:00 – 15:50 Session II – B**
- Title:** Workshop Halal Lifestyle
- Venue:** Emerald Hall A
- Speakers:**  
Mufti Hassan Usmani, Incharge, Halal Advisory, Center of Islamic Finance (CIF)  
Mufti Uzair Usmani, Sharia Coordinator, Meezan Bank.  
  
Mufti Ahsan Zafar, Director, SANHA Lahore.
- 15:50 – 16:05 Prayer Break Followed by Refreshments & Networking**
- 16:05 – 17:15 Session III – A (Crystal Hall)**
- Session Chair: Prof. Dr. Kabir Hassan, University of New Orleans, USA**
- 16:05– 16:25 Mufti Ehsan Waquar Ahmad  
NBP Aitemaad  
“Globalization, Islamic Banking & Economic System”
- 16:25 – 16:45 Dr. Razaq Raj,  
Leeds Beckett University, UK  
“Challenges facing Shari’ah Accounting within Western Countries”
- 16:45 – 17:05 Mufti Zubair Usmani  
HBL – Islamic Banking Group, Karachi  
"AAOIFI Standards”
- 17:05 – 17:25 Mr. Muhammad Zubair Mughal  
CEO, AlHuda CIBE  
“Sources of Funding for Islamic Microfinance Institutions”
- 17:25 – 17:35 Questions/Answers

**16:05 – 17:15**

**Session III – B (Emerald Hall A)**

**Session Chair: Dr. Muhammad Ashfaq, CEO, Amanah IIFE,  
Germany**

16:05 – 16:25

Mr. Ali Ashraf Usmani  
Meezan Bank Ltd  
“Practical Aspects of Shar’iah Auditing in Islamic Financial  
Institutions”

16:25 – 16:45

Mr. Hassan Ali  
University of Management Technology  
“Role of Possession and its Execution in Murabaha”

16:45 – 17:05

Mr. Abdul Ammar Mun'am  
“Sustainable Values-based Micro-financing for the Financial  
Inclusion of Low-income Groups of Pakistan: A Proposed  
Business Model of Islamic Microfinance”

17:05 – 17:25

Mufti Syed Mohammad Abu Baker Siraj ud Din  
Emaan Islamic Banking, Silk Bank, Islamabad  
“The Convergence of Islamic Finance and Responsible  
Finance: An Application of Maqasid e Shariah”

17:25 – 17:35

Questions/Answers

**16:05 – 17:00**

**6<sup>th</sup> Meeting of CIF Advisory Board: (Emerald Hall B)**

**Session Chair: Prof. Dr. Khalid Riaz, Dean, Faculty of Business  
Administration, CIIT**

**Participants:**

- Prof. Dr. Qaiser Abbas, Director, CIIT, Lahore
- Prof. Dr. Kabir Hassan, University of New Orleans, USA
- Mufti Najeeb Ahmed, RSBM, Summit Bank Pakistan
- Dr. Abdus Sattar Abbasi, Head CIF – CIIT, Lahore
- Dr. Imran Haider Naqvi, Senior Manager (HR), CIIT,  
Lahore.
- Ms. Zainab Naveed, Convener, GFIF, CIIT Lahore

## Day Two – March 14, 2018

<b>Hours</b>	<b>Program</b>
<b>09:00 – 10:30</b>	<b>Session I – A (Crystal Hall)</b> <b>Session Chair: Mufti Muhammad Najeeb, RSBM Summit Bank Pakistan.</b>
09:00 – 09:20	Dr. Irum Saba CIEF – IBA, Karachi “Fintech and Islamic Finance - Challenges and Opportunities”
09:20 – 09:40	Ms. Rehana Tariq Minhaj College for Women, Lahore “E-banking in Pakistan and its Impact on E-Customers Satisfaction: A Case Study of Five Full Flag Islamic Banks”
09:40 – 10:00	Mr. Ammad Khan COMSATS Institute of Information Technology, Abbottabad “Efficiency and Productivity of Islamic Banking in Pakistan: An Empirical Investigation”
10:00 – 10:20	Dr. Shafiullah Jan CIEF – IM Sciences, Peshawar “A Critical Evaluation of the Social and Economic Development Performance of Islamic Banks”
10:20 – 10:30	Questions Answers
<b>09:00 – 10:30</b>	<b>Session I –B (Emerald Hall A)</b> <b>Session Chair: Dr. Razaq Raj, Principal Lecturer, Leeds Beckett University, UK</b>
09:00 – 09:20	Mr. Khalil ur Rehman Alhuda CIBE “Concentration Risk Analysis of Commercial Banks and its Relation with GDP and GNI: Comparison of Islamic and Conventional Banks in Pakistan”
09:20 – 09:40	Mr. Mauz Ashraf Center for Halal Assurance, Pakistan “Collective Mudarabah: Islamic Liquidity Management Tool and an Alternative Product to Conventional Running Finance”
09:40 – 10:00	Mr. Mohammad Farrukh Raza, Managing Director, IFAAS, UK “Policy Framework for Islamic Financial Institutions - The Missing Cornerstone of the industry”

10:00 – 10:20	Dr. Naseem Razi International Islamic University Islamabad, Pakistan “Role of Islamic Financing in Achieving UN Sustainable Development Goals 2030: A Call for Reconciliation”
10:20 – 10:30	Questions /Answers
<b>10:30 – 10:45</b>	<b>Refreshments &amp; Networking</b>
<b>10:45 – 11:30</b>	<b>Panel Discussion</b>
	<b>Title:</b> Shariah Compliant Financial System: Reliable and Ethical Alternative
	<b>Venue:</b> Crystal Hall
	<b>Moderator:</b> Prof. Dr. Mohamad Akram Laldin, Executive Director, ISRA Malaysia.
	<b>Participants:</b> Mr. Irfan Ali Siddiqui, CEO Meezan Bank Prof. Dr. Mian Muhammad Akram, GSC, Lahore, Pakistan Mr. Sultan Choudhury, CEO Al Rayan Bank, UK Mr. Shafqat Ahmed, CEO, Al Baraka Pakistan. Mufti Najeeb Ahmed Khan, RSBM Summit Bank Pakistan Mr. Muhammad Ayub, Director Research & Training, Riphah International University, Islamabad
<b>11:30 – 13:00</b>	<b>Session II – A (Crystal Hall)</b>
	<b>Session Chair: Prof. Dr. Mohamad Akram Laldin, Executive Director, ISRA, Malaysia</b>
11:30 – 11:50	Dr. Musferah Mehfooz COMSATS Institute of Information Technology, Lahore “Practical Depiction of Ḥalāl Feed for Ḥalāl Food according to Sharīʿah Standards”
11:50– 12:10	Dr. Dzuljastri Abdul Razak International Islamic University Malaysia “Promoting a Sharing Economy in the Finance Industry”
12:10 – 12:30	Prof. Dr. Kabir Hassan The University of New Orleans, USA “Can Islamic Finance Foster Stable and Inclusive Financial Systems?”

