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GIES 2015 REVIEW: Building on solid foundations



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With the globalisation of the Islamic economy, the initiative of making Dubai the capital of the Islamic economy, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President and Prime Minister and Ruler of Dubai, has gained more importance.

Today, as the world continues to experience uncertainties, the Islamic economy is emerging as a stable growth driver. We are delighted that the UAE today ranks second in the 2015 State of the Global Islamic Economy Report.

The UAE also ranks in Top 3 in halal food market, travel and media & leisure is among the top 3 globally in Islamic finance and in Islamic fashion.

We believe that through the huge economic opportunities provided by Islamic economy, and the massive partnerships that it can create, Islamic economy can provide a key to further stability and development in our region. Dubai, on its part, is a business center for the region and a major re-export hub and gateway to numerous Muslim markets in the Middle East, Africa and South Asia.

Across all sectors, the Islamic Economy has seen robust growth – a trend that we are confident will continue in the coming years. For instance, halal food market is set to grow from USD1.1 trillion in 2014 to USD2.5 trillion by 2020 – a CAGR of 5.8%. The travel sector will grow 8.6% CAGR from USD142 billion to USD233 billion in the next five years Media and leisure is billed to grow 5.9% CAGR from USD179 billion to USD247 billion in 2020. Similar growth is projected in the fashion, pharma and cosmetics sectors too.

This rapid growth in the Islamic economy, both quantitatively and qualitatively, is proof of a wise leadership, precise timing and a research approach.

There also has to be strong focus on innovation in all these sectors. Innovation, to us, is about seeing things from a new perspective; it is about identifying solutions for problems that might not even exist today – but could affect us tomorrow. Innovation, therefore, is an ongoing journey – and this is the vision that His Highness Sheikh Mohammed has instilled in all of us.

Keeping that in mind, I believe that there is tremendous potential for growth across all the seven pillars of the Islamic economy and Dubai Chamber has been working towards promoting the exchange of ideas, knowledge and research in the seven pillars of the Islamic economy. On the Chamber's part, Global Islamic Economy Summit reflects the Emirate's concerted efforts in turning Dubai into a global capital of Islamic economy while providing an ideal platform for networking and exchange of experiences in encompassing a broader consumer base, standardisation and identification of core challenges affecting the various segments of the Islamic economy.

We organized the first GIES in 2013 to bring together leading thinkers, policy makers and stakeholders from around the world to lead a discussion on the future of the USD 4 trillion Islamic economy. Over the years, we have been working towards our role in making Dubai the global capital of Islamic economy. The Global Islamic Economy Report defines and provides a comprehensive view of the Islamic economy as well as its future potential to facilitate investments and industry growth along with a comprehensive overview of the topics discussed during the last GIES. I believe, this Report, which is a benchmark for measuring the health and development of the Islamic economy, will be a guiding compass for all our future endeavors.

H.E Hamad Buamim
President & Chief Executive Officer
Dubai Chamber of Commerce & Industry





As world trade evolves new business models are emerging, accelerating momentum around the Islamic economy. A marketplace, catering for 1.65 billion Muslims and those who seek a more resilient economic system, has materialised, opening up opportunities to connect with discerning consumers, citizens and businesses across the globe.

The Islamic economy's rise is in stark contrast to the conventional global economy. A young Muslim workforce, increasing affluence and a growing demand for ethical commerce have combined to deliver growth at nearly double the global rate, in successive years. The demand for halal products, in particular, is being driven by a global Muslim population which is growing significantly faster than the non-Muslim population.

Muslim consumer spending on food and lifestyle is projected to reach \$2.6 trillion in 2020 and the global assets of Islamic banks are forecast to double by 2020. And with many Muslim countries classified as emerging markets, that are projected to register rapid growth, the promise the Islamic economy holds for global economic growth and profitability is clear to see.

The rapid growth of the Islamic economy has not escaped the attention of policy makers and the private sector. There is recognition of the contribution the Islamic economy can make to economic and social development goals, even in non Muslim majority countries. While many conventional business sectors are saturated and highly competitive, the evolving Islamic economy offers an exciting range of opportunities, giving commerce the chance to connect with customers in a fast growing marketplace.

A business-minded Muslim middle class, who understand the need to improve the way we consume, produce and work together, is making a critical contribution to building a more sustainable world economy, by stimulating growth, creating employment and generally improving people's lives. While there are visibly different economic market and institutional developments within countries, I believe the Islamic economy will prove resilient as the conventional economy continues to face challenges.

For the third successive year, the Dubai Islamic Economy Development Centre is supporting the State of the Global Islamic Economy Report, as part of its mandate to be a comprehensive reference point for the Islamic economy. Produced in partnership with Thomson Reuters, this white paper charts trends and highlights innovations, in the seven economic sectors at the core of the (DIEDC's) Islamic economy strategy, that will serve to inspire a fresh wave of Muslim entrepreneurs and drive the next phase of the Islamic economy's growth.

Abdulla Mohammed Al Awar

Chief Executive Officer

Dubai Islamic Economy Development Centre





The Global Islamic Economy Summit (GIES) has changed the course and the whole perception of the Islamic Economy. It helped people understand the different aspects of Islamic economy sectors.

It was the first event of its kind to explain the opportunities that arise for businesses and investors who operate under different sectors as well as those who are not involved or don't even understand what the term stands for.

Today, as many of you are aware, we are seeing a global momentum around Islamic Economy. And being a global economy also means that it is no longer an opportunity exclusively available to Muslims.

Growing awareness and understanding what this economy stands for will open vast opportunities for investors and companies outside of the Muslim world to participate and support these growing industries.

Here in the region, we have seen a strong commitment from the Dubai government to drive the growth of this economy. We believe that Dubai, with its dynamic international business capabilities, could build on this new economic landscape - as it did in trade, aviation, and many other sectors.

Strategically located at the cross-roads of new investments and trade routes, Dubai boasts the financial and logistical infrastructure to be the capital of the Islamic Economy. The rich history of the emirate also provides a culture deeply rooted in the Islamic traditions of Arabia.

Thomson Reuters is very proud to be one of the key players promoting the great value of Islamic Economy along with our strategic government partners. We look forward to contributing to the development of a nourishing global Islamic Economy.

Nadim Najjar

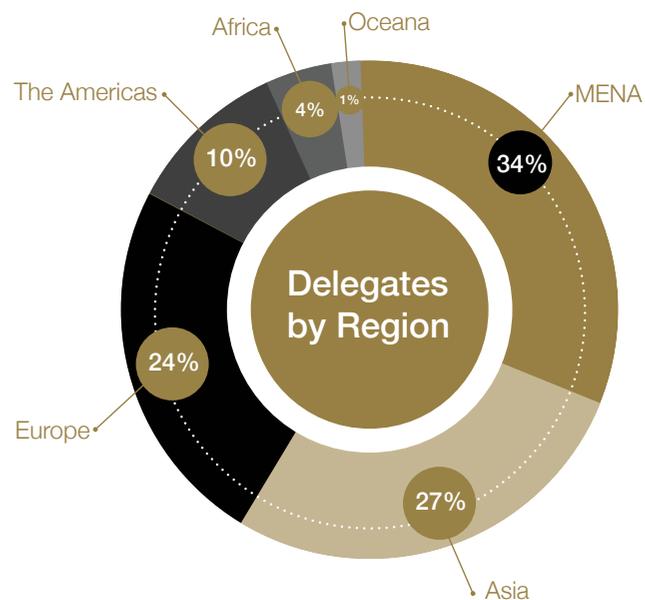
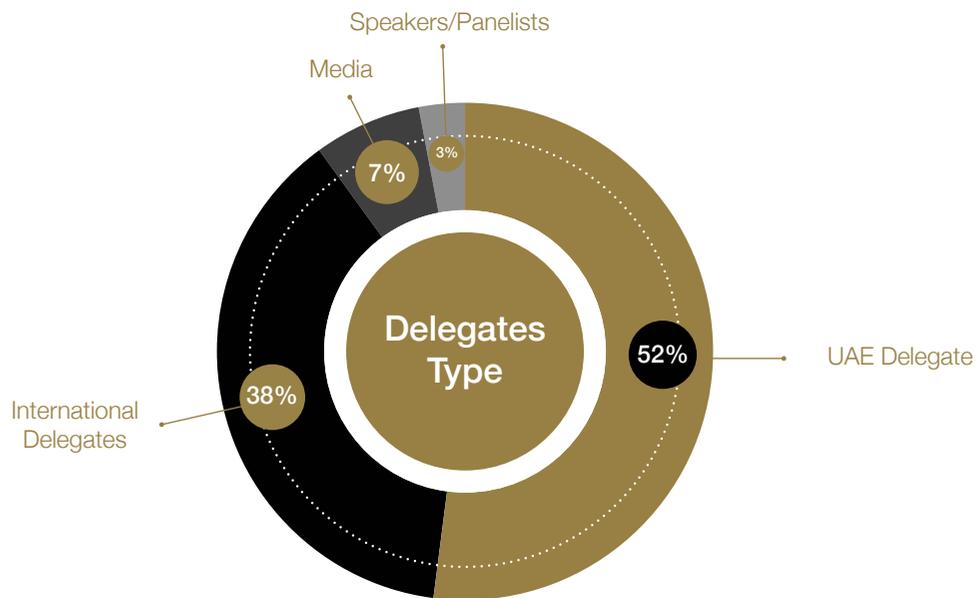
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Abdulla Al Awar
Chief Executive Officer
Dubai Islamic Economy Development Centre, UAE

In his welcoming remarks for the Summit, the CEO of the Dubai Islamic Economy Development Centre (DIEDC), **Abdulla Al Awar** began with a focus on the global nature of the Global Islamic Economy Summit (GIES). The growth of the Islamic economy will help it return to its historic role of connecting the modern economy with humanitarian ethics, values and standards to reach true sustainability.

During the previous two years since the launching of the Dubai, Capital of Islamic Economy initiative by **His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai**, there has been a huge level of development in the Islamic economy. The work of the (DIEDC) has been a catalyst not just for Dubai's initiative but also to introduce the Islamic economy globally and integrate the methodology and the goals from the Islamic economy into the wider world.

Now, as we meet together again at GIES to discuss the opportunities opened up by the Islamic economy, we will be introduced to new products and approaches which will help to accelerate the Islamic economy's development. While we are discussing the future for the Islamic economy, we will define the road towards better integration between the most important sectors of the Islamic economy. Whether you are interested in Islamic finance, the halal food sector, family tourism, digital economy, awqaf, arts or Islamic design, we hope to have something to help integrate your work into the wider Islamic economy.

The Islamic economy initiative which **H.H. Sheikh Mohammed** introduced provides a clear vision to develop a comprehensive and integrated Islamic economy. To achieve this system, His Highness highlighted the importance of building capacity for knowledge development. The Islamic legacy in this area is one of the richest across history. The Islamic economy brings this focus to a knowledge platform to foster intellectual exchange and act as a bridge towards a sustainable Islamic economy.

Starting today, the panelists gathered here in Dubai will help unlock the innovation to grow the Islamic economy and to invest in the many opportunities to support sustainable development. The sessions in the Summit will help you explore the multidimensional approach to the Islamic economy that will enhance education, work and social

development while working to eliminate the causes of ignorance, unemployment and poverty.

The audience members are an instrumental part of the creative base that can transform the ethics and principles of the Islamic economy into a set of laws, rules and compliance mechanisms to deepen the harmony across the various sectors. The belief in the Islamic economy's potential demonstrated by the depth of talent assembled today will serve as a compass for coming generations who hold aspirations for supporting a more thriving, stable and safer future.

(DIEDC), by organizing the summit with our partners, is proud of the status of Dubai and the success of its strategy to be the capital of the Islamic economy. Our partners' continuous efforts have helped to support defining the contours of the Islamic economy, by providing the required infrastructure to make the reality match with the vision and mission of the Islamic economy. This will help create a cultural, scientific, social and economic renaissance that meets our aspirations for future generations.



H.E. Mubarak Rashed Al Mansoori
Governor
Central Bank of United Arab Emirates, UAE

The Governor of the Central Bank of the United Arab Emirates, **H.E. Al Mansoori** opened with a reflection on the theme of the summit, “Driving Innovation, Unlocking Potential”. The theme is important not just for the UAE but the world as slower global growth is occurring across emerging markets while developed markets are still struggling to find the best path of recovery from the effects of the global financial crisis.

There have been some notable exceptions of economies that have remained growing in the emerging markets. The MENA region has seen a bifurcated economic growth story with oil-exporters seeing slower growth in 2015 in line with the rates from a year earlier. In contrast, oil-importers which have been supported by the lower price of oil, are expected to see growth rise from 3% in 2014 to 4% in 2015.

Specifically for the Islamic economy, there has been significant economic growth continuing in many countries with large Muslim populations. In many of these markets, Islamic finance (especially banking) has become established and represents a large source of growth for the banking system as a whole. Looking back over the three decades of its development, it should be a source of pride at the ability to see expanding shariah compliant financial options that contribute to the wider financial sector.

The growth in Islamic finance can provide an investment alternative for the world’s 1.7 billion Muslims while also meeting the needs of many non-Muslims across global financial markets. In all of these contexts, Islamic finance has provided a balanced approach to risks compared to other financial products and can serve to support financial inclusion for those with limited incomes. The volume of Islamic banking assets today exceed \$1.3 trillion which reflects strong recent growth of more than 16% annually which exceeds significantly the growth available to conventional banks.

With this context, there are a few notable trends in the UAE’s banking sector where the banks have achieved remarkable growth in recent years built on high quality products. The Thomson Reuters State of the Global Islamic Economy Report 2015/16 ranked the UAE highly for driving the global Islamic economy. After Malaysia, the UAE ranked second in the overall ranking which includes measures of all seven major Islamic economy sectors.

There will always be a drive in the UAE to move up from second to be first and we will continue our intensive efforts towards this aspiration. In doing so, we will continue our work to increase the efficiency and efficacy of financial intermediation and see this as an area where the Central Bank of the UAE can play a particular role to support innovation.

The growth of Islamic banking in the UAE started with the founding of Dubai Islamic Bank (DIB) in 1975 and, later also Abu Dhabi Islamic Bank (ADIB). Since the founding of these banks—and especially since 2000—there has been rapid growth of specialist Islamic banks and innovation to support shariah compliant financial products offered by conventional banks.

As of today, the UAE is home to 8 high-profile Islamic banks. As of the end of Q2-2015, Islamic banks’ assets rose by 9.8% year-to-date and now account for AED 445 billion (\$121 billion). This puts the share of the total banking sector at 18.4% which is up from 17.3% in the first quarter of 2014. The financing growth has been similar with a rise of 9% year-to-date to AED 290 billion (\$79 billion) at the end of Q2-2015. The share of Islamic financing in overall financing has experienced a rise from 18.7% in the first quarter of 2014 to 21.7% by the end of the second quarter 2015.

A large proportion of these banking assets and Islamic financing (59% and 56%, respectively) are accounted for by DIB and ADIB and both banks have expanded their operations outside of the UAE. ADIB has expanded into Egypt by acquiring 49% of the National Development Bank in 2007 while DIB will shortly begin its operations in Kenya and its CEO informed me today that they are also expanding in Indonesia.

This growth is not without its challenges and some of the most important lie in the absence of shariah compliant high-quality tradeable liquid assets. One notable exception is the International Islamic Liquidity Management Corporation (IILM) which plays a pivotal role issuing US dollar denominated, short-term instruments globally. At the end of August 2015, the IILM had issued and reissued sukuk for \$12 billion.

These instruments are supplemented at the local level including the first Islamic depository notes which were

issued by the UAE Central Bank in 2011 as a part of a plan to introduce new investments for banks to help them manage their liquidity better and to do so in a way that puts them on equal footing with conventional banks. The Islamic depository notes have been a success and have increased from AED 13 billion (\$3.5 billion) to AED 19.6 billion (5.3\$ billion) at the end of August 2015.

The objective of providing guaranteed murabaha facilities is to the UAE's Islamic banks and allow them access to dirham facilities when they pledge qualified securities as a guarantee. This imitates the process of repo available for conventional banks. In addition to product development to support Islamic banks on equal footing with conventional banks. The Central Bank has developed initiatives to enhance the regulation of Islamic banking services in line with international standards from the Basel Committee and Islamic Financial Services Board.

The regulations will continually evolve and the process requires the Central Bank to evaluate, comprehend and monitor carefully risks arising from financial activities. The end goal is for the bank to support an efficient banking system without deviating from global standards of prudential financial regulation.

Within this regulatory environment, the UAE's banks have shown their ability to deliver innovations both locally and at the global level. The transformation undergoing the banking system including Islamic banking depends on products, technology and operations. As banks continue to improve their efficiency and profitability, it will support the competitiveness of the sector.

On the global level, the commitments and products developed by the banking system grows in parallel with the regulatory changes. The changes will create further revisions and amendments to the regulatory framework. The careful ethical conduct of Islamic banks is a major pillar of the reputation of the Islamic financial services industry and is essential for maintaining confidence in it.

To support these changes with specific focus on the Islamic banks, the UAE Central Bank jointly conducted a study with the Dubai Islamic Economy Development Centre on the approaches to shariah board. The study was capped by a proposal for a national shariah board which has led to the establishment of a joint committee within the UAE Banking Union for each bank to set out the powers and authorities of the shariah board and its job roles.

At a national level, the objectives of the proposed UAE Higher Shariah Board include:

- Issuing fatwas to ensure the compliance of the products, services and activities with shariah;
- To introduce and adopt new and current shariah rules in a better way than is currently practiced;
- To advice the UAE Central Bank on the prudential regulations relating to the international Islamic financial services to help develop new shariah compliant instruments for liquidity management;
- To conduct and support research on Islamic finance; and,
- To communicate and cooperate with international organizations that set shariah rules and systems.

The development of the Higher Shariah Board will benefit the UAE's Islamic banking industry by providing a single reference authority that will align the opinions on shariah rules and principles. It will also help the management of shariah compliance by reducing costs and benefiting consumers while also strengthening regulatory and supervisory control. Finally, it will enhance the base of skilled experts in the field of shariah monitoring.

Wrapping up his overview of the needs and opportunities of the UAE and global Islamic banking industry, **H.E. Al Mansoori** highlighted the contribution from the Islamic economy initiatives set down by **His Highness Sheikh Mohammed Bin Rashid Al Maktoum**. By supporting these initiatives, it can help improve competitiveness and innovation within Islamic finance while also creating attractive financial products for consumers. The Central Bank is committed to providing the utmost support to the thriving industry to help the UAE assume its status as the hub for Islamic banking in the region.





