

MoA Signing between INCEIF and Ecole des Hautes Etudes en Assurance (EHEA, The School of Higher Insurance Studies) of Algeria

Assistant Governor Adnan Zaylani Mohamad Zahid, Bank Negara Malaysia
26 November 2020, 4.30pm-5.30pm, ZOOM Webinar

Bismillahirrahmanirrahim.

President of Union of Insurance and Reinsurance Mr Youcef Benmicia;

President of EHEA Mr Seba Hadj Mohamed;

President & CEO of INCEIF, Prof Dr Azmi Omar;

Members of EHEA;

Distinguished Guests.

Assalamualaikum and good day

1. By the grace of Allah SWT, it is my pleasure to join today's event organised by The School of Higher Insurance Studies or EHEA and INCEIF.

2. Today, we meet as the world comes to terms with the realities of a prolonged health crisis. With the COVID-19 pandemic still raging, we see a potential reversal of decades' worth of progress in poverty reduction. A World Bank report¹ estimated that 71 million people could be pushed back into extreme poverty – the first rise in global poverty since 1998. The crisis has highlighted stark inequities and inequalities in the global economic system. This has led to a growing number of policymakers, researchers and global personalities to suggest the need of a global reset, to reconstruct the world's economy and financial systems to be more balanced, sustainable and inclusive.

3. The Islamic economy and Islamic finance already have much to offer here. The moral and ethical values already provide the foundations of a system that considers, beyond profits, issues of public interest, transparency, good governance, inclusion and sustainability. The *maqasid* Shariah offers a holistic perspective of what our objectives are in constructing our economic system and operating within it. In Malaysia, we have

¹ June 2020 Global Economic Prospects.

further translated these into the Value-Based Intermediation (VBI) initiative, launched in 2017. Through the VBI initiative, Islamic financial institutions have also been spearheading the sustainability agenda. VBI encapsulates the industry's vision to be more impact driven, reinforcing the overarching intent of Shariah to promote good and prevent harm on the people and planet, which closely aligns with the global shift towards sustainable finance and ESG. We are seeing positive developments on this front such as the offering of specialised financing schemes for green vehicles, women entrepreneurship and construction of affordable homes on *waqf* lands. The infusion of social finance instruments such as *zakat*, *waqf* and *sadaqah* in Islamic financial products has also enabled the extension of funding, investment and financial protection to lower income groups as well as projects relating to health and education to build social resilience. This enables circulation of wealth towards building social resilience in the community. The takaful sector is also moving towards integrating VBI elements, with the establishment of the VBI Takaful Task Force to look into establishing a strategic roadmap on VBI implementation by the takaful industry. The roadmap is intended to catalyse innovation in takaful solutions, with focus on community wellbeing and social resilience, sustainable environment entrepreneurship facilitation and economic growth, whilst contributing towards better values for all stakeholders.

4. It is our hope that by aligning corporate values with VBI's underpinning thrusts such as community empowerment, financial resilience, self-governance and best conduct, the Islamic banking and takaful industry will grow further in a sustainable, inclusive and highly impactful manner. It would also be more of a match for the conventional system. From our own experience, it is certainly challenging to develop a well-functioning Islamic finance system when you have a dominant conventional finance. The value proposition must be compelling to the community as a whole. One prerequisite for good progress is to have talent with specialised skill set and the right education programme to produce qualified human capital for the Islamic finance industry. Without strong support from the education sector, the Islamic finance industry will not go far and will remain on the periphery.

5. Malaysia now has a comprehensive Islamic finance eco-system comprising the legislative and regulatory frameworks, a diversified financial system infrastructure with mature players, institutional arrangements and complemented or strengthened with specialised educational facilities. This has enabled Islamic finance to thrive in a well-functioning and vibrant dual financial system where Islamic financial institutions complement and compete effectively with their conventional counterparts and become key enablers of the country's economic development. In fact, Islamic financial institutions have become the front runners in some areas such as sustainability and inclusion. A dual financial system thus is a feasible model especially for any country that has multi-ethnicities and multi-religions, and as a means to ensure that the formal financial system is inclusive and accessible to all segments of the society.

6. With the experience in developing the Islamic finance in Malaysia that we have gathered, we are honoured to be able to share this knowledge, and through INCEIF, this can be shared with global professionals, practitioners and students to the benefit of all. Over and above that, we hope that the greater exchange in knowledge and scholarship will bring new inroads into elevating Islamic finance further. Strengthening the discourse and exchange across different schools of thought, cultures and conventions could further enrich and strengthen the theoretical and juristic foundations for improving on existing practice and making new discoveries. Equally important is to have our narrative and viewpoints put across in the global intellectual discourse on key policy issues making for a better balanced perspective to prevail. This is certainly something that we can strive through such institution of higher learning and research.

7. Allow me now to give a brief overview of INCEIF. Bank Negara Malaysia established INCEIF in 2005. One of the key gaps we identified in building and developing our Islamic finance eco-system was the absence of institutions of higher learning that offered highly specialised courses or programmes in the subject matter. We also envisioned that over time, in particular if we were on track to grow the Islamic finance sector, there would be increasing demands for talent. All the more as it gains greater acceptance and becomes more integrated into the international financial system. Formal and structured programmes can be very effective to nurture aspiring

professionals to be at the forefront in steering the development and future of Islamic finance. This is and has been the purpose of INCEIF since it was formed – to produce high calibre talent pipeline for Malaysia and the global Islamic finance industry.

8. Today, we can be proud of INCEIF. Within a span of 15 years, INCEIF has achieved a status as a global university specialising in post graduate Islamic finance education. It has enrolled about 5,254 students from over 80 nationalities including a few from Algeria, producing 2,907 Chartered Islamic Finance Professionals, and close to 2,000 Master's degree holders. INCEIF also has produced 390 PhDs in Islamic finance. In addition to all this, INCEIF also conducts customised executive training programmes geared towards working professionals to acquire knowledge in greater depth on the theory and practical aspects of Shariah. To cap these achievements and as an important recognition of what INCEIF has to offer, since 2019, INCEIF has been inducted into the top 5 per cent of business programmes in the world with the Association to Advance Collegiate Schools of Business or AACSB accreditation.

9. Today's MoA will pave the way for the launch of INCEIF's Executive Masters in Islamic Finance or eMIF in the French language for the Algerian insurance industry players next year. This development allows INCEIF to share its thoughts and expertise with a wider global audience. Through this, Islamic finance can now be actively promoted in French speaking countries in a language familiar to the population. In undertaking this new collaboration, INCEIF certainly carries Malaysia's aspiration to share our Islamic finance experience and contribute to the development of global talent.

10. On that note, let me congratulate both EHEA and INCEIF on today's conclusion of the MoA. We are excited to be part of Algeria's capacity building as the country develops its Islamic finance industry.

Thank you, Wassalam.