- 12:30 – 12:50 Ms. Mahwish Tahir  
The Bank of Khyber  
“Perception Regarding Shariah Auditing Issues in Islamic Banks of Pakistan”
- 12:50 – 13:00 Questions /Answers
- 11:30 – 13:00 Session II – B (Emerald Hall A)**  
**Session Chair: Dr. Irum Saba, CIEF – IBA, Karachi**
- 11:30 – 11:50 Dr. Najeeb Zada  
Amanah IIFE Germany  
“Shares as the Subject Matter in Salam Contract”
- 11:50 – 12:10 Dr. Abdul Rashid  
International Islamic University Islamabad  
“Business Orientation, Efficiency, and Credit Quality across Business Cycle: Islamic versus Conventional Banking”
- 12:10 – 12:30 Mr. Waqar Jadoon  
COMSATS, Institute of Information Technology, Abbottabad  
“Interrelationship between Risk, Capital and Efficiency of Islamic Banks of Pakistan”
- 12:30 – 12:50 Dr. Sameen Masood  
University of the Punjab, Lahore  
“Bai Salam: Ignored in Theory and Practice”
- 12:50 – 13:00 Questions /Answers
- 13:00 – 14:00 Prayer Break Followed by Lunch & Networking**
- 14:00 – 15:50 Session III – A**
- Title:** Workshop on Islamic Microfinance: Introduction and Challenges  
**Venue:** (Emerald Hall A)  
**Speaker:** Mr. Qazi Abdul Samad, RSBM, Bank of Khyber
- 14:00 – 15:50 Session III – B (Crystal Hall)**  
**Session Chair: Dr. Atiq uz Zafar, Director General, IIUM, Islamabad**
- 14:20 – 14:40 Dr. Muhammad Ashfaq  
CEO, Amanah IIFE, Germany  
“Risk Management among Islamic Financial Institutions: A case of Liquidity Risk Management”

14:40 – 15:00	Prof. Dr. Mohamad Akram Laldin Executive Director, ISRA Malaysia “The Role of Islamic Finance in Achieving UN Sustainable Development Goal”
15:00 -15:20	Mr. Umer Suleman Islamic Finance Council, UK “Fintech: An Opportunity to Reboot Islamic Finance?”
15:20 – 15:40	Mr. Muhammad Imran Ejaz KIMS, Lahore “The Causes of Wealth and Income Inequalities: Perspectives of Economists from the Realms of Conventional and Islamic Economics”
15:40 – 15:50	Questions /Answers
<b>15:50 - 16:10</b>	<b>Prayer Break Followed by Refreshments &amp; Networking</b>
<b>16:10 – 16:50</b>	<b>Panel Discussion</b>
	<b>Title:</b> Development, Opportunities and Challenges of Islamic Finance Capital Markets
	<b>Venue:</b> Crystal Hall
	<b>Moderator:</b> Dr. Khalid Riaz, Dean, Faculty of Business Administration, CIIT.
	<b>Participants:</b> Mr. Muhammad Shoaib, CEO, AlMeezan Investment Management Limited Pakistan Mr. Shoaib Ibrahim,CEO, First Habib Mudaraba Pakistan Prof. Dr. Kabir Hassan, The University of New Orleans Mufti Ehsan Waquar Ahmad, Chairman Shariah Board NBP-Aitemaad, Karachi Dr. Dzuljastri Abdul Razak, IIU Malaysia Dr. Ruksana Kaleem, Dean IIB, UMT, Pakistan
<b>16:50- 17:00</b>	<b>Questions / Answers</b>
<b>17:00 -17:10</b>	<b>Souvenir Exchange (Crystal Hall)</b>

**Determinants of Informal Business in OIC<sup>1</sup> and Non-OIC countries:  
Is there any role for Islamic Finance?**

**Dr.Shabeer Khan**

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**Abstract**

The main objective of Islamic Finance is to promote social justice through financial inclusion and redistribution of economic resources between rich and poor. The approach of Islamic finance is more comprehensive in nature and covers both formal and informal sectors of the economy, first, through reducing the gap between both sectors, and second by using specific Islamic values to reallocate the wealth between formal and informal sectors. Applying Generalized Method of Movements (GMM) to the annual data spanning from 1995-2015 for 141 countries, this study explores the determinants of informal business sector in Organization of Islamic Cooperation (OIC) countries and then compares with Non-OIC countries. Economic freedom and institutions variables as well as economic growth and money supply are found to reduce informal business sector in both OIC and Non-OIC nations. While government expenditure enhanced it in both group of nations. Even though the OIC dummy is found to be insignificant as most of the OIC and Non-OIC countries share the same economic characteristics but still the majority Muslim population in OIC economies create main difference between both groups of nations which justify the potential role of Islamic Finance in informal business sector in OIC nations. The study suggests that institutions quality should be improved and entrepreneurs' friendly business environment must be provided. This study refines the main features of informal business sector and discuss their implications on policy designing and implementation, particularly in the context of Islamic finance fight against poverty, inequality and improving living standards of informal sector participants in OIC countries.

*Keywords:* Islamic Finance, Informal Business Sector, Generalized Method of Movements (GMM) and OIC

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<sup>1</sup> Organization of Islamic Cooperation

\* This paper is part of my PhD thesis

<sup>2</sup> Main supervisor

<sup>3</sup> Co-supervisor

# **AGENCY CONFLICTS: WHAT DO WE KNOW ABOUT ISLAMIC EQUITIES?**

**Dr. Zaheer Anwer**

University of Lahore, Pakistan

**Wajahat Azmi**

## **Abstract**

The recent evidence indicates that better corporate governance can be effectively used as a substitute for debt in reducing agency conflicts. In line with this argument, low debt firms are supposed to be well governed and should have lower agency costs. In this paper, we investigate the comparative agency costs of Islamic and Non-Islamic stocks. Islamic firms provide a natural experiment to test the claim as they undergo negative ethical screening and do not avail debt beyond a certain threshold. Moreover, the cash holdings of these firms are also low. Using proprietary dataset of Dow Jones index constituents for the period 2006-2015, we show that indeed agency cost is lower in Islamic stocks as compared to Non-Islamic stocks. However, it is contingent upon the level of idiosyncratic risk. Our results are robust to alternate proxies, various model specifications and additional controls. The findings support the substitution hypothesis as the results indicate that low debt firms might face lower agency issues. This provides an empirical support of substitution effect between debt and corporate governance in controlling agency costs. This paper opens up a new avenue for future research where the relationship can be tested on firms who are Islamic by choice and not just by chance. For instance, the paper can be extended to include Islamic firms incorporated in GCC countries where firms are registered as Islamic firms. This paper offers greater insights to policymakers and the investors about the Islamic equities. It can be inferred from the findings that the religious screens already widely employed in practice may be used to identify firms with lower agency issues and potentially better corporate governance.

## **ISLAMIC BANKING & FINANCE PRACTICES – THE REQUIREMENT FOR THE NEXT PHASE**

***Muhammad Zeeshan Farrukh***

Team Leader-Training & Development Unit, Shariah Compliance Department,  
National Bank of Pakistan

## **Abstract**

Islamic Banking and Finance (IBF) practices are running and expanding at the rapid pace and has been proved itself as a viable financial system before the conventional economic and banking system. Here, we must consider whether the prevalent practices of IBF are fulfilling the Islamic socio-economic goals and objectives. If not, what are the shortfalls and challenges in this direction and what are the prospective solutions in this respect. This paper deals to study and analyze these realities.

For the above-mentioned purpose of the paper, the conventional and Islamic socio-economic objectives of the society have been analyzed with the current practices and modes of IBF



from reliable sources. Here, it is found that the practices of IBF are not fulfilling the objectives and need for further research and development to enter into the second phase of IBF practices i.e. to make, offer and show viable and possible products and services based on partnership modes. It has been proved in this paper that only the equity and partnership modes would be leading and achieving the Islamic socio-economic objectives into the society.