Day 1

Plenary Session 1

Islamic Economy – CEOs Debate: How Relevant are Islamic Economy Sectors to Islamic Finance?

In Conversation With

Professor Muhammad Yunus
Founder & Ex-Managing Director
Grameen Bank, Bangladesh

Keynote Address

Can National Growth be Enabled by Islamic Economy Opportunities?

1. H.E. Sultan Al Mansouri
Minister of Economy, UAE
2. H.E. Essa Kazim
Governor of DIFC,
Secretary General and Board Member, Dubai Islamic Economy
Development Centre (DIEDC), UAE
3. H.E. Hameed Opeloyeru
Assistant Secretary General for Economic Affairs
Organisation of the Islamic Cooperation (OIC), KSA

Islamic Economy Award

Innovation 4 Impact Competition

Parallel Session 1A

Islamic Finance: Strategies for Global Relevance and Inclusion

Parallel Session 1B

Islamic Economy: Mapping the Demographic Dividend Opportunity

Parallel Session 2A

Islamic Economy: Food and Travel Sector Investments

Parallel Session 2B

Islamic Finance: Awakenning the Awqaf



Plenary Session 1: Islamic Economy – CEOs Debate: How Relevant are Islamic Economy Sectors to Islamic Finance?

Moderator

Axel Threlfall, Editor-at-Large, Reuters, UK

Panellists

Tirad Mahmood, Group CEO, Abu Dhabi Islamic Bank, UAE

Dr. Adnan Chilwan, Group CEO, Dubai Islamic Bank, UAE

Jamal Bin Ghalaita, CEO, Emirates Islamic Bank, UAE

Mazin Al-Nahedh, Group CEO, Kuwait Finance House, Kuwait

Summary

- The Islamic Economy on the whole will grow when the public and the private sectors join hands, supported by the financial services industry to grow together. Islamic finance can act as a catalyst for the growth of the Islamic Economy.
- The lack of standardization on the regulatory front prevents scalability even as the sector is judged by two sets of rules: those that apply to conventional banks and those that apply to Sharia-compliant banks. Additionally, since the risks for conventional and Islamic banks differ to a certain extent, Islamic banks cannot be held accountable in the same way as conventional banks.
- The Islamic finance industry has been talking about the need for standardization of regulations and processes for many years but the needle has not moved to any significant degree. Industry infrastructure bodies such as AAOIFI, IIFM and IFSB continue to push standards and templates for contracts but only national regulators can impose their use within their respective jurisdictions.
- Along with standardization, Islamic banks can be more responsive to consumers if they focus on product development. This is particularly important as new sectors and asset classes open up to Islamic finance.
- Consumer expectation has propelled Islamic banking to the forefront and it is now considered at par with conventional banks vis-a-vis international standards and risk management. There is an added layer of expectation when it comes to Islamic banking and finance – it tends to be viewed as a system that should focus on the privileges on the ‘real economy’ (i.e in this case the Islamic economy).

Agenda

Growing from US\$ 1.8 trillion in 2014, globally Islamic banks are projected to hold \$2.6 trillion worth of commercial banking assets by 2020. This compound annual growth rate (CAGR) of 9.8 percent is considerably higher than that of the conventional banking industry in the UAE. However, the question that remains to be answered is to what extent this increase has trickled down to actual business growth. Are the banks effectively serving the needs of the various sectors of the Islamic Economy?

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Recommendations

- In order to even begin the serious work of standardizing Islamic banking and finance regulations, legal documents, and processes, a dedicated task force should be established, made up of regulators and market stakeholders, to comprehensively map the global Islamic banking and financial regulatory and standards landscape that will clearly demarcate areas of harmonization and divergence. A starting point would be a task force made up of representatives from the infrastructure bodies AAOIFI, IFSB and IIFM, working closely with bigger Islamic finance jurisdictions such as Malaysia and Saudi Arabia.
- Establish a practical timeline with clear targets for short-, medium-, and long-term goals and KPIs with regard to standardization for different jurisdictions. The Organization of Islamic Cooperation (OIC) countries can look to the OIC's 10-year programme of action that started in 2005, as well as the OIC's efforts to harmonize halal certification and standards as manifested in the establishment and work of SMIIC.
- As part of unified efforts, a call to action to give greater access to financing for Islamic Economy MSMEs should be introduced by OIC member countries. This should start with national policies requiring Islamic banks to commit to a higher level of financing for MSMEs. The work of expanding micro-takaful must continue following the IFSB and IAIS release of their joint paper on issues in regulation and supervision of the micro-takaful sector in November 2015.

Axel Threlfall, Editor-at-Large, Reuters, UK, opened the debate by asking whether the impressive projected growth of Sharia-compliant commercial assets globally, from US\$ 1.8 trillion in 2014 to US\$ 2.6 trillion by 2020, translates into actual business opportunities. "Instead of asking how these sectors position themselves as viable investment opportunities, shouldn't we be asking how Islamic banks can be more relevant to Islamic Economy sectors? How can we grab the opportunity and be the glue linking these sectors together?"

He asked the panellists how the UAE, which is ranked second on Thomson Reuters' Global Islamic Economy Indicator and third on the ICD-Thomson Reuters Islamic Finance Development Indicator, could get to number one.

Tirad Mahmood, Group CEO, Abu Dhabi Islamic Bank, UAE, said that the challenge is big but the determination and support is much bigger. Referring to the announcement that the UAE Central Bank is working on a number of initiatives to strengthen the regulation of Islamic banking, as the first step in the right direction, he said that such initiatives would create a more hospitable environment for Islamic banking.

Malaysia is a prime example of a leading Islamic Economy and Islamic finance jurisdiction that has substantially benefitted from continued strong government support.

With government backing, the UAE is now competing with the top international markets. "Getting to number one and remaining there is not far," Mahmood said.

Dr. Adnan Chilwan, Group CEO, Dubai Islamic Bank, UAE, agreed that the growth of Islamic banking is closely linked to government support. In Malaysia, **Dr. Zeti Akhtar Aziz, the Governor of the Central Bank**, has long been a champion of Islamic banking. In the UAE, **His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai**, has set the tone for government backing.

This is already showing results. "If you look at the progress in the last two to three years as opposed to the last 33 years since Islamic banking has been in existence, we have started to [develop] at record speed now," he said. Today, NASDAQ Dubai is the largest exchange for listed sukuk and this has largely been because of the national drive to make Dubai the capital of the Islamic Economy. However, according to Dr. Chilwan, the government's initiative will be strengthened when the public and private sectors join hands, propped up by the financial services industry, to grow with the rest of the Islamic Economy. Islamic finance is crucial to the growth of the Islamic Economy. "We propel the Islamic Economy with Islamic finance as a catalyst," he said.

On whether there is a level playing field between conventional finance and Islamic finance, **Jamal Bin Ghalaita, CEO, Emirates Islamic Bank, UAE**, said, "We have been growing at double the growth of conventional banks for the last 15 to 20 years," he said. However, he pointed out that conventional banking has more mature regulations and that regulations for Islamic finance need to mature. He welcomed the idea of a centralized Sharia board (for the UAE). Emphasizing that Islamic finance is not the

conventional way of doing business, he said that regulators should work with banks to create a standard that is set for accounting.

“We have been growing at double the growth of conventional banks for the last 15 to 20 years”

- Jamal Bin Ghalaita, CEO, Emirates Islamic Bank, UAE

Responding to the discussion on banks’ reluctance to take risks with small and medium enterprises (SMEs), **Mazin Al-Nahedh, Group CEO, Kuwait Finance House, Kuwait**, said that there are regulations that limit the pricing of risk to some SMEs. However, he said, government programs support the SME sector and banks work with them in Kuwait to facilitate financing for SMEs. The government supports SMEs by giving them subsidised funding, which is complemented by commercial funding at market rates; this results in the combined average cost to SMEs being significantly lower.

Dr. Chilwan suggested that supporting SMEs is something that banks need to do from the heart rather than paying lip service and supporting entrepreneurs with high rates when they’re incubating their businesses.

Mahmood pointed out that their research on SMEs in the region shows that they are likely to reach out for financial support if the financing is Sharia-compliant. He said that while pricing risk is relevant, for the Muslim community, Islamic banking is ideal since it addresses specific requirements of long-term financing, warehouse financing and equipment financing, among others. “It’s not only about faith. I call Islamic banking FUBU banking – for us and by us banking. However, Islamic banks are profit-making institutions that complement the ecosystem,” he said.

Bin Ghalaita said that Islamic finance institutions are now offering increasingly sophisticated products, citing the example of how sukuk have evolved.

“Does Islamic finance not need to grow beyond its core constituents?” Threlfall asked, adding, “Does the man in the street understand the Islamic ecosystem?”

Al-Nahedh pointed out that the term ethical banking is easily applicable to Islamic banking due to its core values.

Despite being a late entrant into the world’s financial systems, Islamic banking has grown fast due to its products and services, which are not only equivalent but better, in his opinion, compared to conventional banks. “In Kuwait, Islamic banks command 45 percent market share even when the number of conventional banks is three to four times more,” he said.

Threlfall posed the question of whether there is a lack of oxygen in the sense that there is not enough support from regulators.

Mahmood said that he was very excited about the future because the Governor of the UAE Central Bank has announced a new page in the life of Islamic banking in the UAE, which would take Islamic Banking at par with its conventional counterpart.

The discussion shifted to what market players need from regulators.

Dr. Chilwan said that the sector needs separate regulations, which are more asset-based in order for Islamic finance to be a lot more risk-sharing instead of risk-transferring. While there can be common regulations that govern the entire system, rules need to address matters of liquidity and allocation of capital if a transaction needs to be routed in alignment with risk-sharing to meet the maqasid of Sharia.

Bin Ghalaita said that Islamic banks should ideally own their assets and, in this case, they play the role of a trader. “We are in the business of trading, we are a partner. We are not an independent bank. We are a partner. The accounting is different and we run a different risk. We cannot be held accountable in the same way,” he said.

Mahmood stressed the need for liquidity-management tools, pointing out that many Islamic banks in the MENA countries keep their liquidity idle. While Basel requirements specify maintaining assets in a liquid form, they need not be non-profitable.

He also said that standardization in the issuance of documents, so that legal agreements are standardized, is necessary, along with standardizing legislation. “Islamic banks are governed by two regulators – the Sharia and the central banks, and we have to please both. Standardization of legislation is needed,” he said.

Al-Nahedh said that there has been significant development in bringing conventional regulation close to Islamic banking, which is crucial since they are sharing the market.

Standardization is necessary, along with unified Sharia approval. However, to keep its edge, Islamic banking needs to differentiate their products and services.

Mahmood said that mass production and scalability is only possible with standardization. “You need to become portable to create plug and play models,” he said.

Dr. Chilwan said that banks need to forge ahead into newer territories in OIC countries, Africa, Malaysia and Indonesia, in addition to innovating products and services. He said that the unique selling proposition can move beyond faith-based Sharia compliance. “We are never going to compromise [on] shariah compliance. That’s a given. We need to position our proposition ahead of that,” he said.

Al-Nahedh brought up the fact that Islamic banking is now reaching newer jurisdictions in the form of sukuk in places such as South Africa. The only limiting factor, he said, is that Islamic banking can only deal with institutions that comply with Islamic banking contracts. For instance, in the past, financing hotels was not possible. While some sectors are completely out of bounds, others are expanding.

Mahmood said that the opportunity is great, emphasizing on a broad-based value proposition. It is not simply Sharia-compliant, but ethical and sustainable. “We have not yet reached 20 percent market share [in the UAE], we need to reach 50 percent by the end of the decade,” he said.

“We are never going to compromise [on] shariah compliance. That’s a given. We need to position our proposition ahead of that.”

- Dr. Adnan Chilwan, Group CEO, Dubai Islamic Bank, UAE



In Conversation With Professor Muhammad Yunus, Founder of Grameen Bank, Bangladesh

Before the interview session, **Muhammad Yunus** delivered the story of his career-long efforts to expand banking to serve previously unserved populations. This market—which represents a huge population—is not reached by financial institutions. Throughout his address, the message was one of focusing on the underserved and helping them to build and participate in the institutions that will provide them with uplift, rather than to wait for external assistance.

The first effort he made was by taking action himself in a small way within a small village by lending money to the victims of loan sharks. From this personal action, the Grameen (meaning ‘village’) Bank which has since expanded to reach every village in Bangladesh with 8.5 million borrowers, 97% of them women, who own the bank. This was the first effort **Prof. Yunus** led to address a problem from within the community.

As a bank, the Grameen Bank takes in deposits and lends out money, but unlike other banks, it lends only to the poor. This model, once unique, has become ubiquitous with a microcredit or microfinance institution in nearly every country. One country with a Grameen Bank that surprised Yunus was the United States, where the bank has 18 branches, serves 60,000 female borrowers and has achieved a 99.6% repayment rate. Out of the U.S. branches, eight are located in New York City, in the shadow of the big banks that don’t extend their financing to the people living in the shadow of their headquarters.

Muhammad Yunus has succeeded in part by rejecting the conventional banking mindset. The way he describes it is ‘whatever the banks are doing, we do the opposite’. One of the points of conventional wisdom that he rejects is the idea that they should focus on finding ‘entrepreneurial women’. He rejects this and says the Grameen Bank gives money to everyone to make it more universal. The problem with targeting only those considered ‘entrepreneurial’ is that it operates as a system to reject people. Entrepreneurship is built into everyone but in some people it is just buried deep inside them.

In order to prove his case, and to solve a problem, the Grameen Bank began a program focused exclusively on people who would be most likely to be judged as not being entrepreneurial: beggars, particularly generational beggars who followed their parents and grandparents going door-

to-door begging. The Grameen Bank gave them loans of between \$12 and \$15 each to buy merchandise with them. It was small things—chocolates and toys—but it gave them a second ‘product’ to offer.

When the program was launched, Grameen expected 1,000 to 2,000 to sign up but within 2 years they had over 100,000 beggars participating. The beggars—now also adding door-to-door sales to their job—say they have learned which houses are better for begging and which are better for selling. They don’t have a degree from Harvard Business School but they know the market. When they see the success, they want to expand their business and 25% of the beggars who borrowed from the Grameen Bank have given up begging because they became more successful selling products than they were begging.

This innovative thinking that was contrary to the conventional wisdom was extended beyond banking and into health care. If you are poor, you have poor health as well. The problems are not independent, but interlinked. To fix the problem, Grameen Bank set up a health insurance product which provided 100% coverage for \$4 per year for an entire family. The key to making it successful was to ensure that it was self-sustaining. The same approach was done to help people manage old age. Grameen Bank set up a pension savings account where a small amount gets deposited every week and after 10 years, the bank matches the account and pays it out in monthly payments.

While it is engaged with solving these problems for the poor, the bank is profitable which makes it sustainable. Every year when the bank makes money, it pays out a dividend to all the borrowers as shareholders. The other businesses that **Yunus** has started besides the Grameen Bank are all established based on the idea of being sustainable. Where outside investors are involved, the business is set up to be able to return the investment but not pay dividends so that its mission continues—a social business.

The reason why social businesses are so compelling, argues **Yunus**, is by their contrast to charity. The limitation of a charity is that once the money goes out and does wonderful work, it doesn’t come back. The money in the charity only has one life. In a social business, on the other hand, the business goes out and the money comes back and there is unlimited life for the money.

Think about the growth in the global population. It took 3 million years to reach a global population of 1 million, then another 20,000 years to reach 1 billion people. In 2011, the global population is 7 billion and it is increasing by a billion every twelve years. That means 80 million people are joining humanity every year. If that number of people were arriving from another planet, we would be marshalling all of our military resources to keep them out. But, because they are joining our own families, we love and welcome them but there is not the preparation in place to give them a good life and to provide facilities for themselves.

As we move forward, one of the critical needs of the growing population is to include them in the work force. On conventional thinking, we need to 'find them a job' but young people are not job seekers, they are job creators. People are not born on the planet to serve someone else, they are created beings. They are go-getters and problem solvers.

People when they are young are at the height of their creative power but we take them and start them at the bottom of the ladder, clipping them of their creative power. This is like taking an elephant and turning it into an ant. We are welcoming 60 million young entrepreneurs joining the economy every year. The way Grameen Bank has contributed to their growth is through a social business fund where young people approach us with ideas and we become an investor, their partner to support their success. Once they reach success, they return our investment and we move on to the next business. This is one approach to a new conceptual framework that needs to develop to create a new world.

Following his remarks, during a Question & Answer session with **John Deferios**, **Prof. Yunus** continued on his theme of having the poor help themselves and mobilize their own resources to solve their problems. With half of the world's population left out of the financial sector, there is a critical need to create a new model in banking. The legislation today in most countries only allows banks for the rich; countries need new legislation for banks to serve the poor.

Prof. Yunus is skeptical of the role that international organizations like the World Bank, International Monetary Fund and United Nations could play in developing the new model. They represent the conventional approach. In addition, the solution has to and will develop from within individual countries provided that their governments create a legal home for banks for the poor within their legislation. The most pressing need besides the legislation to enable these new banks is an independent regulatory authority that is separate from the one that regulates conventional banks.

Concluding the session, **Prof. Yunus** was asked about the slowdown in emerging market growth, a concern that had been referenced by **Christine Lagarde, Managing Director of the IMF**. He criticized the conventional concern for measuring growth in numbers and not talking enough about people. As an example, he highlighted the shift to the 'new normal' in China which has followed a shift in the population towards urban areas and the emptying of the rural areas. The new focus in China is much more towards meeting the needs of the people than for business.

"Whatever the banks are doing, we do the opposite"

*- Professor Muhammad Yunus, Founder & Ex-
Managing Director, Grameen Bank, Bangladesh*



مجلس
العلماء
الاسلاميين

Keynote Address: Can National Growth be Enabled by Islamic Economy Opportunities?

Over the past decade, Islamic finance, halal food and the Muslim lifestyle markets have played an increasingly prominent role in policy discussions and decision-making by government ministers, in both Muslim majority and minority countries across the globe.

How can the development of the Islamic Economy sectors serve as an engine of growth within national economies? How can the emerging Islamic Economy paradigm have a meaningful impact on exports, inward investment, SME development, urban unemployment and rural agricultural development? How can countries assess their own strengths and weaknesses within the evolving parameters of the Islamic Economy and how can they assess the realities of inherent risk and potential reward?

