

Welcome Speech of H.E. Prof. Savaş Alpay, Director General of SESRIC

At the Opening Ceremony of

The 9th International Conference on Islamic Economics and Finance

“Growth, Equity and Stability: An Islamic Perspective”

WoW Convention Centre - Istanbul, Republic of Turkey 9-10 September 2013

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

وَالصَّلَاةَ وَالسَّلَامَ عَلَى أَشْرَفِ الْمُرْسَلِينَ سَيِّدِنَا مُحَمَّدٍ وَعَلَى آلِهِ وَصَحْبِهِ أَجْمَعِينَ

Distinguished Participants,

Honourable Guests,

Sisters and Brothers,

Assalamu Alaykum we Rahmatullahi we Barakatuhu

It is a great pleasure for me to address this august gathering and distinguished audience on the occasion of the opening ceremony of the 9th International Conference on Islamic Economics and Finance. We have the honour, at SESRIC, to host this prestigious Conference here in this beautiful and historical city of Istanbul. We also have the honour to organize it together with the Islamic Development Bank (IDB) Group through its Islamic Research and Training Institute (IRTI), the Qatar Foundation’s Hamad Bin Khalifa University through its Qatar Faculty of Islamic Studies (QFIS) and the International Association for Islamic Economics (IAIE).

I would like to welcome you all to Istanbul and thank you for designating these two days from your valuable time to attend, participate and contribute to this important Conference. I would like also to extend my deep thanks and appreciations to our co-organizers (IRTI, QFIS, and IAIE) for their continuous support and efforts they made to ensure the success of the

Conference. Also I would like to thank and congratulate all the authors of the papers that have been accepted to be presented at the Conference, particularly the young researchers who are still in their post-graduate programmes. My thanks and appreciations are also extended to the members of the Academic Committee for their generous efforts and time they spent in evaluating the submissions.

Distinguished Participants,
Sisters and Brothers,

As you know, the series of this Conference, the first of which started in 1976, is among the most prestigious academic events in Islamic Economics and Finance discipline. Over the last three decades, the series of this Conference has made a significant contribution to conceptualizing the theory and practice of contemporary Islamic economics and finance through research and intellectual dialogue. It marked the renaissance of Islamic economics and finance as a modern scientific discipline, and showed that this discipline has the potential of emerging as a new paradigm.

As a platform for dialogue and discussions between academics, researchers, graduate students, policy-makers, and practitioners, the Conference contributes significantly to the process of mobilizing quality policy-oriented and basic research in the field of Islamic economics, banking and finance, with a focus on issues related to growth, equity, and stability. It addresses the problems of poverty alleviation, inclusive economic growth, and macroeconomic stability from the perspective of the Islamic economics and finance discipline. By doing so, the Conference plays a significant role in enriching the literature and the agenda for contemporary research in Islamic economics and finance and thus promotes the official global recognition of Islamic economics and finance as a modern scientific discipline.

In this context, it is worth noting that today; the role of this Conference should gain more importance than ever before, where, as you know, there is currently a growing global demand for a new economic and financial system, particularly in the aftermath of latest global financial crisis. As you may recall, there was almost international consensus, during the early phase of the crisis, on the need to work out measures for restructuring the international financial architecture. Many voices have even called for rethinking of other alternative financial systems. A financial system based on Islamic principles was among these alternatives, and it was widely argued that such a system could avoid the fundamental problems and shortcomings of the conventional financial system that led the world into crisis.

However, so far, no strong action has been taken towards reforming the global financial system. It is still widely argued that the latest reforms which have been made in the aftermath of the crisis (mostly financial regulations in the banking sector) did not go far enough and that there is still an increasing risk of another global financial crisis. It seems that these reforms alone are unlikely to eliminate all of the shortcomings, faults and weakness in the international financial system; a situation which intensifies the debate on the origins of the crisis and re-emphasises the need for more changes and reforms in the international financial architecture. Without any doubt, leaving the system as is, will lead to repetition of the crisis in the future, and it seems that we would be talking more about “sustainable crisis” instead of sustainable development.

Distinguished Participants,
Sisters and Brothers,

In fact, despite its relatively long history, the only manifestation of Islamic economics since its emergence as an alternative to mainstream neo-classical economic theory was the development of the Islamic banking and finance industry. The contemporary practice of Islamic banking and finance is now over 30 years old. Islamic Finance has rapidly

transformed in the last decade to become internationally recognised and accepted as a competitive and robust form of financial intermediation by all communities. The global Islamic finance industry continues to experience double digit growth of 17%, with global Islamic banking assets in commercial banks are now estimated at USD1.8 trillion (in 2013 compared to \$1.3 trillion in 2011).

Yet, the expansion of Islamic finance industry to serve different and wide ranging global communities and its integration into the global financial system, are still to be tested by the risks and developments in the international financial system. The Islamic financial services industry is also entering into a fundamentally different environment that will be significantly influenced by the international regulatory reform that is being undertaken in the post crisis era. In order to enhance its capacity to address the increased risks and vulnerabilities in the newly evolving international financial environment, Islamic financial services industry should continue thriving to achieve higher levels of growth and greater integration into the international financial system.

On the other hand, in practice, there are still serious concerns on the conversion of Islamic financial system into the conventional one. In this regard, serious efforts should be made to ensure the realization of the institutional and policy aspirations of the original Islamic economic thinking. In particular, to ensure that the basic fundamentals of Islamic economics and finance support the process of mobilisation and allocation of funds to generate productive real economic activity based on the profit-loss sharing principle.

All in all, there is an urgent need to review and evaluate what has been done so far over the last four decades since the 1st International Conference on Islamic Economics, which was held in Makkah al-Mukarramah in 1976. In particular, a critical evaluation is needed on what went wrong, especially in the emerging field of Islamic banking and finance, as an alternative paradigm to the conventional economic and financial system.

In fact, the recent developments in the world economy, particularly in the aftermath of the global financial crisis, marked and highlighted the potential of Islamic economics and finance as a new emerging paradigm and modern scientific discipline. In this context, the series of the ICIEF is expected to draw attention to areas where more efforts should be made in the spirit for setting an agenda for future action. In so doing, the Conference should be considered as a distinct opportunity for all of us as researchers, practitioners and policymakers in the field of Islamic economics and finance to deliberate, among many other important issues, on how we can develop a framework for facilitating the Islamic financial system to take its deserved place in the global financial arena. It is a responsibility that we cannot escape.

Distinguished Participants,
Sisters and Brothers,

As is clear in the programme of the Conference, more than 130 papers will be presented and discussed during these two days under the main theme of the Conference “Growth, Equity and Stability: An Islamic Perspective”. Extensive deliberations and discussions will be conducted on various important issues related to this theme. I believe that your participation and contribution are crucial and that the outcome of the Conference will be instrumental in enriching the literature and practice of the Islamic economics and finance.

I wish you all a great success in your Conference and pray God the Almighty to help all of us and guide our steps to achieve the prosperity and welfare of the Islamic Ummah.

Wassalamu Alaykum we Rahmatullahi we Barakatuhu