## **Proposed policy for the development of methodology for Maqasid al-Shari'ah based multi index**

**Dr. Azam Ali<sup>1</sup>**

Islamic Banking Department – SBP

**Dr. Muhammad Zulhibri<sup>2</sup>**

**Dr. Salina Bint Kassim<sup>3</sup>**

### **Abstract**

To augment the contents of my previous three studies on '1. Exploring the availability of variables that help create Maqasid Al-Shariah based Socio-Economic index', 2. Exploring the availability of variables that help create Maqasid Al-Shariah based Financial Institutions index and 3. Feasibility of policy making for the development of Maqasid al-Shari'ah based socio-economic index', this study filters out final and most important measurable out of previously identified variables that can help create Al-Maqasid al-Shari'ah based multi index'. The study further elaborates that how the identified indicators may tie with one or more objectives of the Shari' ah. The study explores the data availability across various countries on Socio-Economic and financial institutions measureable and proposes effective methodology that may be found useful in the construction of multi index. The study finally evaluates suitability of a method and variables by highlighting the multi-dimension of Maqasid to see the extent and relevancy of variables to avoid overlap of the variables.

**Key Words:** Maqasid al-Shari'ah measurable, Methodology, Multi Index

**JEL Classification:** G15, G21

## **Awareness and willingness towards Islamic banking among Muslim women; the case of Pakistan.**

**Dr. Kausar Abbas**

Assistant Professor/ Head of Department  
Lahore Business School, The University of Lahore  
Pakpattan Campus

### **Abstract**

**Purpose-** Islamic banking and finance has expanded significantly during the last few decades, and is now emerging as a great stimulator for economic growth. The Government

and State Bank of Pakistan (SBP) are also fully committed to make it an integral part of an economy. Since Pakistan ranks fifth in terms of population globally, and women are almost half (48.76%) of the total population of Pakistan. Therefore, it is very essential to analyze the concept of Islamic banking among women. This study aims to explore the awareness and willingness of Muslim women towards Islamic banking.

**Design/methodology/approach-** To collect data, 400 questionnaires were distributed in Pakpattan, Sahiwal, Depalpure and Multan region of Punjab, Pakistan adopting a purposive sampling. Data were collected in duration of one month. Descriptive and Exploratory Factor Analysis were used to analyze the data.

**Findings-** The results show that majority of the respondents are willing to use Islamic banking, however the level of their understanding and knowledge is very fragile. The results further indicate that majority of respondents are interested to understand that how Islamic banking actually performs its operations and is different than conventional banking. This findings suggest that Islamic banking industry should target this important segment of the society while arranging an effective awareness programs/sessions to attract this potential and large section of society.

**Practical/research implications-** The quality of creating the awareness about the Islamic finance industry is not yet up to the par. This study may helpful for policy makers to setup certain standards and qualifications to make sure that only the right type of information is passed on to their clients, especially female using all channels possible. Islamic Finance Industry needs more enthusiastic promoters and evangelists to attract more banking patrons.

**Originality/Value-** This study explored the needs and expectations of the disconnected segment of the society, as it's a potential target market for Islamic banking that needs to be concerned.

**Keywords-** Islamic banking, awareness, willingness, Muslim women, Pakistan.

## **Impact of non-intermediation activities of banks on Economic Growth and Volatility: An Evidence from OIC**

**Mohsin Ali**

Air University, Islamabad

**Mansor H. I brahim**

INCEIF

**Eskander Mohd. Shah**

INCEIF

### **Abstract**

This paper investigates the impact of non-intermediation activities of banks on economic growth and volatility of OIC. For the purpose, we utilize LSDVC estimation approach using the sample of OIC member countries for the period of 2001–2013. We find non-intermediation income to be insignificant for both economic growth and volatility of OIC member countries in general. It seems to reduce volatility of GCC economies. Intermediation activities are found to be insignificantly related with the growth of OIC member countries,

but on the other hand, they are found to reduce volatility in OIC member countries. Our results are robust across different specifications and estimators.

**Keywords:** Non-interest / financing income (non-intermediation income); Economic Growth; Economic volatility; OIC member countries.

## **Challenges and Opportunities of Financial Inclusion Agriculture sector in Pakistan**

**Mufti Najeed Ahmad**

Summit Bank Pakistan

### **Abstract**

Pakistan is a country rich in agricultural opportunities and a major percentage of the population is related to this sector however, 85% of farmers are financially excluded. As per the latest report of the National Financial Inclusion Strategy, agriculture has a share of 21% in the overall GDP of Pakistan; 16% in exports, and employs nearly 45% of the labor force (60% of the rural population). Major crops such as wheat, rice, maize, sugarcane, potato and cotton provide employment to around 13.5 million households.

Agriculture is a vast sector comprising of farm and non farm products as well as value added products. It includes diversified crops grown in various seasons, and also encompasses inputs like fertilizer, seeds and a range of implements used for better yields. *(The entire livestock, poultry, fisheries, irrigation Techniques with numerous agriculture implements/technology to enhance productivity, speak volumes of the potential in this sector.)* Within crops, technologies like tunnel farming, use of hybrid seeds, better practices of farming is yet a vast avenue to explore.

## **Cryptocurrencies – An Islamic perspective**

**Irshad Ahmad Aijaz**

Bank Islami, Pakistan Limited

### **Abstract**

Crypto currency, virtual currency or digital currency is a modern day innovation, which has drawn more attention after exponential increase in its use. Recent fluctuations in its one type, Bitcoin, has created lot of questions about its permission in Shariah law. It is now used as currency, money deposit and instrument of investment. Multiple questions raised by many circles on its basic concept, its speculative nature, non-regulated status and possible means of fraud and illegal money payments (money laundering etc.)

From Shariah perspective following questions are of important nature:

1. Can a non-physical thing be recognized as a valuable property?
2. Can a thing of non-intrinsic value be accepted as a money?
3. What is role of government in accepting of a thing as money/medium of exchange? Is governmental recognition / backing / support a mandatory requirement for money or a

medium of exchange to be accepted in Shariah law as money/medium of exchange OR it is an administrative requirement?

4. Can speculative behavior of Cryptocurrency affect its status in Shariah law?
5. What is blockchain technology and how it affect Shariah ruling on Cryptocurrency?
6. What are the measures that can prevent possible fraud and ponzi schemes in Cryptocurrency?
7. Digital existence and its acceptability in Shariah law.

This presentation will cover these questions and discusses recent debates in Shariah circles on these question. It will also discuss inclination of significant number of scholars towards permission of this new type of currency with certain administrative measure with brief reasoning of their opinion.

## **Analysis of Islamic Financing and Related Assets: A Study of Islamic Banks of Pakistan**

**Dr. Talat Hussain**

Assistant Professor, Institute of Islamic Banking (IIB), University of Management and Technology, Lahore,  
Pakistan

**Muhammad Hussain Qureshi<sup>4</sup>**

Instructor, Department of Management Science, Virtual University Pakistan  
&

PhD (Candidate) Institute of Islamic Banking (IIB), University of Management and Technology, Lahore,  
Pakistan, (hussainqureshi@hotmail.com)

### **Abstract**

The objective of the study is to identify and analyze different modes of financing used by Islamic banks of Pakistan, and to identify and analyze their worth in relation to total financing. At present there are four Islamic banks operating in Pakistan, which are fully incompliance with the shariah rules. All four banks are chosen for analysis. The study period is from year **2010 to 2016**. Annual audited financial statements of sample banks are utilized to obtain the data. The study is based on quantitative analysis. Horizontal and vertical analysis tools are applied to determine the results. In year 2010, Murabaha and Ijarah was the most popular modes of financing among all sample banks with average 36% and 21.69% share in total financing respectively. There is on average -59.34% and -45% decline in the use of Murabaha and Ijarah financing from year 2010 to 2016. Diminishing Musharakah financing is replacing Murabaha financing. There is on average 29.42 % increase in the use of Diminishing Musharakah financing from year 2010 to 2016 among sample banks. In year 2016, 36% financing of sample banks are based on equity instruments (Diminishing Musharakah and Running Musharakah), which was only 19.37% in year 2010. The study provides evidences that equity based financings which are the essence of Islamic Banking are strengthening their roots. The study provides significant implications for regularity authorities and policy makers especially product development departments at individual bank level as well as industry level for designing and pricing Islamic financial products. There is a

need of innovativeness in developing variants of popular modes of financing in order to remain viable in the industry. This is a new study in the field of Islamic finance in terms of methodology as well as study period.