Keynote Address:
H.E. Sultan Al Mansouri
 Minister of Economy, UAE

The UAE Minister of Economy, **H.E. Sultan bin Saeed Al Mansouri**, placed the summit in the context of the Islamic world, which is spread across 57 countries of the Organization of Islamic Cooperation (OIC). Collectively, OIC countries had a GDP worth around US\$5.7 trillion, and many of these countries have a very average growth rate of approximately 5 percent. The most unique aspect of this population is that it is very young. “The Global Islamic Economy Indicator for 2015 puts the UAE as one of the healthiest ecosystems in the world,” he said, citing the Global Islamic Economy Indicator published annually by Thomson Reuters.

“The Global Islamic Economy Indicator for 2015 puts the UAE as one of the healthiest ecosystems in the world.”

*- H.E. Sultan bin Saeed Al Mansouri
 UAE Ministry of Economy*

He spoke of a ‘new era’, saying, “There is a resurgence of the Islamic Economy based on Islamic law and inspired by the golden era of Islamic civilisation. Faith makes no compromises with ethical principles,” he said.

The principles of the Islamic Economy continue to guide the lives of Muslims in the 21st Century as they grow as a globally influential identity. Today it is an integral part of the

global economy and poised to surge further. The advantage of Islamic Economy, he said, became evident when the conventional financial system collapsed in 2008 while Islamic banking and its assets were relatively unscathed. Regardless, the Islamic financial system and the Islamic finance industry still faces issues that need to be addressed.

One of the issues, he said, is finding a base of regulations that can connect the Islamic Economy across borders. There is a need to find ideas and solutions for the challenges that impact the Islamic Economy.

Islamic finance itself is projected to grow from US\$ 1.8 trillion in 2014 to US\$ 3.4 trillion in 2020. **Al Mansouri** hoped that the Global Islamic Economy Summit would examine the future of the Islamic Economy and come up with recommendations in line with the UAE vision 2021.

Introducing the agenda of innovation he said that it is time to look for innovative ideas and solutions for the Islamic Economy. By involving younger people and by suggesting recommendations, the path ahead can be made clear. He said, “If decision-makers on the level of OIC countries are able to discuss the recommendations, they could collectively agree on a way forward towards addressing some of the recommendations at the summit.”

He ended his address by saying, “The most salient aspect of the Islamic Economy is not that it is rooted in a particular faith but that it is based on notions of ethics and equality.”

Keynote Address:**H.E. Essa Kazim**

Governor of DIFC

Secretary General and Board Member

Dubai Islamic Economy Development Centre (DIEDC), UAE

H.E. Essa Kazim started his speech by saying that it was the visionary leadership of the UAE that impacted the positioning of Dubai and the UAE on the international scene. Dubai reinforced its position as the capital of the Islamic Economy by virtue of its initiatives in this area. He emphasized that in recent years Dubai has become a center of knowledge and is in a favorable and advantageous position to advance the Islamic Economy moving forward.

Kazim referenced the vision of **H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai**, to make Dubai the capital of the Islamic Economy. Many initiatives have been launched in cooperation with **H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the High Committee for the Development of Islamic Economy**. He said that he believed that, over the coming decade, the UAE's presence will be consolidated on the international scene.

By focusing on halal food and other sectors, growth will be possible in a way that provides jobs in many sectors and develops sectors such as family tourism. He highlighted the Islamic eco-system saying, "We are convinced that the Islamic economy has all the components to go beyond our frontiers, to offer Sharia-compliant services to non-Muslims based on the ethics of our economy and even for bringing in sectors such as pharmaceuticals and hospitality."

The importance of the Islamic Economy is clear, he said, citing the State of the Global Islamic Economy 2015/16 Report that estimated the value of the Islamic Economy at US\$ 1.3 trillion in 2014 and projected that it would at least double in the coming years.

He highlighted the role of many governments, underlining the issuance of sukuk from new governments such as South Africa and other African governments that are considering the issuance of legislation to encourage Islamic finance.

He appreciated the efforts of countries that are developing legislation and other services and added that the industry has to understand the importance of having standardized legislation that would lead to success everywhere.

"Agreeing on common standards can take the Islamic Economy to higher levels and would permit people of the world to benefit from our economy. We are able to work towards achieving the objectives of development that encompasses all strata of society," he said.

"We are convinced that the Islamic economy has all the components to go beyond our frontiers, to offer Sharia-compliant services to non-Muslims based on the ethics of our economy and even for bringing in sectors such as pharmaceuticals and hospitality."

- H.E. Essa Kazim, Governor of DIFC, Secretary General and Board Member, Dubai Islamic Economy Development Centre (DIEDC), UAE

Keynote Address:**H.E. Hameed Opeloyeru**Assistant Secretary General for Economic Affairs
Organisation of the Islamic Cooperation (OIC), KSA

After thanking the organizers of the conference for the opportunity to address the Global Islamic Economy Summit on behalf of **Iyad Madani, Secretary General of the Organization of Islamic Cooperation (OIC)**, His Excellency highlighted its relevance to the OIC. Its institutions have been striving to mainstream Islamic finance products as well as promote greater interface among all stakeholders including states, society, business and academics. The ultimate goal is to holistically address the issue of financial inclusion which is a key issue that needs to be addressed in order to achieve success in other poverty alleviation strategies.

In addition to the promotion of Islamic finance, the OIC has been promoting acceptance of common halal standards by creating documentation on standards for halal food including accreditation and certification. Now that these have been agreed, the OIC is engaged in further efforts to push adoption including how to achieve mutual recognition of certification by different bodies.

Other topics being considered by the OIC within the Islamic economy are tourism, arts and social finance. On the final point, it is time to mainstream zakat and sadaq into the financial sector. In Islamic finance, the Islamic Development Bank (an anchor for Islamic finance within the OIC) has been active with a \$10 billion waqf fund called the Solidarity Fund for Development. One-third of this fund is concerned with supporting Islamic microfinance through including the microfinance support program.

A recent meeting of all the relevant entities in Khartoum focused on how to expand the cooperation towards poverty alleviation through the Islamic Development Bank, the Islamic Trade Finance Corporation, the Islamic Corporation for the Development of the Private Sector and other organizations. The cooperation began in 2008 and recent efforts are focused on reviewing and improving activities in these areas.

This complements the other activities of the Islamic finance sector, 95% of which is based in the OIC countries. Today, the total assets of Islamic financial institutions amounts to \$2 trillion as of 2014 which is still small relative to the \$74

trillion in global financial assets. There is still room to expand Islamic finance including sukuk, which saw issuance in 2012 exceed \$100 billion and which provides a stable source of funding that has also attracted non-OIC countries.

In all these areas, and in other Islamic economy sectors, the Secretary General extends the OIC's commitment to work with the Summit participants to deepen and expand all areas of the Islamic economy.

"It is time to mainstream zakat and sadaq into the financial sector."

- H.E. Hameed Opeloyeru, Assistant Secretary General Economic Affairs, Organisation of the Islamic Cooperation (OIC), KSA

Taking Islamic banking to new heights

Emirates Islamic offers a wealth of financial solutions to meet every need, from financing mega infrastructure projects to opening a child's savings account. Our exponential growth in recent years and our innovative approach have been recognized by leading global & regional institutions and as a leader in Islamic banking, we are proud to support the UAE and Dubai's mission to become the global capital of the Islamic economy.

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Award Overview

The Islamic Economy Award was launched in 2013 under the patronage of **H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai**, and directed by **H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of the Executive Council**.

Now in its third year, the annual award recognizes innovative world-class business initiatives and ideas that have contributed to the social and economic welfare of the Muslim population. These initiatives and ideas must prove to enhance bilateral trade and investment relations between Islamic nations and forge closer economic ties with the rest of the world towards fostering prosperity, harmony and well-being for all. In addition, a 'Lifetime Achievement Award' recognizes an outstanding and influential business leader who demonstrates inspired leadership and who has made a significant impact on the Islamic economy.

Judging Panel



H.E. Hussain Al Qemzi

Chair of Judges Panel
Chairman
Awqaf & Minors Affairs Foundation,
UAE



Dr. Tariqullah Khan

Professor of Islamic Finance,
Hamad bin Khalifa University,
Qatar



Mr. Khalid Al-Aboodi

Chief Executive Officer
Islamic Corporation for the
Development of the Private Sector,
Islamic Development Bank Group,
KSA



Hassan Bayrakdar Ph.D.

Managing Director
RAQAM Consultancy , JLT -
Regulatory Affairs & Quality Assurance
Management for Middle East,
Turkey & Africa region



Mr. Tayeb Abdulrahman Al Rais

Secretary General
Awqaf & Minors Affairs Foundation,
UAE



Professor Dr. Mohd Azmi Omar

Director General
Islamic Research and Training Institute,
Islamic Development Bank Group,
Malaysia



Dr. Fatih Mehmet Gul

Founder and Executive Director
CSR Middle East
Turkey



Mr. Fareed Lutfi

Secretary General
Emirates Insurance Association &
Gulf Insurance Federation,
UAE



Ms. Shelina Janmohamed

Vice President
Ogilvy Noor
UK



Dr. Jonathan A.J. Wilson

Programme Director
Postgraduate Marketing Suite,
University of Greenwich
UK



Rafi-uddin Shikoh

Chief Executive Officer
Dinar Standard
UAE

Islamic Economy Award Winners



Money & Finance : Dubai International Financial Centre

The Dubai International Financial Centre (DIFC) is the financial hub for the Middle East, Africa and South Asia, providing a world-class platform connecting the region's markets with the economies of Europe, Asia and the Americas. It also facilitates the growth in South-South trade and investment. An onshore, international financial centre, DIFC provides a stable, mature and secure base for financial institutions to develop their wholesale businesses.

About DIFC Sukuk

On Tuesday 4 November 2014, DIFC Investments LLC ("DIFCI" or the "Company"), the developer and commercial operator of the Dubai International Financial Centre ("DIFC"), successfully priced a USD 700 million 10-year Sukuk. The transaction was priced at par to yield a profit rate of 4.325% (equivalent to 185bps over 10-year USD Mid Swaps). The Sukuk was a remarkable success and attracted more than 70 international and regional investors.

Website: <http://www.difc.ae/>



Food & Health : Chemical Company of Malaysia Berhad

Chemical Company of Malaysia Berhad (CCM) is a public listed company on Bursa Malaysia and declared as a shariah-compliant security by the Shariah Advisory Council of the Securities Commission Malaysia. It is also one of Malaysia's top Government Linked Companies (GLCs).

CCM is a key player in the pharmaceuticals, chemicals and fertilizers industries and has been an active player in championing and developing halal initiatives. We are the first pharmaceutical company to obtain the Malaysia's halal certification in 1999 for our range of health supplements under the established brands of CHAMPS, Proviton, Naturalle and Flavettes. Our manufactured chemical products were also the first to obtain the Halal Malaysia certification in 2004.

Website: <http://www.ccemberhad.com/>



Media : Unity Productions Foundation

For 15 years, Unity Productions Foundation has pioneered a critical presence in the mainstream media, presenting Muslim stories, both historical and contemporary, that might otherwise go untold to tens of millions of viewers in the West and around the world. Along the way, they developed an innovative one-of-a-kind media organization, consistently placed its work in the public eye at a national and international level.

UPF has gone on to co-produce ten internationally broadcast full-length documentaries seen in the U.S. and around the world by an estimated 150 million viewers. <http://www.upf.tv/films/>. These have been nominated for and/or won major awards and prizes including Cine Special Jury Award for Best Documentary Film, two Cine Golden Eagle Awards, the American Black Film Festival Best Documentary of the Year Award, the Rumi Peace & Dialogue Award for Extraordinary Commitment to Peace through the Media.

Website: <http://www.upf.tv/>



Hospitality & Tourism : Hajjnet

Hajjnet was founded in Dubai in 2012 to create and deliver content, and mobile & web products to empower Muslims in fulfilling their faith based obligations in a manner more safe, informed, and convenient. It is all about contributing to the 'common good' of our community and to bring our community together to contribute to that 'common good'.

Hajjnet serve our users in their aspirations to perform Hajj and Umrah and to support them in having the ultimate experience, sharing it, and helping share the information that made it that way.

Website: <https://www.hajjnet.com/en>



Waqf and Endowments : Center for Zakat Management

Center Zakat Management (CZM) started its humble operations in the year 2008. It is a Nonprofit, pro-poor charitable organization being run as trust in Bangladesh, engaged in the mobilization of Zakat, Waqf & Endowment with the purpose of alleviating poverty through a set of programs ranging from livelihood activities to education to emergency help. CZM addresses all walks of life starting from infants, adolescents, under graduate students, adult man & woman, aged & vulnerable people. Since its launch CZM has been working hard to develop awareness of Zakat, Waqf & Endowment amongst the affluent and blessed section of the Muslim community, both as individuals as well as corporate entities regarding the importance of an institutionalized platform for mobilization & distribution of Zakat, Waqf & Endowment.

Website: <http://czm-bd.org/>



SME Development : Affinis Labs

Established in February 2015, Affinis Labs brings together experience, passion, and networks of talent to generate innovative solutions to global challenges. We do this through unique purpose-driven "hackathons" - intensive team competitions where ideas are prototyped, iterated, tested, and pitched to a live audience, an online crowd, and a panel of judges. Winning prototypes - and even some of the runners-up - are incubated, fully developed, and launched at Affinis Labs. From Sydney to Abu Dhabi, from Hollywood to Kampala, our hackathons leverage partners in the private and public sectors to build a foundation of support for entrepreneurs and creatives so that solutions have real world impact. Affinis Labs also helps innovative entrepreneurs accelerate their startups to grow their companies while providing social benefits to the markets they serve. Our first cohort of companies draws from Muslim American talent to target a global market of 500 million Muslim youth, who are upwardly mobile but lack an abundance of products & services that cater to their unique identities and needs. To support these efforts, the team at Affinis Labs designs communications campaigns for social impact in collaboration with entrepreneurs and creatives, fusing public relations, social media, community engagement, partnership building, and grassroots collaboration.

Website: www.affinislabs.com/



Islamic Economy Knowledge Infrastructure : Amanie Advisors LLC

Amanie Advisors is a leading shariah advisory firm specializing in Islamic finance solutions covering a wide range of services including shariah advisory and consultancy, training and research and development for institutional and corporate clientele focusing on Islamic financial services. Guided by its Shariah Supervisory Board, Amanie Advisors provides end-to-end shariah solutions to the client through its 10 offices around the globe.

Amanie has been established with the aim of addressing the global needs for experts' and shariah scholars' proactive input. This will ultimately allow the industry players to manage and achieve their business and financial goals in accordance with the Shariah Principles.

Website: www.amanieadvisors.com/



Islamic Arts : Peter Gould

Peter Gould is a designer, creative entrepreneur and artist. He is described by the BBC as “among those young urban global Muslims leading the emergence of a new Muslim cool.” His innovative, award-winning work is highly sought after globally and it has touched millions with positive, inspirational creative projects.

He founded and runs a successful international strategic branding firm which has worked with a wide spectrum of clients from global icons such as the United Nations, well-known personalities, governments, embassies and household brand names.

Peter's unique artwork & photography is found in the collections of diverse audiences including a Prime Minister, Middle Eastern royalty and has been exhibited in galleries around the world over the past decade.

He has won several awards, launched his own apps & games, created popular online platforms, teaches workshops internationally, has work published in several books and is followed by over 250,000 people through social media.

Website: www.peter-gould.com

Individual Award



2015 lifetime achievement award : Iqbal Khan from Fajr Capital

Iqbal Khan is the CEO of Fajr Capital, a Dubai-based Islamic investment firm whose shareholders include Khazanah Nasional, the Government of Brunei Darussalam, the Abu Dhabi Investment Council and the Mohammed Alsubeaei and Sons Investments Company (MASIC). He is also a member of the Board of Directors of Bank Islam Brunei Darussalam, GEMS Education, Jadwa Investment, MENA Infrastructure and National Petroleum Services.

Prior to **Fajr Capital**, **Mr Khan** was the founding **CEO of HSBC Amanah**, where he built the business and team over eight years into one of the fastest growing and most successful emerging businesses in the HSBC Group. He was simultaneously a member of the Board of Directors of HSBC Bank Middle East, The Saudi British Bank, and HSBC Investment Bank (Saudi Arabia).

Website: www.fajrcapital.com/



Competition Overview

The Innovation 4 Impact Competition is a global platform for entrepreneurs to present their business, products or services to an expert panel, as well as to an audience comprising prominent entrepreneurs, trade visitors and opinion leaders.

The Innovation for Impact competition is designed for innovative entrepreneurs across the globe whose solutions will disrupt the status quo across the digital sphere. The Competition supports start-ups and businesses in the Islamic digital economy and serves as an incubator for SMEs across the world. The competition is open to any company or entrepreneur with a potentially groundbreaking idea or business venture. The applicants' ideas were judged based on different aspects including: innovation, economic and social impact as well as the scalability across markets and regions.

Judging Panel



Dr. Adnan Chilwan

Group Chief Executive Officer
Dubai Islamic Bank
UAE



Muna AbuSulayman

Philanthropist and Media Personality
UAE



Badr Buhannad

Executive VP - Corporate Strategy,
ICT & Risk Management
Dubai Silicon Oasis Authority



Ihsan Jawad

Managing Partner
Middle East Venture Partners
UAE

Innovation 4 Impact competition winner



Winner Name: Hajjnet

About Hajjnet:

Hajjnet was founded in Dubai in 2012 to create and deliver content, and mobile & web products to empower Muslims in fulfilling their faith based obligations in a manner more safe, informed, and convenient.

Hajjnet is all about contributing to the 'common good' of our community and to bring our community together to contribute to that 'common good'.

We serve our users in their aspirations to perform Hajj and Umrah and to support them in having the ultimate experience, sharing it, and helping share the information that made it that way.

As Muslims, we are all using the Internet to research our travel. The Hajj and Umrah pilgrimages are no different. In fact they require more information and involve more unknowns than most other journeys. The goal of one's Hajj or Umrah being accepted only adds extra weight to the responsibilities – all the more reason to build technology and a community to support it.

