

Message by
Prof. Ahsan Iqbal, Federal Minister for Planning, Development and
Reform
On the occasion of
4th International Conference on Islamic Business (ICIB)
Organized by
Riphah International University, Islamabad,
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Bismillah-al-Rahman-al-Rahim,

It gives me great pleasure to extend my sincere congratulation on the auspicious and momentous occasion of the 4th International Conference on Islamic Business organized by Riphah International University in collaboration with Planning Commission, Madinah Institute of Leadership and Entrepreneurship, Islamic Shariah Research Academy (ISRA) of Bank Negara Malaysia, The Higher education commission of Pakistan and others.

In all sincerity I accepted to be the Patron of the Conference and was hopeful to attend the inaugural session. But due to a change in my schedule I have to be out of country. I am sorry to miss this important conference. However, I welcome our gussets and research paper presenters from within the country and overseas.

The theme of the conference addresses the socio-economic development of *Ummah* in terms of Economic growth, Finance, Entrepreneurial Development and Public Policy. It has great relevance in the present scenario of the Muslim world.

I must appreciate the leadership role played by Riphah International University, as a pioneer academic institution in taking up a number of initiatives on the subject and in becoming a Centre of Excellence for Islamic Business and management sciences in the country.

I find the University's vision and mission fully in accord with the vision of the Quaid, who in his inaugural address of the State Bank of Pakistan asked this vital State organ to come up with an authentic Islamic economic solution as a substitute to the cancer of capitalism. It is important to remind ourselves of his very pertinent views which are as relevant today as they were seventy years ago on July 1, 1948:

“I shall watch with keenness the work your Research organization, in evolving banking practices compatible with the Islamic ideals of social and economic life. The economic system of the West has created almost insolvable problems for humanity and to many of us it appears that only a miracle can save it from disaster that is now facing the world ... The adoption of western economic theory and practice will not help us in achieving our goal of creating a happy and contented people. We must work our destiny in our own way and prove to the world an economic system based on true Islamic concept of equality of mankind and social justice. We will thereby be fulfilling our mission as Muslims and giving to humanity the message of peace which alone can save it, and secure the welfare, happiness and prosperity of mankind”.

Islamic banking and its allied industry and businesses have flourished by manifold in the last decade in the country in pursuance of Govt of Pakistan's Policy for promotion of Islamic banking and finance. Banks and financial institutions were facilitated to do business in line with Islamic principles and the international practice as in the most of the Muslim countries Islamic commercial banks are operating parallel to the conventional banks. The growth of Islamic banking and financial system in the country has been around 30% in the last few years, which is above the average global growth rate of Islamic banking and finance. It is a matter of immense pleasure that Pakistan, in the ranking of 50 countries world-wide, comes after eight countries, namely Iran, Malaysia, Saudi Arabia, Bahrain, Kuwait, United Arab Emirates (UAE), Indonesia and Sudan in developing, promoting and advocating Islamic banking and finance. We must not forget that the first comprehensive scheme of banking and financial system was prepared in Pakistan by the Panel of Economists and Bankers, subsequently approved by the Council of Islamic Ideology Pakistan in the form of its well-known

Report on elimination of riba from the economy given in 1980. Efforts to establish first Islamic bank in any Muslim country in early years by a Pakistani Banker Mr. Irshad are also remarkable. The country is now associated with the leading International Islamic Financial Institutions like the Islamic Development Bank, Jeddah and its research arm IRTI, the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) Islamic Financial Services Board (IFSB), and the International Islamic Financial Market (IIFM) and thus playing an active role in developing prudential and Shariah standards and Shariah-compliance framework for Islamic business and banking industry.

With regard to the fiscal strategy of the country there is a need to formulate a comprehensive and integrated financial system addressing the Riba (usury, interest) and risk-related to *Shariah* compliance and *Shariah* rules for business growth. 1973 unanimous Constitution of the Islamic Republic of Pakistan, inter alia, directs to eliminate '*Riba*' as soon as possible. No doubt, all the succeeding governments in the country made their efforts to get rid of interest-based financial system, but for one reason or the other, the interest-based system is still in vogue. The present Muslim League leadership has also taken some concrete steps to accelerate the Islamisation process. I am happy to note that both the regulators of the financial system namely The State Bank of Pakistan and the SECP are making concerted efforts to develop Islamic banking and finance on sustainable basis. The State Bank has chalked out a 5-year strategic plan (2014-2018) to attain the objective.

However the financial system of Pakistan as well as the UMMAH has been linked with the global socio-economic development. I am confident that we all agree that social progress is critical for economic development, which is based on equity and justice, where people and society are at peace with themselves. In order to equitably distribute fruits of economic growth, it is indeed essential to have a clear conception of social development strategy which institutionalizes and provides adequate resources for meeting the needs of poor people, mitigating their vulnerability, exclusion and isolation, and access to social justice.

Although some of the Islamic countries have addressed the social iniquities relating to poverty, education, child mortality, water and sanitation etc in terms of the Millennium

Development Goals (MDGs), now being replaced by Sustainable Development Goals (SDGs), but a number of Islamic countries are still away from achieving the socio-economic targets and thus classified by the UN as low human development countries. The challenge of sustaining a higher trajectory of economic growth requires implementing a social development strategy which heightens the involvement of all stakeholders through institutionalizing the equitable distribution of wealth, ethical and *halal* and ethics based financial system along with programs to reduce poverty, and to develop human capital. In this era of globalization, pursuing such a social development strategy becomes challenging as the global economic growth not only provides an environment and opportunities for faster economic growth and social progress, but also significantly raises the risk of marginalization for those who fail to integrate into the global economy.

I am pleased to share that Government of Pakistan's seven pillars of Vision-2025 are compatible to SDGs and are based on the imperatives of embracing change and transformation, and to create new opportunities based on our innate strengths. The Vision is addressing the imbalance between economic development and social development, and pursuing policies for improving the socioeconomic indicators of the country. Further in accordance with the framework of the Vision 2025, the Govt of Pakistan has designed and implemented the National Financial Inclusion Strategy (NFIS) which works toward enhancing access to credit for Small and Medium Enterprises and focuses on financial inclusion and deepening aims to provide broad based access of financial services by increasing the masses' access to credit, formal savings, Takaful /insurance, and payments etc. Further, with the game-changing China-Pakistan Economic Corridor (CPEC) now becoming a brick-and-mortar reality, economic agents will be linked to economic centers with great resources and will yield job creation opportunities and help in the socio-economic development of the country.

Finally, let me reiterate that our focus has to be on alleviating poverty and promoting development of our societies where people can enjoy a future based on our own Islamic culture and values.

I congratulate the academic leadership of the Riphah International University for their Pro-active approach in addressing contemporary challenges in the management of global economic, financial and educational uses.

I pray that the 4th ICIB achieves its objectives and leads to concrete solutions for the future social and economic development of the *UMMAH*.

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