*Keywords:* Islamic Banks, Financial Instruments, Financing, Pakistan

## **Ba'i Tawarruq and its implications in Islamic Banking System**

**Atiq Ul Haq**

University of Management & Technology, Lahore, Pakistan

**Hafiz Umer Rabbani**

University of Management & Technology, Lahore, Pakistan

### **Abstract**

In recent year, the evolution of Islamic banking and finance has significantly influenced the economy world-wide, more specifically in Islamic countries. The tremendous growth of Islamic banking products has impeccably affected conventional banking system. Islamic banking products have been considered as the most promising products due to sharia compliance and their applications are increasing day by day. In addition, Islamic banking users are rapidly increasing. Tawarruq is one of the most emerging products and widely used Islamic banking system. In Tawarruq, the sale is valid considered by different scholars as better aspects. It has been reviewed by numerous sharia scholars for the validity according to sharia compliant. Tawarruq is based on commodity contract in Middle East and Malaysia, and deals with principles. It is permissible with some conditions based on literature and comparative study and strictly followed according to sharia compliant. Islamic countries are practicing some rules and regulations for validity of Tawarruq. In this research, we focus on fiqh perspective of Tawarruq and its implication issues in Islamic banking system. We perform empirical study considering the secondary data as qualitative methods. Based on the results, we perform comparative analyses considering on the views of the followers and the opponents towards the legality of Tawarruq in Islamic fiqh.

*Keywords:* Tawarruq, validity of Tawarruq in fiqh perspective, Bai Inah, legality of Bai Inah.

## **Islamic Customer Relationship Marketing constructs and their implications for Islamic Banks**

**Rashid Tahir**

University of Salford, U.K

**Abubakar Mujitaba Tangaza**

## **Sahadev Sunil**

### **Abstract**

The subject of Islamic marketing has seen considerable research in the last few years with numerous journal publications, conferences and textbooks. However, the main focus of research has been on business ethics, consumption, sales and marketing of goods. At the same time customer relationship marketing has been studied exhaustively in the mainstream marketing literature and prioritized like never before in most firms. The association of Islamic relationship marketing constructs is rarely studied and to narrow the gap, in this study we explore Islamic customer relationship marketing constructs and their implications for Islamic banks.

The study adopts exploratory qualitative research using semi-structured interviews with 25 bank managers and carries out review of related documents. The data is analyzed through applying thematic analysis using NVivo software.

The study identifies a number of relational constructs such as: Islamic greetings, dress, brotherhood/sisterhood and religiosity which can influence and assist customer-employee banking relationship because of their impact on trust formation. Based on the findings, the study makes several recommendations for Islamic banks on how to enhance relationship with customers.

Key Words: Islamic Customer Relationship, Trust, Islamic Banks, Sub-Saharan Africa

## **Globalization & Islamic Banking & Economic System**

**Mufti Ehsan Waquar Ahmad**

NBP Aitemaad

### **Abstract**

Now people have been coming near to each other and distances are being curtailed day by day. This is a part of globalization. We have been hearing the word "Globalization" and it has been leading the whole world towards one system economically, politically, religiously and culturally. The word Globalization means that there should be the domination of one economic, political, culture and religion on the world. In other words, it is all about the domination of west on the world. It is known that every nation has its own culture and values and as a Muslim we know that Islam is a complete code of life and guides its followers in all aspects of life. Any sensible Muslim can never accept the ideology that has contradiction with Islamic thoughts. If we think seriously, Globalization is the order of secular way of living that is being imposed upon the world. Yes we can adopt the suitable and lawful things and ideologies from it, if it is not contradicted with Islamic thoughts. Now if we compare the capitalism and Islamic concept of money and financial system of Islam, they differ from each other in basic concepts. Capitalism is the way of life that has never concern with religion and spirituality. Religion has nothing to do with market and economy whenever Islam is of the opinion that all resources in this world belong to Almighty Allah and people may get and use these resources as a vicegerent of Allah according to His commandments so the acquiring of wealth should not be the main mission and primary concern of a Muslim but to obey the commandments of Allah and to implement His will.

When people make it the mission of their lives this leads the world to exploitation, selfishness and greed in the society and people become self-centered.

## **Challenges Facing Shari'ah Accounting Within Western Countries**

**Dr Razaq Raj**

Leeds Beckett University, Leeds Business School

**Dr Tahir Rashid**

Salford Business School, University of Salford

### **Abstract**

The principle of finance is concerned with everything to do with obtaining money for an organisation and recording and controlling how that money is being spent. The principle of financial management is to effectively develop growth and to protect creditors and shareholders in by keeping the company in business. Finance is at the centre of every business and at the heart of management. The most important point to remember for managers, even if you have no direct responsibility for managing financial resources is to be aware of financial procedures that anybody uses in a business organisation, particularly for those items which costs money or generates cash money for the business.

In UK the preparation of financial accounts are governed by the Companies Act 1985 and 1989, particularly for limited companies. The UK is member of the European Union and companies need to comply with legal requirements which are set by the EU. The regulatory framework is based on following three main accounting laws. Company law provides the legal framework within which businesses operate in the UK. The Companies Act 1985 brought together all the previous Acts. This Act was amended on the enactment of the Companies Act 1989. The 1989 Act has repeated certain parts of the 1985 Act and inserted new sections.

In order to understand financial accounting, it is important to look at finance as a whole and to see where it fits in within the ideals of the organisation.

Islamic accounting methods develop more moral and religious influences that define how to create approachable system to support individual businesses. The Shari'ah accounting has emerged and enhanced over the last 20 years to help individual businesses to use Shari'ah compliance accounting system. Development of Shari'ah accounting concept has increased the understanding and provide clear-cut accounting terms for managers / businesses enabling them to familiarise with financial management process.

This paper critically examines the development of Shari'ah accounting within UK system. It will explore the challenges facing Shari'ah accounting within Western countries and provide discussion for Muslim managers and business owners the principles of Shari'ah developed accounting and reporting policies.

# **Funding Sources for Islamic Microfinance Institutions**

**Muhammad Zubair Mughal**

Managing Director – AlHuda CIBE FZ LLE – U.A.E  
Chief Executive Officer – Alhuda CIBE (Pvt.) Limited - Pakistan

## **Abstract**

The purpose of this study is to identify the funds sources and their use for Islamic micro finance according to current circumstances. We know that total thirty-two countries are hosting three-hundred plus Islamic microfinance institutions but source of funding is pivotal issue in the industry. There is very big potential for Islamic microfinance industry but keeping in view the innovative initiatives in product development segment. The scarcity of funds make this industry weaken which ultimately will affect the financial inclusion strategy of various industry players. Islamic microfinance along with fintech is very effective tool for financial inclusion specifically in Muslim majority territories as interest based transactions and activities are strictly forbidden in the religion Islam.

Western donors are hesitant, unluckily, to support Islamic microfinance industry. This would cause to limit the growth of the industry. Islamic Microfinance industry bears issues regarding to facilitate the communities in financial and non-financial terms. If we want to see this industry developing we have to seek other authentic sources of funding which will strengthen the industry. Most of the microfinance institutions are based on charity, donation, and NGO's etc. models. Those would not be prove as sustainable models. So microfinance operations are in need to be introduced as commercial projects to sustain and ascertain the industry growth.