Website: <https://www.hajjnet.com/en>

Twitter: @Hajjnet



Parallel Session 1A: Islamic Finance: Strategies for Global Relevance and Inclusion

Keynote Speaker

*Prof. Datuk Rifaat Ahmed Abdel Karim,
CEO, International Islamic Liquidity
Management Corporation, Malaysia*

Moderator

*Wissam H. Fattouh, Secretary General,
Union of Arab Banks, Lebanon*

Panelists

Rick Pudner, Chairman, Beehive, UAE

*Bashar Al-Natoor, Director Corporates,
Fitch Ratings, UAE*

*Adel Abdul Wahab Al-Majed, CEO,
Boubyan Bank, Kuwait*

Agenda

Islamic financial institutions have moved into the global agenda in the past decade. While progress has been made, there are still significant populations that remain excluded from affordable access to financial services. Financial exclusion can come from the poor not having physical access to banks, not having the resources to use financial services, or by the belief that the available financial services violate their religious beliefs. While some conventional banks are in the position to help manage the first two causes of financial exclusion, they cannot fully address all causes of financial exclusion without providing Sharia-compliant products and services. This panel session addressed the following key points:

- Have Islamic financial institutions met the needs of people who are financially excluded solely for religious reasons?
- What challenges exist to using Islamic finance as a mechanism for dealing with people who are financially excluded for reasons other than religion?
- Can Islamic finance act as a financial inclusion mechanism for non-Muslims?
- Can technology and religion combine to play a role in addressing the financial inclusion required for the more than 1 billion Muslims who are unbanked?

Summary

- Should the need for inclusion be met by banks and financial institutions or by other institutions altogether? Islamic banking and conventional banking cannot cater to financial inclusion since they are motivated by profit, and financing higher-risk segments, such as SMEs, is costly. Further, regulations – Basel, KYC rules, anti-money laundering or FATCA – make it challenging for banks when it comes to inclusion.
- Technology may come to the aid of the financially un-included. Research shows that of the 2.6 billion unbanked, 1 billion have mobiles. The cost of a transaction is considerably lower when it's made using a mobile compared to an ATM or telephone banking facilities.
- Islamic finance has not fully explored all means of financial inclusion instruments and avenues that the Sharia offers, be it through profit-making Islamic financial institutions or Islamic social finance bodies. These instruments and avenues range from zaqat and sadaqat to equity partnership and joint ventures, among other things.
- The strategy for inclusion, however, can be much wider than Islamic finance and include ethical or socially responsible finance across the board.

Recommendations

- Islamic financial institutions, driven by an existing industry infrastructure body, to form an “Islamic fintech center” to more systematically explore the use of technology for inclusion. This center will work in collaboration with non-financial institutions such as P2P platforms and telecom companies to pump resources into solutions that will have a better chance of achieving scale across borders in order to reach the Muslim world’s unbanked constituents.
- Governments and regulatory bodies should broaden their strategy for inclusion so in time the world will see profitable institutions doing profit sharing as part of Sharia, with other parameters for risk.

Keynote Speech

Prof. Datuk Rifaat Ahmed Abdel Karim, CEO, International Islamic Liquidity Management Corporation, Malaysia opened the keynote address by juxtaposing statistics that showcase the growth of Islamic finance against the backdrop of an increasingly challenging macro-economic and political environment.

Islamic finance is seeing an upward trajectory evidenced by double-digit compound annual growth in assets.

The past few years have also seen strong growth in global sukuk. In 2014, sukuk highlights included sovereign sukuk issuance from the Maldives, Hong Kong, UK, South Africa, Luxembourg and Senegal. There has been an increase in foreign currency sukuk from domestic issuers, particularly U.S. dollar issuances. Sukuk is routinely listed on stock exchanges from London to Luxembourg and Dubai.

Islamic Finance is Exposed to Systemic Risk as Conventional Industry

However, he warned, “Despite its history of sustained momentum, Islamic finance system seems to be exposed to the same systemic risk and volatilities as its conventional counterpart.”

The international events that he listed include the US Federal Bank’s easing of stimulus, combined with the improving US economy backed by a strong dollar. He alluded to macro-

economic challenges such as the decrease in global oil prices and currency fluctuations and their effect on the financial climate. The IMF has cut its global growth forecast for 2015 to 3.3 percent in October down from 3.8 percent earlier in 2015, citing stagnation in Europe and Japan and challenges in emerging economies.

While the prognosis still holds that overall long-term indicators favor future growth of sukuk, he said, global sukuk issuance for the first quarter of 2015 declined to US\$ 18.7 billion from US\$ 24.4 billion in the same period a year earlier.

He pointed out that after the Central Bank of Malaysia stopped issuing short-term sukuk in early 2015, credit rating agency S&P revised its forecast for total sukuk issuance in 2015 to US\$ 50-60 billion from its earlier forecast high of about US\$ 115 billion.

Financial Inclusion is a Priority for Central Banks

Despite its growth, the Islamic finance industry is still struggling in the area of financial inclusion – technically defined as the share of the population who use any financial service. Increased inclusion is linked to improved economic health of a country. Greater financial inclusion as a policy objective has been gaining broad political importance since the early 2000s and is a priority for central banks.

If, in the beginning, financial inclusion was about the delivery of services to low-income segments of society at an affordable cost for providers and financiers, it has now evolved to embrace other dimensions – easy access to finance for rural households and enterprises, institutions guided by financial regulation and supervision, institutional sustainability, and competition between service providers.

A global report says that two thirds of regulators and supervisory agencies around the world have been tasked with encouraging financial inclusion. More than 50 countries have set formal targets on inclusion.

Theory is Concerned with Defining Prohibitions Rather than Specifying Best Practice

In the case of Islamic finance, for years, the standards-setter

AAOIFI has had governance standards related to corporate social responsibility (CSR) and the Islamic Financial Services Board (IFSB) has added financial inclusion as one of its priority projects.

As of 2010, 2.7 billion people, or 70 percent of the adult population in emerging economies, had no access to financial services. About half of the world's adult population is unbanked. Unfortunately, a significant proportion is from countries with predominantly Muslim populations. Although CSR and financial inclusion has increased in importance over the last few years, they are still considered alternative or complementary to the profit-making system in conventional market economies.

Economic justice and financial inclusion is fundamental to Islamic finance and risk sharing is a basic principle. Islamic finance is meant to be redistributive and based on anti-speculative ideals; the prohibition of *riba* (interest) or *gharar* (contractual ambiguity) clearly demonstrates how financial inclusion is essential to any application of Islamic finance.

Prof. Karim asked, "We have very far to go. Why does Islamic finance lag behind in an area where it has so much theoretical fuel to propel it?"

Increased financial education must be undertaken to fulfil the imperatives of economic justice inherent in the Sharia.

Islamic finance has a religious obligation to act on behalf of stakeholders in ways that encourage the right types of behavior. The challenge is that theoretical arguments are focused on defining or cataloging specific practices that are prohibited while paying less attention to areas where Islamic finance can encourage financial inclusion.

While mulling over what projects to fund and which jurisdictions to target, we must keep the *maqasid* of Sharia in mind. In an urgency to establish itself, the Islamic finance industry has lost momentum with respect to its responsibilities to promote the well-being of the Muslim community.

Panel Discussion

Wissam H. Fattouh, Secretary General, Union of Arab Banks, Lebanon, opened the panel discussion by underlining the strong position that Arab banks find themselves in. In the Arab world, there are 400 banks with assets worth US\$ 3.1 trillion and total deposits worth US\$ 2 trillion. The number of Islamic banks is increasing, with more than 100 Islamic financial institutions in the region today. Of these, 64 are fully Sharia-compliant and the remainder are

windows of conventional banks. The total number of Islamic financial institutions worldwide is 360, of which 250 are fully compliant and the rest are Islamic windows of conventional financial institutions.

The Challenges of Being Responsive to the Unbanked

The share of Islamic financial assets is fast increasing. "Two billion people are outside the financial sector. They don't even have a bank account. How can we help? How do you think Islamic finance meets their needs?" asked **Fattouh**.

Referring to the relatively recent growth of modern Islamic banking, **Bashar Al-Natoor** said that the focus has been on the top of the pyramid, i.e. institutional investors and sophisticated corporates. He pointed out that the shariah is fully equipped with a wide variety of tools and instruments, from social finance tools *zakat* and *sadaqat* to equity partnership and joint ventures, among others. It has a base of inclusion encompassing the cross-section of society.

Natoor pointed out that Islamic finance lags behind in having the right institutions to serve the broadest base of the pyramid. **Fattouh** questioned whether these needs should be met by banks or other types of institutions altogether. He also highlighted the issue of a push from regulatory authorities and the government.

Fattouh said that despite their lending power only about 10 percent of banks' loan/financing books is with small and medium enterprises (SMEs), which are considered to be the best drivers of financial inclusion. **Adel Abdul Wahab Al-Majed** agreed that Islamic banking and conventional banking cannot cater to financial inclusion. "We cannot serve these sectors. It's a high cost operation in terms of finances and people. For us banks the mandate is profit. I hope that the shareholders will say that profit is number three but they say it's number one. It's profit within Islam. These are the two major concerns."

Technology May Have the Best Solutions

Al-Majed said that technology may come to the aid of the financially un-included and pointed out that of the 2.6 billion people who are said to be out of the reach of any financial networks, 1.1 billion are Muslim. Research shows, he continued, that 1 billion of these 2.6 billion own mobile phones. The cost of a transaction is considerably lower when it's made using the consumer's mobile phone compared to an ATM or tele-banking. He said that while banks are limited

by risk pricing concerns, there are examples of central banks partnering with mobile companies in Bangladesh and Kenya.

The telecommunications carriers will be the beneficiaries of this and banks will lag behind in financial inclusion.

Within three years 900 million from the unbanked population will have Internet. With such a significant population accessing the Internet on their mobiles, peer-to-peer payments and financial transactions as well as the more traditional mobile internet banking will be made very easy.

“With us or without us, financial inclusion for all populations, Islamic and non-Islamic, will come,” said **Al-Majed**.

Innovation for Inclusion Across Sectors

When the discussion was directed to financial education and inclusion as drivers for innovation, **Rick Pudner** agreed that banks, Islamic or conventional, are not geared towards the inclusion of the 2 billion unbanked.

UAE and Dubai are a very good place to concentrate on innovation and educate the younger population. **Pudner** pointed out that mobile phone technology will be the centre of a lot of innovation. Peer-to-peer lending gives a wider choice for SMEs to access funding. He spoke about the significant funding gap in the Middle East, referring to the fact that Beehive has given \$5 billion to more than 40 SMEs in the last 10 months. An example of innovation, he said, is the launch of shariah-compliant peer-to-peer online market place/lending site certified by AAOIFI. “We are achieving 20 to 30 percent savings for small businesses by putting them directly in contact with lenders,” he said.

Bashar Al-Natoor pointed out that as you go down the pyramid, the quality of customers will get lower. “There is nothing in shariah that prohibits you profiting. Profit and risk sharing are part of shariah,” he said, pointing out that with time, the world will see profitable institutions doing profit sharing as part of shariah, with other parameters for risk.

Fattouh stated that regulations – Basel, KYC rules, anti-money laundering or FATCA -- pose challenges for banks when it comes to inclusion.

Al-Majed agreed that these regulations do not encourage banks to do more to include the unbanked. The challenge is how to make these transactions profitable. He said financing SMEs in developed countries is different, as SMEs there are more likely to keep proper paperwork and documentation,

including bookkeeping and balance sheets. SMEs in the MENA region, he said, are not bankable in these ways.

Rick Pudner said that the cost for banking is significant. KYC and anti-money laundering checks are crucial. Where the banks have a problem is how nimble they can be in the new environment and adapting to that from a banking point of view. That gives disruptive players lots of potential in this market.

Al-Natoor said that the strategy can be much wider than Islamic finance and include ethical or socially responsible financiers across the board.



Parallel Session 1B: Islamic Economy: Mapping the Demographic Dividend Opportunity

Moderator

*Shahed Amanullah, CEO
and Co-Founder, Affinis Labs, USA*

Panelists

*Amira Rashad, Regional Head of Brand
Advertising, Facebook, UAE*

*Amani Al-Khatahtbeh, Founding
Editor-in-Chief, Muslim Girl, USA*

*Sharif Hassan Banna, Founder, Awakening
Worldwide, UK*

Agenda

The 'global urban Muslim' has recently emerged as an identifiable demographic within the Islamic Economy paradigm. Young, fashionable, digitally connected, politically engaged, socially and environmentally aware and spiritually conscious, more than any other, this demographic is driving the future growth of the Islamic marketplace. From San Francisco to Kuala Lumpur, from Cape Town to Dubai, this increasingly influential group, despite their social and geographic difference, shares a wealth of values and cultural references that in many ways define the Islamic Economy. However, this universe is spread very wide geographically and across a wide range of socio-economic profiles. Three clear questions emerge: Where are the big pockets of opportunities? Which segments are growing the fastest? How can these dispersed groups link to drive collaboration and growth?

Summary

- With the youngest demographic among all of the world's religions, the development and emergence of the global urban Muslim has been driven largely by Muslim millennials leveraging the advent of social media, which has unified the geographically scattered Muslim demographic.
- This development has given Muslim women around the world with rapid visibility of modest fashion on the Internet. This growing voice is increasingly being translated into personal and political empowerment.
- Muslim women stand to gain the most from the movement on social media platforms, as they garner attention from the big companies that see market and commercial opportunities in the growing sectors of the Islamic Economy.
- The Internet and P2P platforms have also opened up access to scattered Muslim audiences around the world in other areas, including faith-based and faith-inspired art and culture.

Recommendation

• In order to drive collaboration in the Islamic Economy among global urban Muslims, global Islamic Economy stakeholders such as the Dubai Islamic Economy Development Centre (DIEDC) must chart a clear strategy to include the participation of Muslim millennials and Alphas in their programs and initiatives. The overarching strategy must necessarily harness the voices and participation of a diverse cross-section of the global Muslim ummah who have shaped their own way to global visibility; these include global urban Muslims and Muslim women.

As the only institution gathering the world's Muslim-majority countries, the Organization for Islamic Cooperation (OIC) must step up to learn to speak the language of the global urban Muslim in order to drive collaboration in the global Islamic Economy. A less fractured/regional approach towards a set of more visible online global programs and initiatives must be designed to harness the energies and talents of the online Muslim ummah. This could start with a high-level task force comprised of a cross-section of the world's most influential Muslim millennials, with as equal a representation as possible of genders and ethnic backgrounds. The discussion on 'Mapping the Demographic Dividend Opportunity' was prefaced by an introduction by the session moderator **Shahed Amanullah, the CEO and Co-Founder of Affinis Labs, USA.**

Amanullah explored the current unique characteristics of the global Islamic Economy. Before the advent of the Internet, there wasn't a clear global Islamic Economy, but there were multiple Muslim economies, which were based in demographics that had their own unique characteristics. Eventually, the Internet started enabling connections between people at an extremely rapid rate. Over time, there has developed a culture shaped by the Internet and, more importantly, by Muslims around the world who realized that they didn't live in a bubble but in a very diverse global community that shares similar values. With the advent of social media, the transfer of information in this global ummah has accelerated tremendously. Muslims around the world came to realize that the world's largest ummah is online; it became a group of people whose cultures and lifestyles have been shaped by their online existence. The people in these communities feel a sense of affinity with others like them from all over the world even though they've never met; they share the same jokes, music, and the same cultural identities. This phenomenon has led to the formation of a 'global urban Muslim'.

Amanullah stated that when there is a massive cultural shift of that nature, a new series of goods, services and economies emerge, which represent both challenges and opportunities. The challenge is that, in such a situation, an identity that is still in its infancy begins to coalesce.

However, the benefit of such an opportunity is that you can help to shape the market. **Amanullah** added that what this market needs now is a clear vision on what they need 10 to 20 years from now. The global Muslim market is unique among all markets in the world based on a shared set of values. In this scenario, those values cannot be abandoned as businesses cater to that market. He suggested that the audience that makes up this global Muslim market must be provided with goods and services that accentuate their values.

Shift Attention to the Needs of Global Muslim Women

Amani Al-Khatahtbeh, Founding Editor in Chief of Muslimgirl.net, said: "Currently, [Muslimgirl.net] is the number one voice for Muslim women in the United States. We cover a wide range of topics from culture and fashion to pop culture, and we have a vested stake in the growing industry."

If you run a search for pictures of Muslim women on the Internet, she said, the search leads to a picture that is very bleak, and not very flattering. "This is a very limited, two-dimensional understanding of who Muslim women really are." She stated that this problem is a direct result of the post-9/11 era, which has eliminated the Muslim voice. The online magazine is an attempt to recreate a platform to represent the Muslim narrative.

If people start talking in the universal language of money, **Al-Khatahtbeh** said people would automatically start listening. "The post-9/11 generation is most active online, and most active on social media. The millennial on this platform is trying hard to create a voice and with the rise of this voice, we are paving the way for a lot of opportunities in the new market place."

She stated that the boom in the modest fashion market was a direct result of social media. A number of Muslim women are very active on social networks like Instagram. The 'hijabi fashionistas' and 'makeup gurus' garnered a lot of attention

and it is no wonder that a lot of women around the world are more aware of modest fashion trends related to the hijab or modest clothing.

Global markets, businesses, and brands are opening their eyes to this potential and slowly, Muslim women are becoming a target market. The millennial demographic is changing for the Muslim economy and that voice is getting directly translated into political empowerment. **Al-Khatahtbeh** quoted an example of the Boycott Divestment and Sanctions Movements against Israeli war crimes that indirectly led to a major hit in the pockets of big companies.

She said, “Muslims are choosing to hit companies where it hurts... in their pockets. We are cultivating a voice for ourselves and the big companies want to know how they can gain access to these market places, which are almost untouched by big businesses. In this case, Muslim women stand to gain and give the most from all this.”

“Muslims are choosing to hit companies where it hurts... in their pockets. We are cultivating a voice for ourselves and the big companies want to know how they can gain access to these market places, which are almost untouched by big businesses. In this case, Muslim women stand to gain and give the most from all this.”

- Amani Al-Khatahtbeh, Founding Editor in Chief, Muslim Girl, USA

Faith-Inspired Music Reaches Millions

Sharif Hassan Banna, the Founder of Awakening Worldwide said that his company was initially launched as a publishing house 15 years ago. After he realized that the global ummah “does not read”, he shifted his company’s focus to culture, art, and music, and set up a record label called ‘Awakening Records’ that identified and launched Muslim artist Sami Yusuf in 2003. “When we entered this space in 2003, we linked the company to values that stem from our faith and generic human values. The tagline of the company is - “Faith-inspired and values-driven content”.” The company’s target market at that time was in the UK,

Europe, and at best the Western Muslim. **Banna** said that the company did not foresee a future where they thought they would be operating in countries like Azerbaijan, Sudan, South Africa, China, and India.

