

## **Sixth Islamic Financial Services Board Summit: Stakeholders state commitment to industry's continued soundness and stability**

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Singapore, 7th May 2009 - The Sixth Annual Summit of the Islamic Financial Services Board (IFSB) begins today in Singapore with leading figures in the Islamic financial services industry pointing out the unique features of Islamic finance which may contribute to resilience and depth in the global financial system. They also stated their firm commitment to its continued soundness and stability taking account of the possible changes in the global financial architecture.

The Summit, held under the patronage of Singapore's Senior Minister, Goh Chok Tong and themed "The Future of Islamic Financial Services", is hosted by the Monetary Authority of Singapore (MAS) and attended by more than 250 Islamic financial services industry stakeholders from across the globe.

In the keynote session, H.E. Dr. Muhammad Sulaiman Al-Jasser, Governor of the Saudi Arabian Monetary Agency and Chairman of the Council of the IFSB, observed that Islamic finance is now moving to a new stage whereby, rather than being driven by individuals' decisions based on faith, it is now competing on its own merits in terms of efficient products and services in the global marketplace. Its emphasis on sharing of risks between contracting parties has an enduring appeal, especially in the aftermath of a global financial crisis. However, he cautioned that the recent crisis has shown, among others, the failure of self-regulation. This implies that the Islamic financial services industry needs to meet the global standards and best practices for risk management, capital adequacy, corporate governance and transparency.

In a second keynote speech, H.E. Dr. Ahmed Mohamed Ali Al-Madani, President of the Islamic Development Bank, noted that despite the relatively small resources managed by institutions offering Islamic financial services, the direct linkage of financial resources and real productive activities can help economies face the rising challenges, thereby alleviating poverty and mobilising institutions such as Zakah and Awqaf in providing social safety-nets especially to the more vulnerable segments of the society. He appealed to those concerned to provide an opportunity for Islamic finance to play an active role in building a better global financial system.

H.E. Mr. Heng Swee Keat, Governor of the MAS, in his welcoming remarks, stated that despite the challenging times, the Summit provides a timely opportunity for the industry's stakeholders to reflect on the shortcomings in the existing economic and financial models, as well as in supervisory approaches. The MAS has been committed to developing a regulatory approach that is clear, relevant and consistent, across the range of Islamic financial activities. It has issued directives on how its banking regulations apply to Islamic banking, ensured equal tax, regulatory, and liquidity treatment of Sukuk with Singapore Government Securities. In addition, the MAS will be developing human capital by sponsoring students for a number of eligible Islamic Finance Masters programmes.

Professor Rifaat Ahmed Abdel Karim, Secretary-General of the IFSB, highlighted that the IFSB has directed its work towards developing the critical building blocks of the Islamic financial architecture, particularly in financial regulation and supervision. However, as the global financial architecture undergoes structural reforms in response to the crisis, there may be a need to review the Islamic financial services industry architecture in the light of these developments.

The Summit ends tomorrow.

The Islamic Financial Services Board (IFSB), which is based in Kuala Lumpur, was officially inaugurated on 3rd November 2002 and started operations on 10th March 2003. It serves as an international standard-setting body of regulatory and supervisory agencies that have vested interest in ensuring the soundness and stability of the Islamic financial services industry, which is defined broadly to include banking, capital market and insurance. In advancing this mission, the IFSB promotes the development of a prudent and transparent Islamic financial services industry through introducing new, or adapting existing international standards consistent with Shari'ah principles, and recommend them for adoption. To this end, the work of the IFSB complements that of the Basel Committee on Banking Supervision, International Organisation of Securities Commissions and the International Association of Insurance Supervisors.

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