## **Practical Aspects of Shar'iah Auditing in Islamic Financial Institutions**

**Ali Ashraf Usmani**

Shari'ah Audit and Advisory Meezan Bank Ltd.

## **Abstract**

Shar'iah compliance is the most important element which differentiates Islamic financial institutions (IFI's) from their conventional counterparts. Shar'iah Audit (SA) is the tool which gives assurance for its compliance. With early success in this industry, a robust in-depth research in Islamic finance, accounting and auditing would play a vital role for rapid growth in future of IF industry. In comparison with other fields, however, more research is required in the practical field of SA especially due to increase in complex Shari'ah structure of transactions. It was observed that violations of recommended guidelines of Shar'iah resulted in severe Shar'iah issues. Therefore, main purpose of this case study is to emphasize the mechanism of SA and as well as to discuss the key observations, problems and their appropriate solutions highlighted by SA in all the products mainly Murabaha and istinsa (most practiced products). It is believed that this study will be helpful for all stakeholders to devise and improve audit mechanism in IFI's

Key words: Shar'iah Audit, Mechanism, Practice, Observations, Solutions



# **Issues Of Possession In Murabaha Financing**

**Hassan Ali**

University of Management Technology

## **Abstract**

Possession is known as the key factor for an Islamic bank. Almost each and every Islamic bank's product revolves around possession. According to sharia any transaction without possession is void. That is the reason why short sale is not allowed in Islamic banks. So it is the need of time to understand sharia ruling about possession and its issues & solution in Murabaha financing.

Key words: possession, Islamic banking, law of contract

## **Sustainable values-based Micro-financing for the financial inclusion of all low-income groups of Pakistan a proposed business model of Islamic Microfinance**

**Abdul Ammar Mun'am**

Mohi-ud-Deen Islamic University Azad Jammu and Kashmir, Pakistan

## **Abstract:**

The financial industry is as old as commercial activities of humanity. In the 1970s, to address the issues related to prohibition of usury in different religions, Islamic Financial Institution as first Islamic bank began to enter the banking industry of the world. Both the conventional banking system as well as the Islamic banking system (which forbids usury) caters only for the wealthy segment of society through their financial services and banking products.

A large percentage of the total population of the world in general and the Muslim world in particular, is living below the poverty line. This ever-increasing gap between supply and demand has helped the micro finance industry to emerge as an alternative way to acquire a reasonable share of the financial services market of the world. Subsequently, when usury was rejected by the Muslim consumer market, the Islamic micro finance industry emerged as an alternative to the conventional micro finance industry.

This paper reviews the literature as well as statistical context of the conventional micro finance industry and the Islamic micro finance industry. It also analyzes some prevailing models and products of the Islamic micro finance industry in the world generally and in Pakistan specifically. Finally, this paper presents an outline of proposed business model for sustainable development and financial inclusion of all low income groups of the society.

**Key Words:** Microfinance, Religion, Islamic microfinance, Poverty, Pakistan

# **The Convergence of Islamic & Responsible Finance: an Application of Maqasid e Shariah**

**Mufti Syed Mohammad AbuBakr Siraj ud Din**

Emaan Islamic Banking, Silkbank

Islamabad, Pakistan

## **Abstract**

The objectives of Shariah or Maqasid e Shariah have become one of the most significant factors in measuring the performance level of the institutions offering Shariah-compliant products and services. Along with Maqasid e Shariah, there is also an urge in global markets to introduce responsible and impact finance based instruments and products in order to achieve the sustainable development. The origin and concept of Maqasid e Shariah and responsible finance have been provided in the beginning of the article. From among the five objectives of Shariah, Islamic financial institutions are responsible to achieve the objective of preservation and management of wealth. However, the objective of preservation of life and offspring can also be achieved by Islamic financial institutions through converging the Islamic finance with responsible and impact finance. The work of Imama Ghazali and Shatbi has been consulted in order to find the areas of responsibility of achievement of objectives of Shariah for Islamic financial institutions. For responsible finance, the report of Thomsan Reuters published in 2015 on the Emerging Convergence of SRI, ESG and Islamic Finance has been accessed. Some Muslim countries like Malaysia have taken steps and developed blue prints for creating of a value based intermediary a brief of which has also been made part of the article. The recommendations at the end of the article include further research on the areas of convergence of Islamic and responsible finance. The addition of responsible finance to the activities of Islamic financial institutions will not only meet the objectives of Shariah and sustainable development goals but also help improving the reputation of Islamic financial institutions in the eyes of masses.

**Key Words:** Maqasid e Shariah, Responsible Finance, Islamic Finance, Sustainable Development Goals

### **Fintech and Islamic Finance-Challenges and Opportunities**

**Dr. Irum Saba**  
CIEF – IBA, Karachi

#### **Abstract**

Fintech is the merger of two terms finance and technology. Islamic finance is providing financial services to the customers in accordance to the rules and regulations prescribed by Shari'ah. As Islamic finance is growing by leaps and bounds since last two decades similarly fintech is also booming since last decade. The main objective of Islamic finance is to enhance the economic growth in the society with the use of Shari'ah compliant financial solutions in the same manner fintech provides cost effective solutions for the companies and specially startups that help in the reduction of their costs and improve business processes. Financial industry is a very elusive yet very important sector in the society hence heavily regulated by the regulators. The introduction of fintech in the countries specially developing countries like Pakistan can help to boost economic growth but it also requires proper monitoring by the regulatory authorities as the chances to have cyber-attack, data leakages/theft can lead to misuse of the information. For the good results of fintech not only the users but the regulators have to be well aware with the structure and functioning of the system and the regulations should be in place proactively. This paper focus on the three main aspects namely: explaining the fintech, opportunities for Islamic financial institutions and the challenges/issues faced by the institutions in implementing fintech solutions. The paper also provides the current status of fintech application globally and the potential in it to serve the poor segment of society. The review of literature approach is used for the paper.

Key words: fintech, finance, Shari'ah

### **E-banking in Pakistan and its Impact on E-Customers Satisfaction: A Case Study of Five Full Flag Islamic Banks**

**Ms. Rehana Tariq**  
Minhaj College for Women, Lahore

#### **Abstract**

The study evaluates the customer's satisfaction with e-banking system of Islamic Banks in Pakistan. E-banking is an online system which is being used in all types of banking transactions and becoming an unavoidable instrument for banking business and economic development. The population of the study consists on the customers of five full-fledged Islamic Banks in Lahore (Meezan Bank Limited, Bank Al-Islami Pakistan Limited, Bank - Al-Baraka, Dubai Islamic Bank Pakistan and Burj Bank). The objectives of this study were to

examine the impact of e-banking on customer satisfaction. Data on e-banking system were collected by using organized questionnaire. The total 300 respondents were decided but 282 respondents finalized the questionnaire. The SPSS-20 was adopted as a statistical tool to examine the data as collected from the banks customers. The study found that there is a significant relationship between electronic banking and customer satisfaction after applying the multiple regressions. The study finds that all the variables (service quality security and privacy, easy and convenient banking, customer services, 1-link providing by Islamic banks) have a positive and highly significant relationship with the customer satisfaction. Multiple Regression analysis leads us to accept hypotheses of H<sub>1</sub>, H<sub>4</sub> and H<sub>5</sub> proposing a significant and positive relationship of service quality (p=000) customer services (P=000) and 1link (P=000) with the customer satisfaction. The hypotheses of H<sub>2</sub> and H<sub>3</sub> regarding relationship of security and privacy (P=.249), easy and convenient banking (P=.759), customer satisfaction are rejected but these have positive impact on customer satisfaction. The level of satisfaction was approximately 69%, while the other 22% customer's behavior was neutral and 9% was found dissatisfied. Keeping in view the result of data analysis, it is strongly recommended that gap between customer level should be bridged up so as to facilitate the Islamic Banking at its optimum level. The factor causing dissatisfaction in the customer behavior like should be addressed in very responsive manners. In the conclusion of this research indicates that the e-banking have the positive impact on customers of Islamic Banks in Pakistan.