He went on to explain that urban Muslims, who are technologically and/or digitally connected, especially in the context of music, are from across the globe. They are located in urban areas, as well as in villages of countries like Bangladesh or Uganda. “Access to content has changed the way we do business and changed the way we look at our audiences. In the last decade, we’ve got a lot of things right, but still face challenges,” said **Banna**. He added that without the advent of social media, the penetration into global markets would be severely hindered. With the rise of platforms like iTunes, audiences are widespread. For example, the 400,000 Muslims living in Vienna are as important as the millions of Muslims living and accessing their music in Egypt.

Understanding audience behavior and shaping the product to the needs of this market, is an ongoing challenge on a day-to-day basis, according to **Banna**. “The product of Islamic culture or Islamic music is something that sits between the offering of secular and mainstream pop culture-driven content and something that is conservative and traditional.”

Banna said that a vast majority of the audiences for Awakening Worldwide are in the age group of 18 to 27 years. He stated that Youtube’s tracking algorithms have helped the company discover the entire reach of its music and the diversity of its audiences. The content created by artists signed up to Awakening Worldwide is reaching Muslim populations in countries across the globe, including France, UK, Indonesia, Sudan, Russia, and America.

Egyptian American national **Amira Rashad** is the UAE-based Regional Head of Brand Advertising at Facebook, MENA & Pakistan. **Rashad** said that she has been working in the digital space for almost nine years. She is now working with major multinationals to help them leverage Facebook and Instagram platforms to grow their businesses. Other than the fact that Facebook and Instagram are the most pervasive platforms in the world, there is a quality related to being who you are and understanding what you’re dealing with. She stated that these social media platforms give you the freedom to express yourself in the best way possible. “It gives you the opportunity to present the best of who you are... This is something [that] we’re seeing evolve [and that brings us] back to the point of the way millennials interact with each other and represent themselves on social media,” said **Rashad**.

She stated that the younger generation is less and less wary about issues of privacy and more concerned about representing themselves. “The millennials are not afraid of putting a very clear idea about themselves to any of the stakeholders,” she added.

From governments to advertisers, this trend was clearly demonstrated in the Arab Spring and in the way the youngsters respond to commercialization. “This only shows how connected they are on a personal and social level. Millennials are very comfortable interacting based on their real identities and it connects very well as an Islamic identity. One of the basics of operating as a Muslim is to be open and honest in your communication and being true and clear in what you do,” she added.

“Access to content has changed the way we do business and changed the way we look at our audiences. In the last decade, we’ve got a lot of things right, but still face challenges,”

*- Sharif Hassan Banna, Founder,
Awakening Worldwide, UK*

Market Leaders Communicating with the ‘Global Muslim Market’

“Shaping an identity for the Muslim audience translates into consumerism as well,” said **Al-Khatahtbeh**. “For our audience at MuslimGirl.net, when we are carving out a space for ourselves by using things like modest fashion as a way to do so [...] we are pushing back against global expectations of who we are and what we stand for. The message that we want to give back through these platforms is that these opinions need not be censored or molded to certain expectations.”

Al-Khatahtbeh elaborated on how the portal gives Muslim women around the world a sense of security and confidence to embrace who they are and carve a voice for themselves in the global market.

Adding on Alkhat’s points, **Banna** said the current dialogue is about navigating faith identities in a post-modern era. He stated that Muslims today are repositioning themselves in the global market space.

Meanwhile **Rashad** used the example of how Muslim businesswomen in Saudi Arabia successfully use Instagram as a tool to market products, services, and ideas. Mainstream advertising on channels like Facebook and Instagram has also opened up a dialogue between Muslims and non-Muslims, making communications much easier.

Rashad added, “When Facebook launched video advertisements back in December, it got half a million views in a day. Today, the application indexes close to 9 million in a day. In the Middle East, the consumption of video is two times more than it is in the rest of the world.”



Parallel Session 2A: Islamic Economy: Food and Travel Sector Investments

Moderator

*Rafiduddin Shikoh, Managing Director,
Dinarstandard, UAE*

Panelists

*H.E. Marwan Bin Jassim Al Sarkal, CEO,
Shurooq, UAE*

*Aamir Abdul Rehman, Managing Director,
Fajr Capital Group, UAE*

Simon Coombs, CEO, Shaza Hotels, UAE

*Mohamed Aboulgheit, Managing Director -
Financial Services, Pioneers Holding, Egypt*

Agenda

In 2013, the halal food and beverage sector represented a global Muslim consumer spend of US\$ 1.3 trillion and the Muslim-friendly travel sector an additional US\$ 140 billion. It is no surprise that these dynamic and fast-growing sectors have seen significant investment in recent years. As the F&B sector is expected to double, and the travel sector is expected to reach US\$ 238 billion by 2019, there is ample scope for further investment. Given the degree of natural overlap between these two lifestyle sectors and the proliferation of food and travel programs across global media platforms, these sectors are increasingly in the public domain, especially in the influential 'golden' demographic of 25- to 45-year-olds with young families, disposable income and fashionable lifestyles. This session explores some of the success stories in these sectors, elaborates on the lessons learned, and points the way to future investment opportunities.

Summary

- Global Muslim consumer spending on food and beverage is about 17 percent of global aggregate, at more than US\$ 1.1 trillion in 2014; however, not all of this is spent on halal F&B.
- In the travel and tourism sector, not including the travel to Hajj and Umrah, Muslim tourists account for 11 percent of world spending.
- Successful brands such as "Shaza" report that they have successfully positioned themselves by creating a unique product. It's not only about being Sharia-compliant but about building a great experiences for customers. When it comes to differentiation, Islamic Economy businesses should position themselves not by what they are not, but by what they are; as a case in point, 'dry hotels' is not the accepted industry term but the concept of family-friendly hospitality is very scalable.
- Food production is worth billions in the context of the global Muslim population and especially in Islamic countries that are net importers of food. In order to attract and drive more Sharia-compliant investment in the global halal F&B sector, governance standards are crucial.
- Further, standardization of halal certification is also crucial. In this regard, governments and multilateral institutions play an important role in issuing relevant rules, standards, regulations and legal frameworks for the industry.

Recommendations

- There is a clear need for Islamic Economy businesses to feel more securely about their own positions, i.e. to highlight what they are instead of sending out messages about what they're not. There is a role here for leading Islamic Economy centers such as the Dubai Islamic Economy Development Centre (DIEDC) and Malaysia's Halal Development Corporation, in conjunction with the OIC's SMIIC, for example, to start the ball rolling by coming up with publications that deal specifically with the Islamic Economy's unique market proposition vis-a-vis marketing, advertising and public relations. These publications, which should be distributed free of charge in the main languages of the Muslim world, would serve as a common language and platform for Islamic Economy businesses worldwide.

- The OIC, with its wide and deep reach into the Muslim world, must try to establish a 'global center for the Islamic Economy' to serve as an administrative headquarters with an overview of global programs to align Islamic Economy-related standards. Top of the list at this point in time are two issues: implementing and adhering to governance standards, which will better inform investment decisions; and halal certification, which the OIC body SMIIC is already tasked to develop.

Rafiduddin Shikoh, Managing Director, Dinarstandard, UAE, started the session by highlighting that the global Muslim consumer spend on food and beverage is about 17 percent of total global expenditure on F&B. This equalled approximately US\$ 1.1 trillion in 2014 but is not all spent on halal F&B.

In the travel and tourism sector, US\$ 140 billion, or 11 percent of total global spend in 2014 was from Muslim tourists. This figure does not include travel and tourism expenditure on haj and umrah. The Muslim travel and tourism consumer base, said **Shikoh**, is growing faster than other demographics. This growing Muslim traveller base has spurred the growth of the halal hospitality sector.

Describing Shaza as a brand, **Simon Coombs, CEO, Shaza Hotels, UAE**, said that the company offers guest experiences that respect their values and cultures, ensuring that Muslim travellers feel comfortable in their environment. Shaza's target is the young, dynamic, high-income, high-spend Muslim traveller looking for different travel destinations.

The growth of the halal hospitality sector, however, has not been without its challenges. **H.E. Marwan Bin Jassim Al Sarkal, CEO, Shurooq, UAE**, said that when Shurooq began, the very idea of a five-star hotel without alcohol was unimaginable. However, this changed with brands such as Chedi and Anantara becoming interested in the market. The focus, he said, is on differentiating and creating a unique product. In the case of Chedi Khorfakkan, for instance, the emphasis is on offering the old Emirati experience.

Bringing home the point, **Coombs** said that the focus needs to be on creating a great hotel in terms of guest experience, architecture and how the brand engages with the customer. "It's not just about alcohol. You can [serve alcohol and] still be a bad hotel. It's about building great hotels," he said.

Responding to a question on the investment potential for the sector, **Abdul Rehman** said that investments require companies to focus on the micro-picture. Based on the experience of Fajr Capital, he said, "The formula that we use is that we look for a differentiated strategy, operational excellence and the ability to scale." For a private equity company it is important that capital be used to grow the business before it can become more valuable for all the investors involved.

Bringing up one of the key points of the discussion he said that when it comes to differentiation, 'dry hotels' is not the go-to term. "We should not define [the offerings] by what they are not, but what they are," he said, emphasizing that family-friendly hospitality is a much more scalable term. He said that a brand such as Shaza would then check all the boxes – family-friendly hospitality has universal appeal. Operational excellence, in this instance, is assured with Kempinski, with which Shaza was formed as a joint venture in 2006. Scalability means that the product or company could be focused on the Islamic Economy but also demonstrate the scalability and investment attractiveness for investment firms.

Shikoh steered the discussion back to the business case, which requires Islamic Economy businesses to be inclusive and inviting to everyone and not only to Muslims. He said that success stories such as Bateel, a luxury dates company, are based on this concept. Success stories such as Bateel whet investors' appetite for the halal F&B sector.

Speaking for Egypt-based Pioneers Holding, which snapped up cheese-maker Arab Dairy in March 2015, the company's Managing Director of Financial Services, **Mohamed**

Aboulgheit, said that the company decided to invest in the food sector because it would complement the company's portfolio, given that food production is worth billions in the context of the global Muslim population. "Arabian countries rely on food imports. We need to develop this market," he said.

He illustrated this with the example of Malaysia, which has halal food exports of more than US\$ 10 billion every year. He emphasized the long-term nature of the sector and the need to grow the business by exposure to other markets.

The Governance Framework for the F&B Sector

Responding to a question from the audience, **Abdul Rehman** said that governance standards are crucial to investment decisions. In the F&B sector, in particular, there are different partners dealing with agriculture, processing and services. Many of these tend to be family-owned businesses that bring with them issues of [corporate] governance.

Shikoh said that since Islamic countries are net importers of food, from an investor's point of view how would the issue of standardization be resolved? There are currently about 300 certifiers worldwide.

Aboulgheit said halal certification is a crucial part of standardization. "[The] halal food sector can never work without a legal framework," he said, emphasizing government's role in issuing relevant rules, standards, regulations and legal frameworks for the industry. He said compliance is pervasive and includes hygiene, health and Islamic requirements. He added that many imported food items are certified in the country of origin and consumers may not be sure that what they're consuming is halal.

Shikoh brought up the point that OIC countries import 89 percent of their meat from Brazil, the US or France, among other markets. "Why not go up the value chain. Why not invest in abattoirs where the supply chain starts?" he asked, citing the example of Abu Dhabi's investment in abattoirs in Brazil.

Abdul Rehman said that while institutional investors have a mandate to make some strategic investments around food security and imports, private equity companies focus on financial prospects. For many private equity investors, green field investments are less attractive. If there are joint ventures of a company based in the region with a partner in the source market, it may be viewed more positively from an investment point of view.

Limiting Factors in the Food Sector

In the last three years, US\$ 20.1 billion worth of deals were identified in the halal meats sector, said **Shikoh**, citing a dedicated report on M&A activity in the global halal food space. Of these, 86 percent were corporate funded and 14 percent were funded by private equity.

Globally, in the overall F&B sector, not just halal, over 500 such deals exchanged hands in the F&B sector, worth US\$ 100 billion. He mentioned that there is disparity in global investing in F&B in general and regional investment in the halal space. He threw open the question of whether there was a disparity between global investment funds' appetite in the sector compared to that in the Middle East. He indicated that the proposition is perhaps more attractive to large industry players due to scale. He noted that the region has its own major food manufacturers that rake in multi-billion dollar revenues.

Al Sarkal said that the food industry has not traditionally been considered an important part of the economy in most oil-rich countries. The sector would [traditionally] be challenged by the scarcity of water. For many investors, focusing outside of the GCC was a better deal, albeit with challenges on finding the right partner. Many GCC investments that have gone into Sudan, Mauritania or Morocco, for instance, have failed. On a larger scale, he said that it may not be necessary to invest in food in the region; it may be better to invest wherever there is opportunity.

Being Backed by Strong Fundamentals Builds an Investment Case

When the discussion returned to the business case for Shaza, **Coombs** said that one should not do business where the fundamentals are not strong. The company's original plan was to invest in the properties themselves. However, when that did not meet with success, they decided to attract third-party operators. The brand profile has now changed – 2015 will see Shaza with 14 hotels in its portfolio. The company's objective is to get up to a minimum of 20 hotels in operation by 2020. The average fee per property is much better because of focused positioning.

"Now we're being backed by major investors including Islamic banks that have bought hotels. We have to have the same business case as Four Seasons or Hyatt, or we would not attract investors," he says, forecasting increased returns from the high-spending demographic that Shaza attracts, despite losing revenue from sales of alcoholic beverages.



Parallel Session 2B: Islamic Finance: Awakening the Awqaf

Keynote Speaker

*H.E. Hussain Al Qemzi,
Chairman of Awqaf & Minor Affairs Foundation,
and CEO of Noor Bank, UAE*

Moderator

*Dr. Sayd Farook, Government Advisor,
Dubai Islamic Economy Development Centre
(DIEDC), UAE*

Panelists

*H.E. Tayeb Al Rais, Secretary General,
Awqaf & Minor Affairs, UAE*

*Syed Muhammed Asim Raza, Senior Project
Specialist, Islamic Development Bank, KSA*

*Hussain Benyounis, Secretary General,
Awqaf New Zealand, New Zealand*

*Ahmad Ali, Managing Director,
Auldbrass Partners, USA*

Agenda

The institution of awqaf has a long history in Islam but a relatively limited experience as a fully integrated part of Islamic finance. Waqf trustees have focused on maintaining assets, many of which are in real estate, and as a result relatively limited innovation has made its way into waqf. While this was beneficial, given the financial market volatility of the past decade, the current waqf assets are not generating as much income as they could to fund charitable activities. Some new forms, like cash waqf, have emerged to expand the number of people who can give smaller amounts but participate in creating awqaf that generates income for charitable purposes. A major issue is how to manage the conflict between increasing the return on waqf assets and losing some or all of the social benefits they currently provide. This panel of awqaf advisors and Islamic finance experts discussed the management of these challenges, balancing the impact of moving away from the existing real estate-focused model and identifying ways for Islamic finance to play a constructive role in broadening the positive impact of awqaf.

Summary

- Panelists raised the different challenges that are faced by the awqaf sector, including the lack of financial support from Islamic banks and other financial institutions.
- In recent times, the waqf has garnered a poor image, mainly due to bad management, leading to the destruction of waqf assets.
- Raising awareness about awqaf in the media is one of the best ways to get Muslims to donate to its cause.

Recommendations

- Waqf assets need to be strategically redesigned and there is a need for more qualified professionals to handle waqf assets.
- Create a higher governing body comprising of community members that will protect waqf assets for future generations.
- Implementation of cash waqf, temporary waqf, and qard al hasan will sort out all the problems that the waqf industry faces.
- Use public relations and media to raise awareness about awqaf, giving other donators the encouragement to invest in the awqaf sector.
- Introduce a waqf law in the country where the banks are operating.
- Change the mindset of people who assume that awqaf means building 'mosques and orphanages'.

Keynote Speech

The panel began with **His Excellency Hussain Al Qemzi, Chairman of Awqaf and Minor Affairs Foundation and CEO of Noor Bank, UAE** giving his insights on the subject and 'demystifying' the waqf or the Islamic endowment system. There is no known definitive value to awqaf assets across the globe, said **Al Qemzi**, but total assets are estimated to be in the billions of dollars, mostly donated by individuals and governments in both Islamic and non-Muslim countries with Islamic minorities.

"Waqf is a social movement by the people," said **Al Qemzi**. However, since the beginning of the 20th century, a great parity has developed differentiating awqaf of the past and awqaf now. With the birth of modern Islamic states, most awqaf assets have been merged into the respective country's Ministry of Islamic Affairs, giving awqaf the reputation of being something that is used only for the benefit of Islamic and religious purposes.

However, **Al Qemzi** specified that awqaf's raison d'être has always been to eliminate poverty and help the needy.

In recent times, waqf, according to **Al Qemzi**, has unfortunately garnered a poor reputation, either due to

bad management, leading to destruction of waqf assets; mismanagement; or corruption.

He also raised the need to make waqf a major player in the Islamic economy.

Looking to the future, **Al Qemzi** said that waqf assets must be strategically redesigned, and suggested that waqf assets be handled by more qualified professionals. He also suggested that policies must be put in place to protect the risks in waqf businesses. **Al Qemzi** also stated that waqf needs to be structured as a community owned asset with individuals buying a share or a sukuk of the waqf, and it should be protected from the 'rich individual owners' of the assets.

Panel Discussion

The moderator of the session, **Dr. Sayd Farook, Government Advisor, Dubai Islamic Economy Development Centre (DIEDC), UAE**, opened the panel discussion by raising a question to the delegates about how awqaf as a sector is contributing to the global economy.

Hussain Benyounis, Secretary General, Awqaf New Zealand, explained the work of his organization: "We are a small awqaf organization that was established five years ago with the very specific objective of turning waste into awqaf revenue."

Seeing the potential of awqaf being more integrated into the mainstream Islamic finance industry, **Benyounis** believes the awqaf industry stands to gain, particularly from the sukuk industry. He cited the recent major development to support his claim – the introduction of an endowment sukuk for awqaf development by the Securities Commission of Malaysia, making Malaysia the first Muslim country to introduce such a reform for awqaf.

Adding to the conversation, **H.E. Tayeb Al Rais, Secretary General, Awqaf and Minor Affairs, UAE**, said that in recent times there have been several prominent business people and personalities in the UAE who have come forward to make their donations more public, giving the awqaf sector a boost in awareness among the public. "Publicising a donor's name and using media will encourage other donors to invest in awqaf. By adopting this method of working, in two years, we managed to raise 150 million Emirati dirhams,"

said Al Rais. He recommended using the media and public relations as a positive tool for removing misconceptions about awqaf and raising funds for the sector.

Dr. Farook raised the question as to why there isn't any collaborative effort from Islamic finance sectors to support awqaf. In response to his question, **Syed Muhammed Asim Raza, Senior Project Specialist, Islamic Development Bank, KSA**, said, "We, as IDB, have contributed to the equity of different Islamic banks, but I'd like to admit that we've not been very successful so far in getting Islamic banks involved in the development of awqaf."

He expanded on the different challenges that awqaf faces. Awqaf has a more social outlook, and Islamic banking and finance leans towards income generation and profit maximization. Regardless, a lot is being done to improve the status of waqf. He recommended waqf laws as a way to protect both investors and banks.

As an estimate, **Ahmad Ali, Managing Director, Auldbrass Partners, USA**, said, "According to unverified statistics, awqaf, at the low end is worth \$ 102 billion worth in assets...and at the high-end, awqaf is worth \$ 1 trillion in assets."

According to **Ali**, these estimates have not been optimised, and have been primarily stuck in cash, or have not been diversified beyond real estate. **Ali** stated that prior to the economic crisis in 2008 there was very little clarity on how awqaf funds should be allocated. The situation changed post-2008 when Islamic banking and finance as a whole received a lot more attention.

Apart from awqaf's focus on investing in real estate, there is also the presumption that it should be dedicated to building mosques, said **Dr. Farook**: "People tend to contribute to building mosques because, based on the hadith and sunnah, they presume that it is the best way to serve the Creator. How do we change the mindset and create a more strategic approach in the minds of donors?"

Al Rais said organizations like AMAF can work as middlemen, consultants, or agents, where people are guided into making the right donations. He underlined that the public must be re-educated on the benefits of investing in awqaf.

Touching on the subject of using innovation and technology in the sector, **Benyounis** said that the major problem is lack of finance, and initiatives like microfinance and crowd funding can only do so much to advance awqaf as a billion-dollar industry.

"Without undermining crowd funding and microfinance initiatives, governments can revive cash waqf, temporary waqf, and qard al hasan... Implementing this strategically will solve all the problems that the waqf industry faces," said **Benyounis**.

"Without undermining crowd funding and microfinance initiatives, governments can revive cash waqf, temporary waqf, and qard al hasan... Implementing this strategically will solve all the problems that the waqf industry faces"

- *Hussain Benyounis, Secretary General, Awqaf New Zealand, New Zealand*





Day 2

Plenary Session 2

The Islamic Economy in Corporate Strategy Agendas

Parallel Session 3A

Halal Industry: Innovation, Standardization, and Competitiveness in the Halal Industry

Parallel Session 3B

Family Tourism: Travel Ventures and Successes

Parallel Session 4A

Islamic Economy: Moving Towards Global Brands

Parallel Session 4B

Islamic Art & Design: Is Islamic Art Going Mainstream?

Parallel Session 5A

Islamic Digital Economy: Innovation, Millennials and the Digital Revolution

Parallel Session 5B

Islamic Art & Fashion: Modest Fashion Takes Center Stage

In Conversation With

HRH Emir Muhammadu Sanusi II, Emir of Kano

Closing Session

Breakthrough Innovation for a New World

Plenary Session 2: The Islamic Economy in Corporate Strategy Agendas

Moderator

*John Defterios, Senior Anchor
Emerging Markets, CNN, UAE*

Panellists

*Dr. El Rashid Dafalla Mohamed, CEO,
Emirates Modern Poultry Co., UAE*

*Nirmal Govinda Das, SVP - Corporate Treasury,
Emirates Airlines, UAE*

*Eyup Isik, Senior Vice President - Finance,
Turkish Airlines, Turkey*

Agenda

The challenges and opportunities of the Islamic Economy are now being considered in detail in boardrooms across the world. With its youthful demographic and higher-than-average growth rates, the Muslim world clearly offers tremendous potential for multinational corporations across the full spectrum of Islamic Economy sectors. From finance to food, and from fashion to pharmaceuticals, the opportunities for growth by engaging with the Islamic Economy are becoming ever more widely recognized by corporate leaders worldwide.

Summary

- The Islamic Economy sectors are growing rapidly worldwide but the lack of a common interpretation or standard for halal and for the Islamic finance industry hampers the flexibility for businesses to capitalize more easily in different markets around the world.
- This lack of standardization also makes it difficult for decision makers to decide their commitment to a certain market unless they know the interpretation of the regulations and the financial framework going forward.
- Islamic banking and finance has gained a lot of trust worldwide following its resilience and strong growth post-global financial crisis in 2008. This has given the system and the industry a lot of credibility; however, there is still a lack of diversification in terms of financing modes and instruments for international corporates.

Recommendations

- The Organization of Islamic Cooperation (OIC), with its wide and deep reach into the Muslim world, to establish a ‘global centre for the Islamic Economy’ to serve as an administrative headquarters with an overview of global programs to align Islamic Economy-related standards. Top of the list at this point in time are two issues: halal certification, which the OIC body SMIIC is already tasked to develop, and standardized Islamic banking and finance regulations, legal documents, and processes.
- In order to even begin the serious work of standardizing Islamic banking and finance regulations, legal documents, and processes, a dedicated task force should be established, made up of regulators and market stakeholders, to comprehensively map the global Islamic banking and finance regulatory and standards landscape that will clearly demarcate areas of harmonization and divergence. A starting point would be the establishment of a task force made up of representatives from the infrastructure bodies AAOIFI, IFSB and IIFM, to work closely with bigger Islamic finance jurisdictions such as Malaysia and Saudi Arabia.
- Establish a practical timeline with clear targets for short-, medium-, and long-term goals and KPIs with regard to standardization for different jurisdictions. The Organization of Islamic Cooperation (OIC) countries can look to the OIC’s 10-year program of action that started in 2005, as well as the OIC’s efforts to harmonize halal certification and standards as manifested in the establishment and work of SMIIC.

John Defterios, Senior Anchor Emerging Markets, CNN, UAE, provided an introduction about the current state of the Islamic Economy stating that the numbers are “eye-catching in sheer scale and size.”

He cited sources that predict that the Islamic market will grow from its current 23 percent (of the global economy) to 26 percent by 2030. Addressing the current challenges in the market, **Defterios** said, despite the prediction of the high growth rate in the Islamic Economy, there isn’t a standardized interpretation for halal guidelines around the world. He said that having a common interpretation or standard will give businesses flexibility to seize different markets around the world. It also makes it difficult for business decision makers

to decide their level of commitment to a certain market unless they know the interpretation of the regulations and the financial framework going forward.

Addressing Emirates Airline’s own perspective on the Islamic Economy in the last five years, **Nirmal Govinda Das, SVP - Corporate Treasury, Emirates Airline, UAE,** said, “In the last five years, there has been a quantum leap internationally to recognize the Islamic Economy space.” Das said keeping aside the airline as a group, there has been an economic and financial boom in the industries subsidiary to the airline industry, starting from ground handling and catering to inventory, hotels, etc.

Adding to the conversation, **Defterios** said, “Consumer spending growth on entertainment in 2014 was valued at 9.5 to 10 percent, which amounts to an expenditure of US\$ 16 trillion worldwide. Of this, 10 percent was in the Islamic products market, which is a phenomenal growth.” He raised a question to the panel about how sustainable this growth rate will be for the markets. Responding to his query, **Das** said that even though the world’s GDP is growing at around 3.4 percent, the portion of that coming into the Middle East region is much more. It’s inching up to 8 to 9 percent. **Das** predicted a steady growth for Islamic products in the region.

Providing perspective into the role played by Turkish Airlines in the airline industry, **Eyup Isik, Senior Vice President - Finance, Turkish Airlines,** said that the number of Muslim travellers is high according to airline passenger profiles. The priority now is to cater to the needs of the rising and significant population of the value-sensitive Muslim consumer. “There are significant opportunities in the area in which we are operating and this is what we’d like to cater to,” said **Isik**. He predicted a forward growth trend and profits to firms that cater to the needs of the value-sensitive Muslim consumer.

Speaking about the opportunities for the halal food industry, **Dr. El Rashid Dafalla Mohamed, CEO, Emirates Modern Poultry Co.,** said that five years ago, the meaning of the Islamic Economy was restricted to the permissible way of halal food processing and slaughtering animals. The context and meaning of the Islamic Economy has expanded and, with the inclusion of Islamic banking and finance, it has become evident that Islamic services embrace practical and scientific methodologies that have helped contribute to the Islamic Economy’s visibility in many more sectors than just food and beverages.

Issue of Trust in Islamic Finance

Tackling and facing the issue of trust in the Islamic economy and the halal sectors especially, **Dr. Dafalla** said that in food, halal simply means good quality. It has to serve people well according to their beliefs, demands, and needs.

Defterios also said that trust has been a big issue in the financial markets since the 2008/9 crash. However, the Islamic banking market has benefitted from the economic crash, and there is a lot of trust in Islamic finance particularly with the prevalence of the sukuk market.

According to **Das**, trust, and end-to-end quality are essentially the backbone of Islamic banking. During the recession, there were a few transactions done through Islamic financing and those transactions were relatively unaffected by the crash. "It was the most stable product that was there at that time and [that quality of reliability] forced us to focus on it. It is not complicated, it is friendly, it helps business, and it is cost effective, and anyone in the world can participate in Islamic financing," said **Das**. He added that Islamic finance is a key pillar of the economy and Emirates has raised funds in the region of US\$ 42 billion from Islamic banks, insurance companies, and pension funds since 2001. The success of this has raised immense awareness in countries across Europe, Middle East, Asia, as well as the United States.

Eyup Isik stated that Turkish Airlines have been spending up to US\$ 2 to 3 billion of annual capital primarily on aircraft acquisitions, and Islamic Finance and sukuk is something that the Airline has definitely looked at. Isik however raised the concern of currency diversification that is a pre-requisite for an international business like Turkish Airlines.

Global Interpretation of the Sharia

Das stated that when Emirates first started, interpreting Islamic finance was a key challenge. However, as the industry developed, interpretations have become seamless. "Unified interpretations, platforms, and unified rules were provided by key Sharia scholars based in the UAE and Middle East, therefore, it was easier for the company to raise international funds," stated **Das**.

Isik, however, said, "As the sector grows and as the interest in Islamic finance grows, we will see multiple centers where it will flourish." **Isik** reiterated that the standardization of Islamic finance would definitely help the airline industry.

"Unified interpretations, platforms, and unified rules were provided by key Sharia scholars based in the UAE and Middle East, therefore, it was easier for the company to raise international funds"

- Nirmal Govinda Das, SVP -Corporate Treasury, Emirates Airlines, UAE



Parallel Session 3A: Halal Industry: Innovation, Standardization, and Competitiveness in the Halal Industry

Keynote Speaker

*H.E. Abdulla Al Maeeni, Director General,
Emirates Authority for Standardization
& Metrology, UAE*

Moderator

*Dr. Muhammad Chaudry, President,
Islamic Food and Nutrition Council of America
(IFANCA), USA*

Panelists

*Amina Mohammed, Director of Dubai
Accreditation Department,
Dubai Municipality, UAE*

*Dr. Tabassum Khan, Managing Director,
AJ Pharma, Malaysia*

*Aiad Alkhatib, Head of Corporate Regulatory
& Scientific Affairs, Nestlé Middle East, UAE*

*Mustafa Bater, Director, Regulatory
& Scientific Affairs, Coca Cola, UAE*

Summary

- Work continues within OIC member states for common standards of halal testing and certification. Towards this end, the OIC's Standards and Metrology Institute for the Islamic Countries (SMIIC) has a general standard, called the SMIIC standard for accreditation and certification but there isn't as yet a unified standard for halal food or ingredients.
- A committee in SMIIC, chaired by the UAE, is working towards an international recognition system for halal food. However, to date there is no unified testing method for the detection of pork or alcohol in food.

Agenda

The halal industry continues to be the one sector that touches people's lives on a daily basis. As a global industry, it already has far-reaching cross-cultural engagement by consumers as well as manufacturers. Over the past decade, changes in consumer demands and preferences have resulted in turning the food sector into one of the most dynamic and innovative sectors of the Islamic Economy.

The pharmaceutical, cosmetic and personal care sectors of the halal market have developed as a natural extension of the food sector. This market, expected to be worth US\$ 103 billion by 2019, has opened up a new realm of possibility in catering to discerning customers.

However, as the halal product market has rapidly expanded over the past decade, the issues surrounding standards, auditing procedures, and regulatory frameworks for certification and accreditation have moved center stage.

Our panel of experts discusses how to balance innovation with the need for a standardized and effective regulatory framework in these two fast-growing sectors, which, if successful, could result in a new measure of stability and confidence that will open the door for further investment and innovation.

Recommendation

- The halal food and ingredients value chain has called for global common standards for halal testing and certification for many years but the needle has not moved to any significant extent and the global halal testing and certification landscape remains highly fragmented. Leading Islamic economies, especially Malaysia, UAE, Saudi Arabia, and Turkey, must collaborate more actively, using SMIIC and other OIC organs as a common platform to advance the issue.

innovative tools and transparent, clearly defined criteria to support its growth.”

Al Maeeni added that the industry needs to be regulated in association and in cooperation with manufacturers, governments, trade, and research and development sectors. According to **Al Maeeni**, standardization can help facilitate trade, maximize compatibility, assure safety and reliability of products, and remove technical barriers.

Keynote Speech

As a precursor to the session, **H.E. Abdulla Al Maeeni, Director General, Emirates Authority for Standardization and Metrology, UAE**, gave the keynote address on the challenges faced and successes achieved in the halal industry. The session highlighted the need for a common and standardized process in the halal industry. **Al Maeeni** flagged off his speech with the estimated growth in the global Muslim population, which is expected to grow from its current 1.8 billion to 2.2 billion by 2030, accounting for a growth rate of 26 percent.

Growth of Global Halal Industry

The fast-growing global Muslim population presents the core market of halal, food, and pillars of the Islamic Economy. According to a recent Organization of Islamic Cooperation (OIC) report, the halal market was worth up to US\$ 2.3 trillion in 2013. Of this market, 67 percent was accounted for by the food and beverage sector, which was worth \$ 1.4 trillion. In addition, the pharmaceutical sector held about 22 percent market share and the cosmetic sector accounted for 11 percent market share, worth US\$ 220 billion.

“The halal industry is a steadily growing sector across the global economy. halal is no longer associated only with Muslims. It is becoming a global term and an international requirement for consumers around the world,” **Al Maeeni** said.

He continued, adding that the growth of the halal industry is itself a challenge to Muslims: “This growth of global trust on halal products places a big challenge upon Muslim countries to lead the growth of the halal industry and create

UAE Halal Scheme

The UAE recognized the potential of this industry in the global market place at a very early stage. The government, through Emirates Authority for Standardization and Metrology (EASM), [has] introduced policy initiatives, programs, and activities, and encouraged the private sector to be part of developing the halal sector,” said **Al Maeeni**. He added that the EASM has developed a first-of-its-kind halal scheme, which they hope will be a benchmark that will be followed by other OIC member nations and other countries.

The scheme is based on an international set of standards, namely the ISO standards, Standards and Metrology Institute for the Islamic Countries (SMIIC), and the Gulf Standardization Organization (GSO). The UAE’s scheme clearly separates the roles in the value chain of certification between different parties, and defines the role of accreditation in the halal sector.

Al Maeeni said that this is the first time EASM is introducing accreditation bodies in the halal space. The scheme states that there should be a transparent set of requirements for certification bodies that will implement accreditation standards.

With regard to other countries, a clear unified standard will be laid out for other sectors. “For example, all slaughterhouses in OIC and Muslim countries will have a common standardization process. This will help increase trade between Muslim and non-Muslim countries,” **Al Maeeni** suggested.

Al Maeeni stated that consumers must be made aware of safe standardization processes and there should be a single platform for the halal industry that is based on innovation and standardization.

Panel Discussion

Dr. Muhammad Chaudry, President, Islamic Food and Nutrition Council of America (IFANCA), USA, opened the panel discussion by speaking about competitiveness, innovations, and standardization challenges in the halal industry. He said that the matter of halal is a very broad subject. Halal, he said, developed almost 1,400 years ago and, since then, there have been various innovations in the fields of vaccines, food production systems, stunning of animals, mechanical slaughter, etc. Halal, he continued, has been incorporated into the innovation of industrial manufacturing systems. He stressed the importance of standardization in the halal industry and said that it still faces several challenges that need to be addressed by OIC nations.

Amina Mohammed, Director of Dubai Accreditation Department (DAC), Dubai Municipality, UAE, introduced the Dubai Accreditation Center and its activities. According to her, DAC is the only accreditation authority in the Gulf region that is internationally recognized and has signed an MoU with the International Laboratory Association Corporation (ILAC) and the International Accreditation Forum (IAF). She expanded on many of DAC's achievements and stated that the Department has only recently extended its services to include the halal business.

"This happened due to directives from **H.H. Sheikh Mohammed bin Rashid Al Maktoum** so that Dubai can be called the capital of the Islamic Economy," she said. DAC's services, as they pertain to the halal sector, are based on international standard requirements, stressed **Mohammed**. She reiterated that halal is not just about slaughtering animals, but involves compliance to Sharia across the full supply chain, starting from the farm to the dinner table; it is high in quality and safety, she added.

Chipping into the conversation **Managing Director of AJ Pharma, Dr. Tabassum Khan** said that halal comprises of certain core factors - such as quality, safety, health, and wellbeing. He said that the Muslim world needs to work together to add 10 quality assurance standards over and above the 19,500 existing ISO standards. Halal, explained Dr. Khan, can be classified into three groups.

"[The first is] the group that must be certified as halal, for example food. Secondly, what could be certified as halal for example, biological, vaccines, pharma, and healthcare; and thirdly what should not be classified as halal. For example, if we classified a [neck]tie as halal, we're wasting time," said **Khan**. Classifying the segments for halal must be a priority

and the Muslim world lacks clear research and development in halal, stated **Khan**. "In the future we need to channel a discussion that addresses and provides Islamic products for a global economy," he said.

Adding to the conversation, **Aiad Alkhatib, Head of Corporate Regulatory and Scientific Affairs, Nestlé Middle East, UAE**, reiterated that Muslim countries need to discuss the need for a halal assurance system and a clear method to make sure that what Muslims eat is halal. "The main challenge is a common space for certifying halal," he said.

He clarified that all Nestlé products sold in Muslim countries are halal. A team of innovators, research and development professionals in Nestlé sends its products to Muslim countries for validation before commencing with manufacturing and packaging. However, **Alkhatib** reiterated that these innovators must now be provided with a halal framework and requirement called 'compliance by design'. He said that these guidelines would make the job of innovators easier.