Keywords: Customer Satisfaction, Electronic Banking, online products, Islamic Banks in Pakistan .

## **Efficiency and Productivity of Islamic Banks in Pakistan: An Empirical Investigation**

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**Kashif Rashid**

### **Abstract**

**Purpose** – The purpose of this paper is to examine the efficiency and productivity of the Islamic banks of Pakistan. As Islamic banks are showing impressive growth and their progress is exceptional in Islamic countries. The paper utilizes 15 banks comprising 4 Islamic and 11 conventional banks of Pakistan. The study period will be of 10 years i.e. 2007 to 2016.

**Design/methodology/approach** – Data envelopment analysis (DEA) technique is applied to compute technical efficiency, pure technical efficiency and scale efficiency. The study also tries to apply Malmquist productivity index (MPI) to identify the key source of productive efficiency of the banks.

**Findings** – The findings DEA revealed that both Islamic and conventional banks remain technically efficient during the period of study, but the sample of Islamic banks have shown

5% growth in technical efficiency whereas conventional banks did not shown any change over the last 10 years. Furthermore Malmquist Productivity growth Index of Islamic banks remain almost higher as compared to conventional banks. Malmquist TFP index indicated that technological change index was a major source of productivity decline.

**Practical implications** – There is less technological innovation in Islamic banking sector of Pakistan. Hence, bank managers should focus on educating customers about modern banking technologies and other innovative banking products and services.

**Originality/value** – This is a pioneering effort in the application of DEA and MPI to study about the Islamic banking sector in Pakistan.

Keywords: DEA, MPI, Efficiency, Productivity rate, Islamic Banks, Pakistan.

## **A Critical Evaluation of the Social and Economic Development Performance of Islamic Banks**

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### **Abstract**

The mid-twentieth century saw the emergence of a literature characterised as Islamic economics with a goal to transform the existing political, legal, social and economic institutions of Muslim societies into institutions that conforms to Islamic scriptures and traditions (Hooker, Saikal, & Institute of Southeast Asian, 2004; Kuran, 1995). Islamic economics was viewed as paradigm shift and a radical alternative to conventional neoclassical views for its concern for justice, equity, poverty and its multidimensional conception of human development. Thus Islamic banking and finance, being the operational tools of Islamic economics received considerable boost at both the theoretical and practical levels in order to finance economic activities in an Islamic framework. Since 1980 Islamic finance became internationalised reflecting the aspiration of Muslims to be authentic and true to their traditions, while at the same time remaining part of the on-going and rapid changes that are occurring around the world (Mehmet Asutay, 2007a; Hooker et al., 2004). According to Asutay (2007a), Islamic banks and Islamic financial institutions were promoted to provide the capital base through which economic development in the Muslim world can be achieved, thus providing the role of economic development with the objective of human well being and social justice according the *maqasid al-Shari'ah*.

Since the establishment of Dubai Islamic Bank in 1975, first private Islamic bank designed to achieve profit maximization on commercial basis, the Islamic banks and Islamic financial institutions (IFI) have grown at considerable pace with a presence in more than 75 Muslim and non-Muslim countries and total financial assets now estimated to exceed US\$1.8 trillion (Ernst & Young, 2016). However, regardless of all the claims by Islamic finance, Muslim countries around the globe lagging behind the west on most of the developmental indices and failed to achieve the economic development. In fact, majority of the countries facing the poverty trap are from the Muslim world, where people have no access to basic needs.

Islamic finance and banking are estimated to grow annually on average 15-20 percent, and among the fastest growing financial segments in the international financial system with number of Islamic banking institutions worldwide, including conventional banks that are offering Islamic banking services, has doubled to more than 300 (Akhtar et al., 2008).

However, according to Asutay (2007a), the close study of financing of Islamic financial institutions shows that the social dimension is only limited with their *zakah* and other charitable activities which does not imply any systematic economic development and social justice action.

The basic concern of Islam is the welfare of human, thus, the material world is but a way to Allah and not a diversion from Him. According to majority of *fuqah* (Muslim jurists), the welfare of the people and their relief from hardship are the basic objectives of *Shari'ah* (Chapra, 1985). Thus in such context, the aim and objective of Islamic Moral Economy paradigm of development is to organise the resources of earth on the basis of cooperation and participation by removing factors as inequality, monopolies, unfair distribution beside others to achieve social justice and economic development and ultimately helping human beings to achieve *falah* or felicity in this world and in the *akhirah*. In this paper, we have checked and evaluated the Islamic bank and financial institutions' social and economic performance as a real contributor to economic development against Islamic Moral Economy as a benchmark.

## **Concentration Risk Analysis of Commercial Banks and its Relation with GDP and GNI: Comparison of Islamic and Conventional Banks in Pakistan**

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<sup>2</sup> Sr. Research Officer- AlHuda Center of Islamic Banking and Economics  
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### **Abstract**

The study explores the highly sensitive area of concentration risk in terms of credit portfolio for top commercial banks operating in Pakistan's banking industry comparatively in the categories of both Conventional and Islamic banks. The relationship trends of concentration risk of bank's credit portfolio and GDP, GNI of Pakistan has also been observed in this research. The secondary data has been obtained from annual financial reports of banks, statistical bulletins issued by State Bank of Pakistan and World Bank data from the year 2009 to 2016. The HHI (Herfindhall Hiresman Index) has been utilized to execute the concentration risk analysis and it was explored that conventional banks credit portfolio have lesser concentration risk than Islamic banks credit portfolio. Moreover the positive relation of this concentration risk has been observed with GDP and GNI through descriptive analysis of secondary data especially in case of Islamic banks in Pakistan.

**Key Words:** Concentration Risk, Islamic Banking, Conventional Banking, GDP, GNI, HHI, Pakistan.

## **Collective Mudarabah: Islamic Liquidity Management Tool and an Alternative Product to Conventional Running Finance**

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### **Abstract**

The Rapid growth of Islamic Finance and the revolution of financial system is leading us to the doors of new researches. Undoubtedly, Islam has always appreciated and acknowledged new researches and developments, distinctly when it is more of a necessity rather than the luxury of the society. The main purpose of this paper is to present a new innovative Islamic product which is being introduced for the very first time in Islamic banking industry. This product can be considered as an alternative to conventional Running Finance and can play a significant role for an Islamic bank to manage its liquidity, which is one of the biggest challenges for Islamic banking industry. I have named this product as “Collective Mudarabah”. In this paper we will discuss the product, underlying sharia contracts, mechanism, working model and other necessities related to the product, such as, Risk and Sharia related issues.

*Keywords:* Mudarabah, Islamic Finance, Liquidity Management, Running Finance, Sharia Compliant.