Reflecting on the theme of halal, **Mustafa Bater, Director, Regulatory and Scientific Affairs, Coca-Cola, UAE**, said that GIES 2015 poses a perfect opportunity to harmonize legislation issues that can be a trade barrier for the industry. Speaking about the Coca-Cola approach to halal, **Bater** said that beverages like Coca-Cola are categorized the world over as a non-alcoholic beverage. In the MENA region, all governments have an Islamic constitution, wherein they take full control of halal conveyance.

"However, we don't have a unified test method for detection of pork and for detection of alcohol in food"

- Amina Mohammed, Director of Dubai Accreditation Department, Dubai Municipality, UAE

Halal Standardization Procedures

Raising the need for a global halal standardization procedure, the moderator **Dr. Chaudry** asked the panel how a global halal standardization procedure can be introduced in each

country and how the process can be harmonized wherein production takes place under one umbrella.

Amina Mohammed said that there is a general standard, called the SMIIC standard for accreditation and certification. However, there isn't a unified standard for food yet. She said that a committee in SMIIC, chaired by the UAE, is working towards an international recognition system for halal food. She stated that the organization is trying to pull standards together keeping in mind the needs of OIC countries and non-Muslim countries as well. "However, we don't have a unified test method for detection of pork and for detection of alcohol in food," she said.

She added that DAC is trying to come up with a testing method for alcohol content in beverages and chocolates. With the UAE's membership in SMIIC, the documents for international recognition have been finalized to start a unified accreditation system. A peer evaluation program has also been launched and will be attended by 18 peer evaluators from the OIC countries.

Technology in Halal Compliance

Amina Mohammed also said that OIC countries are working together to establish a law for halal testing, however, no standard method has as yet been created for halal testing. "There are methods for detection of pork and alcohol. However, we need to specify and clearly distinguish a 'halal method'," said **Mohammed**. She added that sometimes laboratories provide different test results for pork or alcohol content in food. Due to this issue, a standard detection method needs to be created.

Speaking about new technology in the halal industry, **Amina Mohammed** said that Dubai Municipality has a project to use smart technology in halal, wherein any product with the halal logo will have the smart technology. She also said that Dubai Municipality is working towards an advanced system towards halal compliance.

Adding to the conversation, **AJ Pharma's Dr. Khan** said, "There are currently no standards for halal compliance within the pharmacology industry. Biologics like vaccines are not verified by halal." He added that it is a very difficult process, and also that there are no centers of excellence in Muslim countries. He stated that policymakers must collaborate to make the system more rationalized.

Adding to the conversation, **Alkhatib** said there is a kind of stigma attached to halal. "It needs to be clarified and

simplified for all. As of now, every country has different standards and there is a different accreditation body in almost all Islamic countries. That needs to be standardized by means of creating awareness and an alignment between countries," he said.

"It needs to be clarified and simplified for all. As of now, every country has different standards and there is a different accreditation body in almost all Islamic countries. That needs to be standardized by means of creating awareness and an alignment between countries"

- Aiad Alkhatib, Head of Corporate Regulatory & Scientific Affairs, Nestlé Middle East, UAE



Parallel Session 3B: Family Tourism: Travel Ventures and Successes

Moderator

*Fazal Bahardeen, CEO,
CrescentRating, Singapore*

Panelists

*Salah Sharaf, Director General of Sharaf
Group & Chairman of Sharaf Travel, UAE*

*Hourya Mohammed Laarabi, Advanced
Experience Professional, Abu Dhabi Leisure
and Tourism Department, UAE*

*Riyanto Sofyan, Chairman, Sofyan Hotel,
Indonesia*

*Zulkifly Md. Said, CEO, Islamic Tourism Centre,
Malaysia*

Summary

- Family-friendliness is at the heart of the halal or shariah-compliant travel and tourism offering. The discourse on ‘shariah-compliance’, as it pertains to the hospitality industry, started to take root in the early 1990s. This discourse has grown more mature and today in the 2010s halal tourism has begun to speak the universal business language of safety and high-quality products and services.
- For halal travel or shariah-compliant hospitality, the basic requirements for Muslim guests must be met by default; these include dry hotels and destinations, prayer facilities, and halal F&B. There is now a greater appreciation and understanding of these needs, which has helped establishments and destinations move a step up to also focus on providing quality family-friendly experiences.
- This development has opened up the halal tourism industry to markets beyond the Muslim traveller to also draw in non-Muslim families and other groups, such as sports teams, looking for dry hotels and safe environments.
- Islamic Economy businesses operating in this sector must understand the need for culturally appropriate marketing and branding; for example “halal hotel” as a tagline would not appeal to a non-Muslim traveller as much as “family-friendly” probably would.
- There is still the perception and image of OIC countries as dangerous destinations. It’s a challenge that successful destinations overcome by providing safe and positive experiences on the ground. In this regard, in the first instance of ‘selling’ the country as a destination, the right stakeholders need the support of national tourism departments.
- Beyond overcoming negative or misconceptions of certain OIC countries or regions, proper infrastructure to support the travel and tourism sector is critical.

Agenda

While Islamic finance and halal food have long been recognized sectors of the Islamic Economy, family-friendly travel, especially for Muslim travelers, has had a rather more recent meteoric rise. Travel for hajj and umrah has always been its own niche, but Muslim travel expenditure for holidays, leisure, business, education and health is now a US\$ 140 billion market in its own right. The synergy between the travel sector and the food, fashion and entertainment sectors, that fuel each other’s growth, and the possibilities that the digital economy offers, all favour the growth of the travel sector.

Recommendations

Global OIC Halal Hospitality Ratings:

- Halal or family-friendly travel and tourism is on a good growth trajectory, but there is still a lot of ground to cover. Most significantly, without globally recognized benchmarks and standards, the industry remains niche and fragmented. There are efforts by various national agencies, such as Malaysia's Islamic Tourism Center, and private companies such as CrescentRating, to market and set industry guidelines and benchmarks. What would give the global halal or family-friendly tourism sector a tremendous boost is one set of standards for all OIC countries to follow, which would be the universal global language of halal/family-friendly hospitality.
- These standards could translate into the halal world's equivalent of internationally recognized benchmarks such as Michelin stars for restaurants or world hotel ratings. They would be common standards, criteria and indicators for classification, rating and labelling.

The moderator **Fazal Bahardeen, CEO, CrescentRating, Singapore**, began the panel discussion by underlining the potential of the US\$ 140 billion market. He invited participants to look at both opportunities and challenges. His first question was if there was a broad definition of what the Muslim traveller is like.

Defining Muslim Travel and its Scope

Salah Sharaf, Director General of Sharaf Group & Chairman of Sharaf Travel, UAE said that every traveller is a customer, whether Muslim or not. Being based in Dubai, in an OIC country, the Muslim travel market is split into incoming and outgoing, which is further divided into OIC and then non-OIC countries. When looking at the market, halal components become one of the criteria. However, the first criterion is security, followed by ease or barriers to entry and the language barrier. Citing the example of a non-OIC country where his company has been successful, he brought up the Gold Coast in Australia where it has been possible to promote tourism to Muslims and non-Muslims because facilities are made available for different traveller or tourist profiles. People are looking for furnished apartments, prayer facilities (even in theme parks) and halal food, he said.

Hourya Mohammed Laarabi, Advanced Experience Professional, Abu Dhabi Leisure and Tourism Department, UAE, said that her organization recognizes the value of the halal or Muslim-friendly market and the importance of focusing on it. "The offer that we have has always suited the market, even before it was called halal tourism," she said. The GCC is one of the biggest source markets for Abu Dhabi because it is family-friendly and suited to the GCC traveller's lifestyle. More importantly, it is a country where the 'halal infrastructure' is already in place. For example, all the food is halal.

The next step, said **Laarabi**, is to communicate this to the stakeholders so they can fit their offering for the market. According to **Laarabi**, the market's willingness to adapt has been very positive, and a brand identity reflects this. "We have two names for this market. There is halal tourism, and we [also] call it family-friendly. It's the same content but depending on whom we are talking to we use different terminology," she said. When addressing the GCC or the Arabian market, it's not necessary to use the word 'halal'. But when talking to the Western market, this word becomes an important attraction.

With members of the audience vouching for a great experience and value for money in Malaysia, **Zulkifly Md. Said, CEO, Islamic Tourism Centre, Malaysia**, said that Malaysia's tourism industry is always improving. Putting it in a historical context, he said that the tourism industry in the country started to take off in the mid 1980s and the ministry was formed in 1987. An early participant of Arabian Travel Markets, Malaysia has home carriers from all OIC countries flying directly into Kuala Lumpur. Connectivity is crucial, he said, and today most of the industry players, whether Muslim or non-Muslim, realize the importance of this market segment.

In Malaysia, the per capita spend of tourists from GCC countries (Saudi Arabia, Kuwait, UAE, Qatar and Oman) is the highest. To prepare for the Muslim traveller, many hoteliers undertake internal training. Today tourists see Malaysia as a family tourism destination. Along with strengthening the family bond, there are facilities to continue to perform religious obligations. During Ramadan, hotels serve a variety during iftar and there are services to perform prayers. Public places have prayer rooms for Muslims to perform their daily prayers.

Underlining Malaysia's halal credentials, **Md. Said** said that Malaysia is the only country where the halal certificate is

issued by the government and that other countries, such as Korea, Japan and Taiwan, have reached out to Malaysian authorities to ask if they would issue the certificate for them. “We share what we do to issue the [halal] certificate,” he said.

Responding to a question on the challenges of being a first-mover in the market before “Sharia-compliant hotels” were de rigeur, **Riyanto Sofyan, Chairman, Sofyan Hotel, Indonesia**, said that Sofyan Hotel’s journey began in 1992 when the business was very much product-oriented, “The challenge that we faced was that it was a new paradigm of doing business,” he said.

Sofyan Hotel transformed from a hotel that served alcohol and hosted a nightclub with a live band into a fully Sharia-compliant establishment. It was a matter of changing the corporate values and instilling a new culture that was key, said **Sofyan**.

“Sharia-compliance is like a premium guarantee on a product like Intel inside a computer”

- Riyanto Sofyan, Chairman, Sofyan Hotel, Indonesia

Being Universally Relevant and Countering Perceptions

Bahardeen brought up a survey focusing on the image and security of OIC destinations, saying that three out of four people surveyed said “no” to travelling to a Muslim country.

Laarabi said that the issue cannot be neglected. “Unfortunately, with all the turmoil in the region, it is not easy to convince people who have never come here. Once they do come it is viewed as very safe and family-friendly,” she said.

She underlined the fact that women are safer travelling in the UAE and that the leadership encourages women to pursue education and careers while being wives and mothers. “We have an issue with image but once they come [here] they’re surprised,” she said.

Sharaf added, “We’re all ambassadors for Islam. As an individual travelling, you can seek halal travel or you can simply avoid [non-halal elements]... It’s about the ethics of the person himself.”

Sofyan said that the best thing to do is to focus on services and products. “Sharia-compliance is like a premium guarantee on a product like Intel inside a computer,” he said. Along with sharia-compliance and branding, compliance to food safety standards and ISO certifications is important, as, at the end of the day, Sharia-compliant hotels such as Sofyan compete with conventional hotels as well.

On the flip side, conventional hotels, said Sofyan, can cater to the Islamic and family-friendly market by dedicating a floor or separate area of the hotel as family-friendly.

Md. Said emphasized the need to get the balance of the message right. Malaysia is a multi-religious country despite Islam being the official religion. The government, he said, also prepares the industry to cater to non-Muslim travellers. He said that he has noticed non-Muslim travellers with families opting for Muslim-friendly hotels because they are family-friendly.

Laarabi said that the Abu Dhabi campaign focuses on many segments – high-end luxury, and the Chinese and European markets, among others. She said that the offering for the Muslim market has been well accepted by non-Muslims, for example, non-Muslim European families with teenage children, and the management of international football teams. “Our message does not close the doors to other markets. We have something for every market,” she said.

Going Digital

Laarabi said that one of the mandates of the Abu Dhabi Leisure and Tourism Department is to attract local or foreign direct investment in leisure. They are in conversation with many government and private organizations that fund SMEs, which flag up any tourism-related projects for their attention. The department then advises and helps them, connecting them with the right people, identifying gaps and assisting with data and promotions. According to **Laarabi**, one of the biggest gaps in her market is in the area of leisure products and entertainment.

The department has a digital strategy for apps and is soon going to launch a special section dedicated to halal tourism.

Md. Said shared that the Islamic Tourism Centre of Malaysia is going to put in more effort into its digital strategy so followers can share their stories and experiences about Muslims and non-Muslims travelling to each other’s countries.



Parallel Session 4A: Islamic Economy: Moving Towards Global Brands

Moderator

*Rafiuddin Shikoh, Managing Director,
Dinarstandard, UAE*

Panelists

Vilma Jurkute, Director, Alserkal Avenue, UAE

*Mudassir Sheikha, Co-founder &
Managing Director, Careem, UAE*

*Cindy van Bremen, Founder,
Capsters, Netherlands*

Agenda

The halal industry has a problem: there are no global halal brands. There are various moves in that direction but each approach is different. One option is a dynamic entrepreneurial approach to launching a new brand with a global identity and market presence. Another is to take an existing global brand and re-engineer it to be a brand leader in the halal space. There are also initiatives to develop national halal brands to give a country's products a unified brand identity and global presence. Understanding the complexities of the market – cultural, political, economic or religious – will be key to unlocking the global halal brand.

Summary

- Despite being a values-driven market, there is no immediately recognizable halal or Islamic Economy global brand. Successful brands cite the problem-solving approach, sincerity, and a values-based product as the cornerstones of their success. World-class service, creating the right company culture, building incentives and creating a track record to attract funding are all common ingredients in the recipe for success.
- In order to overcome any negative or toxic perception of 'halal' or 'Islamic', many brands focus on their core positive values. The word halal is now becoming increasingly mainstream and Islamic Economy businesses must leverage their positive universal values rather than get stuck in the pedantry of specific Islamic requirements in order to truly appeal to a wider market of both Muslims and non-Muslims.
- Islamic countries such as Indonesia, Turkey, GCC nations and Malaysia are some of the fastest-growing economies in the world. However, Islamic Economy businesses from these markets suffer from a few key issues that hold back brands from going global, chief of which is the lack of common rules and standards for the different Islamic Economy sectors that continue to hamper the ease of cross-border trade between OIC countries, and which continue to fragment the Islamic Economy.

Recommendations

- Islamic Economy and halal brands must focus on offering world-class products and services to go regional or global. To this end, they must continue to learn and adopt best practices from successful brands coming out of Islamic economies as well as non-Islamic economies.
- Successful Islamic Economy brands, even if non-global in their reach and recognition, should offer internship and mentoring opportunities for young entrepreneurs in order to widen and strengthen the base for the next generation of Islamic Economy businesses and leaders who will be able to leapfrog their own brands into the global marketplace.

A survey by brand consultancy company Interbrand, which tracks the top 100 brands in the world, revealed none from Islamic countries, said moderator **Rafiuddin Shikoh**, opening the discussion on the importance of global brands from the Islamic Economy. Brands such as Emirates from Dubai, Ülker from Turkey and Indofood from Indonesia have strong recognition but do not make it to the top 100, he said. The same is the case with the Fortune 500 list, which sees scant representation from the Islamic world. Today, despite being a values-driven market, with emphasis on modest fashion and Muslim-friendly travel, there is not even one brand from the region that can claim to be on that coveted list.

The Genesis of Successful Brands

Speaking about Alserkal Avenue's experience in creating an art space, its **Director, Vilma Jurkute**, focused on how industrial areas across the world have become leading art hubs, citing West Chelsea in New York, Shoreditch in London and Gillman Barracks in Singapore as examples. She said not only do industrial areas attract creative people, followed by art, fashion and cuisine, they become influential in shaping the economy of the city.

Mudassir Sheikha, Co-founder & Managing Director, Careem, UAE, said that MENA's largest car booking service started two years ago in response to a need for consistent quality that matched the air travel and hospitality services. "Reliability was a core promise in the first year," he said. Careem launched an app as soon as the global economy became responsive to such services. Today the brand is

present in 18 cities from Morocco to Pakistan with 10,000 captains in the region. "We feel that we are an instrument, in making people's lives easier," he said, adding that making lives simpler is the first step towards productivity.

Cindy Van Bremen introduced herself as the **designer of Capsters**, a leading brand in sports hijab. "We are empowering women worldwide with integrity and sincerity by creating comfortable, breathable, sports hijab," she said. The brand began when a Dutch girl was expelled from gym class for safety reasons because her teacher did not think it was safe to be wearing a hijab during sports. Soon there were other cases reported. "I felt it was my duty as a designer to solve this, not just from [the] safety point of view but also from the identity standpoint," she said.

Sincerity, Service and the Right Talent are Universal Values

Shikoh brought up the challenges of being in the Muslim lifestyle market. Whereas in food and finance there are regulations, if modest fashion is to become a successful business it must deal with a variety of needs and requirements.

Addressing this, **Van Bremen** said, "The reasons for the first design [from Capsters] were idealistic and not commercial. I was there for a solution." However, she added that the design gained a lot of publicity and orders started coming in. **Van Bremen** launched Capsters in 2001 with no online marketplace. Instead, users would email their orders and she would send the products. Today Capsters delivers worldwide and has resellers in 12 countries. The brand has been able to reach women in Malaysia, Singapore, Brunei and even Australia. "For us it was about zooming in on one person to address a universal need and focus on fragmented areas," she said.

The biggest USP, she said, was that people picked up on the sincerity of her approach towards solving a problem. Feedback cards are used often and van Bremen says that she is only the co-designer with people on the internet playing an active role in making sure that the products fit the unique requirements of modesty and rigorous demands of sporting activities.

Sheikha said that world-class service is essential for brands wanting to go global or even regional. In his case,

the challenge is to attract the right talent in a region that is suffering from brain drain. “If we can attract the right talent we have a shot at becoming world-class,” he said.

The second thing is to create the right company culture and build incentives, he said, adding that everyone at Careem, including the person who picks up the phone, has stock options. “Make people entrepreneurs and owners. This drives [an] amazing kind of ownership that you need to build,” he said.

The final driver for a technology-based business is a lot of funding to make the journey possible. Calling international transportation company Uber their competitor, he said that building a track record is the way to attract investors.