## **Role of Islamic Financing in achieving UN Sustainable Development Goals 2030: A Call for Reconciliation**

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### **Abstract**

The issue how to make Islamic financing and investment as a global financial industry has become one of the hot issues among the Muslims to resolve. Despite the fact that, Islamic finance assets have been growing for last two decades and have reached nearly \$1.9 trillion in 2017 which were only \$100 billion in 1990, yet it still counts only around 1% of the global financial market. A matter of hope however, makes it attractive is its steady progress, about 15% per annum. This trend thus, sustainable and ensures sustainability of Islamic financing in future. The growing sector size, emerging dimensions and prospects of Islamic finance leads that Islamic finance has great potential to abridge the financial gaps and demands of modern day development. There is need just to ponder how and in what manners, Muslim intellect and economists can help Islamic financing to be robust to grab the world economy. In this context, this research aims to explore vacuum for Islamic Financing to ensure its sustainability in future. It finds out UN sustainable development goals 2030 a big vacuum for Islamic finance and investment. By evaluating UN

Sustainable Goals 2030 in the light of objectives of Shari'ah, this study argues that, UN agenda is based on 8 major goals to eradicate poverty, illiteracy, inequality in its all form by achieving economic growth, sociopolitical and environmental protection, and sustainable development, so, it is not against the objectives of Shari'ah. Through this agenda all the member states have made bound to legislate and to achieve sustainable development with their full potential. This phenomenon thus, generates an opportunity for Islamic finance to invest in achieving sustainable goals 2030 and to be a maximized financial industry like capitalists. This research argues that by financing towards UN Sustainable Goals 2030, Islamic financing would set to grow from \$2 trillion to \$3.2 trillion by 2020 (UNDP,2017). It concludes that Islamic financing has great potential and can be a global financial industry beyond religious and regional limits. It recommends that by entrenching scope of Objectives of Shari'ah and by way of reconciliation towards the sustainable development goals, Islamic financing can be robust even beyond religious and regional justification. Moreover, by utilizing and enhancing scope of non-complaint investment in the light of Objectives of Shari'ah, Islamic financing could be reconciled with the demands of modern financial sector at a global scale and could have a great impact on market capital flows. In this way, by mobilizing maximum financial resources and by way of reconciliation with economic, environmental and social priorities and by financing towards sustainable goals, Islamic financing industry could be financial driver of the world economy.

**Key Words:** Islamic Financing; UN Sustainable Development Goals 2030; Analysis; Call for Reconciliation; Conclusions and Recommendations

## **Practical Depiction of Ḥalāl Feed for Ḥalāl Food According to Sharī'ah Standards**

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### **Abstract**

Islam is a complete way of life providing perfect guidance to all its followers in all walks of life. In Islam, eating is considered to be a matter of worship of God like prayer, fasting, alms-giving and other religious activities. A Muslim eats to maintain a strong and healthy physique in order to be able to contribute his knowledge and effort for the welfare of the society. Animal's feed is one of the important aspects in *ḥalāl* supply chain. Muslims believe that feeding animal with *harām* animal by-products (something produced in a usually industrial or biological process in addition to the principal product) will lead to adulteration of the animal which makes the animal unsuitable for Muslim consumption. Because to make the meat *ḥalāl* we have to consider not only the way the animal is slaughtered but also we have to take in consideration what the animal was fed on, the food that the animal consumes does not contain any blood or meat. Present study sheds light on the importance of *ḥalāl* feed, which is strictly implemented by *sharī'ah* for a Muslim. The research also discuss the animal feed issue which are not faced only in Muslim countries but



also a serious matter of discussion for non Muslim countries, along this it is also highlighted the legal regulatory framework of animal feed in Pakistan.

Key words: *Halāl* Feed, *Halāl* Food, by-products, *sharī'ah*, Animal Feed Issues, *Jalālah*

## **Promoting a Sharing Economy in the Islamic Finance Industry: A study of selected OIC countries**

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### **Abstract**

Islamic finance has been in existence for the past centuries. Nonetheless, the realization of the real objectives of the industry is still a dream yet to be true. The goal of Islamic finance is to promote a sharing economy whereby money is not concentrated in the hands of a few individuals. This purpose of this study is to investigate the application of *mudabah* and *musharakah* concepts which facilitate a sharing economy where profit and loss is shared between the bank and customer compared to debt financing that utilizes *murabahah* concept. The methodology is based on secondary data obtained from central banks of five selected OIC countries. The results indicated that Indonesia, Sudan and Bangladesh recorded the highest amounts in terms of *mudabah* financing while Malaysia, Indonesia and Pakistan recorded the highest amounts in terms of *musharakah* financing. The results also indicated that *murabahah* financing is high in Malaysia, Bangladesh, Indonesia and Sudan. Pakistan registered the lowest amount in terms of *murabahah* financing.

## **Perception Regarding Shariah Auditing Issues in Islamic Banks of Pakistan**

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### **Abstract**

The aim of Islamic banking industry is to develop a stable and progressive system based on *shariah*-compliance ruling and a system that in accordance with the global practices. To give strength to the *shariah*-compliance rulings and practices a sound model for Islamic Financial Institutions (IFI's) is need of the hour and this goal can be achieved by adoption of standards and regulations as issued by IFSB, SBP and *Shariah* & Accounting standards issued by AAOIFI. *Shariah* audit includes auditing and assurance processes for products, transactions,

disbursements of financing, profit distribution, policy for depositors, penalty charges, accounting recognition and measurement and as well as financial reporting. The study examines the Perception regarding *Shariah* Auditing issues in Islamic Banks of Pakistan. Some of the areas under consideration are awareness of respondents regarding *shariah* audit, the appointment of *Shariah* auditor their requisite qualification and regarding the scope of *shariah* audit. The survey questionnaires were distributed among *shariah* scholars, auditing practitioners of Islamic banks and accounting academicians. As these are the practitioners who are facing the issues while performing their tasks in the field and their views are very crucial for the development of a stable *shariah*-compliance framework. The study finds that the awareness about the issues of *shariah* auditing in Pakistan is low among accounting academicians. Further, the collaboration of institutions is required to fill this gap and there is a need for harmonization of practices with global standards.

Keywords: Islamic financial institutions, Shariah audit, Perception, Issues, Pakistan.

## Shares as the Subject Matter in *Salam* Contract

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### **Abstract**

*Salam* or forward sale is a well-known contract in Islamic law and jurisprudence. This is a contract in which the price of a fungible commodity is paid in advance while the commodity is to be delivered on a future date as agreed by the contracting parties. This contract, on the one hand, provides advance financing to the seller who may need the capital in order to utilize it for the business as working capital, or for acquiring raw material etc. On the other hand, the buyer in *salam* contract usually pays less than what he may have to pay for the spot delivery of the commodity if he were to buy it in future; this results in a win-win situation for both the parties. However, there are certain unique conditions for the subject matter (*muslam fih*) of *salam* contract. These conditions are in addition to those criteria which are required for the subject matter in a general sale contract under Islamic law.

These include, inter alia, specification of the subject matter in terms of genus, type, characteristics, and amount. It is further stipulated that the commodity should be a non-*ribawi* item, be identifiable, be existent in the market place, and the place of delivery should also be specified. Based on these conditions, it is generally viewed by majority of the Muslim scholars today that shares of a Shariah compliant company cannot be the subject matter of *salam* because shares are not fungible and cannot be precisely specified. Nevertheless, the Securities Commission of Malaysia takes the opposite position whereby shares are considered as specifiable and thus eligible to become the subject matter of *salam*. The aim of our research/discussion is to analyze these two opinions in the light of the opinions of the classical Muslims jurists on the issue of specification of *salam* commodity.

We bring examples from the classical *fiqh* books in order to show that it is possible for shares to qualify the criteria of the subject matter of *salam*. Today, shares are no more an unidentifiable security used for speculation; shares are measured via minute description and specification both qualitatively and quantitatively. This has been made possible due to the

development and strict regulations of the capital markets around the world. Therefore, it is argued that contemporary Muslim scholars should reconsider their position in light of the nature of modern-day shares. We also propose some parameters that can be taken as the minimum qualification for considering shares suitable for *salam*. We also bring evidence from *fiqhi* literature whereby some items not initially eligible for *salam* were later on inserted by the jurists into this list due to the changing circumstances which led to the specification of those items with the passage of time. Other examples are included to show how the main criterion for this purpose is the precise determination and specification of the subject matter of *salam*; a criterion which is also fulfilled by shares.

**Key Words:** *Salam, muslim fihi*, shares

## **Business Orientation, Efficiency, and Credit Quality across Business Cycle: Islamic *versus* Conventional Banking**

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### **Abstract**

This paper empirically investigates the difference between Islamic and conventional bank in terms of business orientation, cost efficiency, credit quality, and stability. Furthermore, it also examines the difference in response of two types of banks during peak and trough phase of business cycle. The analysis is carried out for a sample of 280 banks in 20 countries for the period 1995-2014. The investigation reveals that Islamic banks are more involved in fee based business, and are less cost efficient, have higher credit quality and better capitalization than conventional banks. We find that Islamic banks outperformed conventional banks with regard to their credit quality and stability indicators during trough phase of business cycle. This better performance seems to be due to the differences in the provisioning strategies of the two types of banks, the non-aggressive lending profile of Islamic banks, and thirdly due to investment in real assets.

**JEL Classifications:** E32, G20, G21, Z12.

**Keywords:** Business Orientation; Efficiency; Credit Quality; Stability; Peak; Trough; Islamic Banks; Conventional Banks; Differential Impact; System GMM.

# **Bai Salam: Ignored in Theory and Practice**

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## **Abstract**

The Islamic Banking sector have experienced extensive development since its establishment in Pakistan however that does not reflect in the utilization of Bai Salam (mere share of 5% among all Islamic financing products in Pakistan). Islamic mode of agriculture finance, *Bai Salam*, is a potential credit source for farmers. State Bank of Pakistan acknowledges that more than two-third of the agriculture credit requirements are not met. This in turn have created a large vacuum which is being exploited by informal credit providers charging extremely high interest rates. The rural credit market is dominated by commercial banks which are mainly accessible to large landlords only and informal money lenders which exploit the middle and small farmer.

The foremost challenge highlighted by the supply side; Islamic Banking Industry include managing risks of the product (credit risks, market risks and operational risks). Extensive research on Islamic Banking is undertaken globally yet knowledge base regarding Bai Salam remains meagre. Extensive academic and scientific knowledge in the arena of Islamic Finance is published globally but unfortunately, Bai Salam is ignored in theory too. The risks associated with the product need to be scientifically addressed and informed to the policy and industry.

This research intends to explore the under-utilization of Bai-Salam in the face of more expensive and complicated credit provisions for farmers in Pakistan. Moreover, is also reveals through a literature survey that there lies a gap in the literature regarding financial risks associated with the product.

The proposed research will facilitate the Islamic Banking sector to address risks associated with Bai Salam. This can contribute expansion of the Islamic Banking sector through reaching out to majority of Pakistan's population by providing interest free agriculture credit and dent social issues that rise due to inadequate or expensive credit facilities.

## **Risk Management among Islamic Financial Institutions: A case of Liquidity Risk Management**

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## **Abstract**

The Islamic banking and finance industry is young but its rapidly growing footprint has gained the attention of financial leaders in all major regions of the global banking environment. Unprecedented growth and expansion of Islamic financial activities along with

cross-border business transactions has brought to light several challenges facing the Islamic financial industry such as lack of risk management tools and liquidity risk. Some Islamic instruments have derivative features therefore; it is possible to apply Islamic principles in the development of derivative contracts for the Islamic financial industry. *Bay' Salam* and *Bay' Urban* are two examples in this regard. This paper concludes that major causes of liquidity risk are: lack of *Shari'ah*-compliant money market and inter-bank instruments, shallow secondary market, absence of a lender of last resort facilities and poor infrastructure for cross-border liquidity management and poor management of liquidity instruments. Several supporting Islamic financial institutions such as the International Islamic Liquidity Management Corporation, the Islamic Financial Services Board and the Liquidity Management Center in Bahrain have geared their efforts to overcome liquidity management issues for Islamic financial institutions. In order to overcome the daunting challenge of liquidity management, two strategies may be used. First, regulators and other relevant stakeholder should work to establish a dynamic liquidity management infrastructure including both primary and secondary markets. Second, establishing a standardized global regulatory and legal framework will help foster liquidity management.

**Keywords:** Risk Management, Shari'ah-compliant Derivatives, *Tahawwut* (hedging) Master Agreement, Liquidity Risk and Islamic Financial Institutions

## **The Role of Islamic Finance in Achieving UN Sustainable Development Goal**

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Executive Director

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### **Abstract**

The United Nation Sustainable Development Goals, the global development agenda for 2015 through 2030, set the stage for global support of ambitious development goals behind which the world must rally. The 17 Goals of SDG's are continuation of Millennium Development Goals (MDGs), while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. In other words, the Sustainable Development Goals bring forward the unfinished agenda of the Millennium Development Goals and go even further (Ahmed et al. 2015). Depending on how these goals are interpreted and implemented, they are generally in line with the Maqasid al-Shariah in which Islamic finance should strive to achieve it in their products and services.

The SDGs as global agenda represents a universal framework for comprehensive development. According to UNDP (2016), For developing countries, the required investment for the Sustainable Development Goals would be approximately US\$4.5 trillion per year, with an additional requirement of US\$3.1 trillion. Because of the new development agenda, all possible resources must be mobilized if the world is to succeed in meeting the SDGs

targets (Ahmed et al. 2015). Therefore, the potential for Islamic finance to play a role in supporting the Sustainable Development Goals is vital. Ismail (2016) noted that SDG goals and values have parallels relevance and application with Islamic Finance practice.

This paper aims at exploring the potential for Islamic finance to play a role in supporting the Sustainable Development Goals (SDGs). Three dimensions are taken into consideration, namely the role of Islamic finance in achieving SDGs, examples of case studies on Islamic finance and SDGs, and moving forward unleashing the potential of Islamic finance.

## **Fintech: An opportunity to reboot Islamic Finance?**

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### **Abstract**

This paper assesses the potential impact of FinTech on the finance industry, focusing on Islamic finance principles and how it's an enabler. It explores first that confidence is still low in traditional financial services, which explains the emergence of disruption. It then posits that the current regulatory approach is subject to significant political economy, and therefore unlikely to deliver much structural change. FinTech, on the other hand, can bring deep changes but is likely to create significant regulatory challenges. It also does a case study of the UK's first regulated and shariah compliant fintech company.

## **The Causes Of Wealth And Income Inequalities: Perspectives Of Economists From The Realms Of Conventional And Islamic Economics**

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### **Abstract**

The din is tremendous. Inequality in income and wealth is a tremendous problem within the Capitalist System. Piketty has succeeded in bringing the issue into the limelight with his book published in 2013. The Muslim economists had been saying for so long that it is the inherent defect of the Capitalist System that it creates inequalities in income and wealth. Income inequalities are now recognized by the Western Economists but the reasons given for their materialization differ very much from the explanations put forward by Islamic Finance. Piketty has written a book of over four hundred pages (and eventually blamed inheritance) and other Western Economists have put forward different causes of the problem. But the Central cause put forward by Islamic Finance and Economics is only whispered in the whole din or it is mentioned only as a part and minor component of the causes. That Central cause is the rate of Interest. Only recently have some Western movements such as Positive Money highlighted Interest as the culprit but this is a whisper compared to the loud voices of prominent economists such as Piketty and Stiglitz who are looking in another direction. This

theoretical and analytical paper examines the views of different economists from both the World of Conventional and Islamic Finance concerning the issue at hand. The paper shows that Conventional Economists largely fail to admit that Interest is the fundamental causative factor in generating income and wealth inequalities: something Muslim Economists have been saying for more than a thousand years.