In the art world, talent is key, said **Vilma Jurkute, Alserkal Avenue**, who is playing a role in developing local talent. Jurkute said that she often hears about the lack of art and culture in Dubai. Her experience is that there are brands and home-grown galleries. From finding artists to host from places such as Iran to having international galleries from New York and Paris, milestones are being created. She said that part of their role is to help local artists; when they called for submissions for 50 spaces, they received 400. “I think we are part of the creative economy,” she said, giving the examples of Abu Dhabi, which has some of the biggest art-related institutions; Dubai as a commercial art hub; and, Sharjah with its almost 20 museums along with a biennial that is recognized globally.

Changing Mainstream Perceptions

In response to a question from the audience about the word “Islamic” as a toxic brand and how to mitigate that perception, **Shikoh** said that these projects are a testament to how Islamic Economy market players are changing that negative perception.

Many brands focus on their core values and **van Bremen** said that as a brand Capsters tries to prevent prejudice by showing their stories. “We are showcasing the women as individuals and not as a homogenous group. Athletes are more invisible and this counters the perception of [the] veil being oppressive,” she said.

Shikoh pointed out that the word halal is now becoming mainstream and accepted. You cannot avoid the halal stamp to get the best value for food today. He gave the example of the brand Saffron in the U.S. as the most popular organic food brand. “Islamic Economy, if it is smart, lives by the values rather than the labels.” What it boils down to is the quality of entrepreneurs, which is currently lacking in the

region, said **Sheikha**. “Education is not encouraging people development. The emergence of Dubai as a hub for talent will change that,” he said.

How to Define Halal Products and Go Beyond the Label

Addressing the Panellists, one member of the audience asked about the semantics of each business and how each Panellist refers to the service they provide. Answering for Capsters, **Van Bremen** brought up the fact that there are various interpretations of the hijab. “We tried to stay away from the term Islam in our branding. Now we have embraced the word hijab. There are more cultures [in which] women cover,” she said.

Shikoh compared this to the core products in Islamic banking, which are based on values and where there is a clear identification with socially responsible banking. “If we are talking about global brands and consumer rating, those are brands that underline [the] Islamic proposition but have a universal appeal,” he said. In the food sector, Islamic principles focus on the way the animal is treated, which finds universal resonance. However, he pointed out, you cannot have any global Islamic tyre manufacturer – some sectors do not have core products that are affected by specifically Islamic injunctions and/or requirements.

Sheikha said that the approach Careem has taken is to not disrupt but enable. Clearly defining the target audience is important, he said. But if the ambition is to go beyond that segment then the company would need a more neutral positioning.

Shikoh summed up the session saying that the youngest population in the world are Muslims. Islamic countries such as Indonesia, Turkey, the GCC nations and Malaysia are some of the fastest growing economies. As long as the consumer demand persists, halal and the quality as underlined by Islamic requirements will continue to be increasingly accepted.



Parallel Session 4B: Islamic Art & Design: Is Islamic Art Going Mainstream?

Moderator

*Sultan Sooud Al Qassemi, Founder,
Barjeel Art, UAE*

Panelists

*Ahmed Salim, Producer and Managing
Director, 1001 Inventions, UAE*

*Dr. Ulrike Al Khamis, Senior Strategic Advisor,
Sharjah Museum of Islamic Civilization, UAE*

*Prof. Salwa Mikdadi, Associate Professor of
Art History, NYU Abu Dhabi, UAE*

*Moustafa Fahour, Founder,
Islamic Art Museum of Australia, Australia*

Agenda

While Islamic art has long been represented in museums around the world, the past decade has seen increasing interest in Islamic art as a collectible investment. With the drive among GCC nations to create a more vibrant cultural profile, Islamic art is becoming both more popular and more collectible. Initiatives such as Mathaf in Qatar and the Guggenheim and Louvre in Abu Dhabi, as well as contemporary galleries in Dubai, are all raising the profile of Islamic art for investment. With art and culture now identified as integral components of the Islamic Economy, can we expect to see Islamic art going mainstream, and if so, what impact can this have for both collectors and artists in the Muslim world?

Summary

- The panel discussion moved fluidly between Islamic art, and the notions of Islamic history, culture and civilization, which inform Islamic art.
- In the last few decades there has been a boom in Islamic art and design both as museum and gallery attractions as well as collectible investment pieces in Muslim and non-Muslim countries. This renewed interest surfaced after an interregnum of almost 120 years when there was a dearth of academic interest or mainstream focus on Islamic art and design. Apart from the growth of Islamic art and design as an economic interest, the boom also translated into an increased volume of information and education pertaining to Islamic history, culture and civilization.
- Islamic history, culture and civilization also suffered parallel to the interregnum of academic disinterest in Islamic art study and mainstream focus. In the last decade, there has been a greater awareness, and pockets of action among Muslims to 'reclaim' Islam's historical narrative and push it towards the mainstream, both in Islamic countries and in non-Muslim-majority and/or Western countries.
- While there is a core of traditional genres and media that constitute or represent Islamic art, the definition of Islamic art itself is different for the lay Muslim compared to what art historians consider it to be. Leading art historians have said there is a misnomer in the current definition of Islamic art and ongoing debates among art historians on the subject continue.
- Educating governments, corporates, and communities is the first step in advancing the success of the Islamic art industry.

Recommendations

- The recent renewal of interest and the subsequent boom in Islamic art must translate to equal access for all socio-economic demographics to the employment, profits and prosperity that the industry provides. The first step is for Islamic Economy stakeholders to be able to measure the value, volume and impact of Islamic art, in order to better manage and promote it. To this end, the OIC and other major Islamic Economy stakeholders must include Islamic culture, art and design as an economic indicator for OIC member countries. The ability to quantify the Islamic art and design industry will better inform investors, as well as corporates interested in diversifying their CSR, marketing, advertising, PR, or sponsorship portfolios and activities to also include Islamic museums, Islamic artists and Islamic cultural activities.

- The boom of Islamic art and design has been led by major cities of the Western and Islamic world. Islamic countries seeking to holistically expand and deepen their Islamic Economies to include Islamic art and design should study the experience and best practices of those global cities that have successfully implemented strategic art development policies, museum and gallery building, design of arts and culture hubs, academic curricula, and professional arts and culture education and training.

The moderator of the panel discussion, **Sultan Souod Al Qassemi, Founder, Barjeel Art, UAE** opened the discussion by speaking about the many changes in the past decade or so within the Islamic art landscape. “There have been a plethora of Islamic-related museums and art spaces that have opened all over the world. This is a sort of trend that was started a few decades ago, and has gone more mainstream in recent years,” said **Al Qassemi**. Other than the spaces in the Islamic world, he continued, there has also been a boom in dedicated Islamic art spaces in the West. Several major art houses have dedicated auctions for Islamic artifacts at least twice a year. “For example, Sotheby’s in London auctioned an Islamic brass astrolabe for over a million pounds,” he said, also quoting several other examples of the popularity of Islamic artifacts, auctions, and sales across the world.

He added that over and above the more traditional Islamic art genres such as miniature paintings, metal works, rugs and carpets, and jewelry and textiles, there has also been a boom and growth in the Islamic design industry.

Moustafa Fahour, Founder, Islamic Art Museum of Australia, Australia echoed **Al Qassemi’s** statements: “There is a definite increase in the number of Islamic museums in the Western world.” He added that the Gulf States have played a pivotal role in that change and are ahead of the curve as compared to Western States. He added that the Islamic Art Museum of Australia is a practical and live example of Islamic art going mainstream.

Since the launch of the Islamic Art Museum of Australia in 2014, it has attracted 15,000 visitors, which, according to **Fahour**, is an achievement for a country with only a 2 percent Muslim population. He added that almost 70 percent of visitors to the museum are non-Muslims. “Art is a universal language and the beauty of Islamic art is two-fold: first, it is the beauty of the art, and secondly, there is an educational component that can encourage social harmony in different communities,” said **Fahour**.

Definition of Islamic Art

Adding to the conversation, **Dr. Ulrike Al Khamis, Senior Strategic Advisor, Sharjah Museum of Islamic Civilization, UAE**, said that Islamic art has a very different meaning for a Muslim, as compared to what it represents to art academicians from Western universities. “In some places, Islamic art has always been mainstream. When they started defining the field, it was defined according to a particular interest and a culture-conditioned view of the region.” She stated that the current definition of Islamic art has been made broader, watered down, and has started causing a lot of confusion and anxiety around the edges. However, for a Muslim, it is very easy to define Islamic art because it is connected with service to Allah or to Islamic rituals. “So there is no problem defining a mosque, a prayer carpet, a carved Quran stand, or a verse from the Quran as Islamic art,” she said.

Leading art historians in the field of Islamic art have said that there is a misnomer in the current definition of Islamic art and there is an ongoing debate among art historians on the subject, according to **Prof. Salwa Mikdadi, Associate Professor of Art History, NYU Abu Dhabi, UAE**. She said that by the end of the 19th century, several Islamic artists, even non-Muslims, were practising what we now call modern art and, at that time, they left for Europe to learn more about this ‘new’ art.

During this time, **Prof. Mikdadi** continued, European art historians and academicians saw Islamic art as an imitation of Western art. The study of Islamic art completely stopped by the late 1890s. “It is [only] now that the West has become suddenly interested in Islamic art and [it] is being curated and exhibited in mainstream art museums across the world,” said **Prof. Mikdadi**. This raises the question about what happened in those 120 years and whether art from the Middle East was studied at all.

Speaking about his company, **Ahmed Salim, Producer and Managing Director, 1001 Inventions, UAE** said that the project tries to build relevance and appreciation for the Islamic civilization. According to **Salim**, these are key ingredients to build a thriving Islamic art industry. Therefore raising the question, ‘How do you build value for art if you don’t find relevance for this art? How do you build appreciation?’

Given the current situation, there are huge threats against Muslim content. However, people must be allowed to understand that behind an Islamic artist there is a legacy of tradition, innovation, and creativity. **Salim** stated that the films his company produces try to raise awareness and create a market for that art. “We’re trying to tell people that Islamic art has a value and relevance in our lives today,” said **Salim**. The 1001 Inventions combines relevant content, narrative, production, and partners, creating a formula to take something mainstream.

Fundraising for an Islamic Museum

Fundraising for an Islamic museum has been a challenge for the Islamic Art Museum of Australia, said **Fahour**, especially since it is a not-for-profit organisation. Given the very small Muslim population in Australia, fundraising for an Islamic museum was a very difficult task chiefly because the museum was not run or owned by the government or high-net worth individuals.

He stated that educating governments, corporates, and communities was the first step in advancing the success of the Islamic art industry. In that process, the Australian government, the Organisation of Islamic Cooperation (OIC), and the Turkish government endorsed the project, making it much easier to target corporates. Fahour said that 80 percent of the museum’s funding came from corporates and 10 percent came from the community. The education campaign convinced companies like Etihad Airlines to come forward as the museum’s founding supporter.

Dr. Ulrike said that academicians, like herself, had a very interesting and important role to play in terms of providing expertise, knowledge, and education, particularly in a non-subjective and impartial way.

The panelists also spoke on the subject of how they can verify authentic art, to which **Dr. Ulrike** said that auction houses and museums provide experts who can authenticate art.

Disconnect Between Islamic History and School Books

The panelists agreed that there is an obvious disconnect between the reality of Islamic culture and art history and how the subjects are presented in textbooks. For example, said **Fahour**, Australia has no Islamic history content in its school textbooks. Therefore, the Islamic Art Museum decided to launch a national education portal that teaches people about Muslim world explorers such as Ibn Battuta, giving readers the necessary information about prominent figures in history other than Western explorers like Marco Polo.

Prof. Mikdadi said that it is very important to have content ready and packaged. Libraries must be fully equipped with information relating to Islamic art, especially since teachers do not have the time to get information for students.

Dr. Al Khamis stated that there is great importance in including concepts of tangible and intangible arts in school education.

Ahmed Salim stated that school books predominantly teach children information only about the Western civilizations, causing a lot of Arabs living outside the Middle East to have a sort of identity crisis. Young minds, said **Salim**, need to be educated about Islamic culture and art to fix this obvious gap in the history books.

Parallel Session 5A: Islamic Digital Economy: Innovation, Millennials and the Digital Revolution

Moderator

Amani Alkhatahtbeh, Founding Editor-in-Chief, MuslimGirl, USA

Panelists

Ayman Al Bannaw, Managing Partner, Alaa Capital Management, UAE

Dr. Philip Boigner, Vice President – Investments, Dubai Silicon Oasis, UAE

Chris Abdur-Rahman Blauvelt, Founder, LaunchGood, USA

Shahed Amanullah, CEO and Co-Founder, Affinis Labs, USA

Agenda

Film, music, television, magazines, news services and connectivity in general have all undergone profound changes in the past decade. This growth, driven by millennials worldwide who have grown up with the Internet, has resulted in an incredibly tech-savvy generation.

Already connected across various social media platforms, the reality is that while television may still be in the living room, it is also now in the pockets of a new generation of media users.

This has created a world where the Muslim entrepreneur is a global citizen, absorbing content and giving creative input across continents and cultures. However, 'online everywhere' is leading us into uncharted waters. As the digital world increasingly becomes the one that we all inhabit, the boundaries between business sectors are becoming less distinct, data is becoming more immediate, and new opportunities are appearing.

There is a perfect storm of access, bandwidth, expertise and creativity that is fuelling an Islamic digital business revolution that is drawing out some of the best and brightest talent from around the world.

Summary

- Technology has become pervasive and Muslims have benefited from the spread of the digital economy through products that help with daily Islamic rituals such as apps for prayer times and the qibla. However, the Islamic digital economy is still in its infancy and the vista of opportunity is immense.
- Millennials are not motivated enough to create businesses targeting the Islamic digital community. The question whether Muslim entrepreneurs should create businesses that serve the Islamic community or humanity as a whole is not yet clearly answered, but the Islamic community continues to be under-served in the digital space.
- Products and services in the Islamic space still need to be of world-class quality and cannot survive solely on their Islamic credentials.
- Even though demand for seed capital is strong, investors shy away from risk and prefer to back a business only at a later stage of financing, forcing entrepreneurs to bootstrap their way until the market accepts their product.

Recommendations

- The OIC and its organs, in collaboration with dedicated Islamic Economy bodies such as the Dubai Islamic Economy Development Centre (DIEDC), should establish a working group to map the current state of the Islamic digital economy in order to identify skills and needs gaps. This will be followed by a recommended roadmap and master plan for the development of the Islamic digital economy.
- The OIC should start tabulating and analyzing intra-OIC trade vis-à-vis digital/online, which must be established as an economic indicator and parameter.
- The digital Islamic economy must be a focus of the IDB agenda, including the financing of digital projects in OIC member countries.
- Dedicated bodies such as the Malaysia-based International Sharia Research Academy (ISRA) should pursue research and clarification on the Sharia treatment of intangible assets and intellectual property for Islamic Finance and multilaterals. The issue must also be taken up by Islamic finance infrastructure bodies such as standard-setters AAOIFI and IFSB in order to imbue greater clarity, and give direction, to Islamic financial institutions and national regulators on the treatment of intangible assets and intellectual property. Efforts must also include clarity on business models for the digital Islamic Economy that are end-to-end Sharia-compliant.
- There is a big opportunity for Islamic economies to develop digital and/or startup incubators to address and serve the needs of local communities and real economies. These incubators must benchmark against international best practices in order to improve the standards of the digital Islamic Economy.

Entrepreneurs in the Muslim world can become path-breakers in the digital firmament not by copying trends from the West but by forging their own path and exploiting the opportunities that the Sharia realm presents, panellists said.

“When he travels, my father uses his phone to check the time and direction of prayer. The first news I get of the sighting of the moon is from Twitter. I pay my zakat or charity online. I cannot imagine how we did these things before technology became so all-pervasive,” said **Ayman Al Bannaw, Managing Partner, Alaa Capital Management,**

UAE. “We are still in the early days, though. I cannot wait to use technology to see our mosques. I cannot wait to see a rich media streaming service that is Sharia-compliant; or to see a halal section in all online stores. Since kids spend a lot of time online, I would love to see them spend this time in an Islamic environment.”

Al Bannaw added that the drivers of the digital economy are millennials, who are defined as those born in the 80s and 90s. “Today they (the millennials) have two lives – the real life and the online or virtual life. We need to approach this generation. Currently, the Islamic world plays virtually no role in their virtual lives.”

Quoting a Deloitte study that concludes that most Muslims do not know enough about Islam – mainly because only 20 percent of Muslims know Arabic and the Quran is written in that language – **Al Bannaw** urged all Muslims to learn Arabic. “I will seek one day to develop Sharia guidelines for anyone who wants to make something digitally. We need technology to redefine the role of the mosque. We need to have smart mosques. We need to bring mosques to technology and technology to mosques to engage the youth and re-establish the role of the mosque.”

Startups in Islamic Economies

Dr. Philip Boigner, Vice President – Investments, Dubai Silicon Oasis, UAE, said there is no dearth of investors looking to support the culture of startups in the Arab region. Dubai Silicon Oasis, he said, operates an entrepreneurship center that provides service and support to about 300 companies. But there needs to be more excitement created around startups that operate in an Islamic environment, he said. The most exciting Islamic startups are in the UK, US or Australia, he pointed out.

“Research says that in 2014 the global digital economy was worth US\$ 1.9 trillion. But entrepreneurs are reluctant to look at the Islamic Economy and design for such consumers. We have seen a little in hajj travel. We have seen an app in halal travel. We are yet to see exciting things in halal food. We have seen a little in fashion but could do with more. How can we motivate the young millennial who wants to create services and products for this community?” **Boigner** asked.

DSO is looking to actively support a digital Islamic ecosystem, he said, but there is a dearth of ideas from the Arab region.

Chris Abdur-Rahman Blauvelt, Founder, LaunchGood, USA, said that while talent is universal, opportunity is not. From that perspective, he said, “I am inspired to see what Dubai is doing.” LaunchGood is more than just a crowd-funding business, he said, “We see ourselves as a community. We believe that Muslims have some incredible values to share with the world and we want to get them out. This is the opportunity for us as Muslim entrepreneurs to create businesses that don’t just make money but push society to be their best selves. You can make a living serving humanity and serving God.”

Internet – An Empowering Tool for the Islamic Economy

Stating that he is not a millennial but of the generation that created the Internet, **Shahed Amanullah, CEO and Co-Founder, Affinis Labs, USA**, expressed concern about how the Internet can be used to uplift the Muslim community and empower it in order to “capture our narrative”. The playing field is wide open, he said. Referring to Zabihah.com, **Amanullah** said, “In 1998, we created the world’s first guide to halal restaurants. A bunch of Muslim coders were looking for places to eat. We create a page. It started with 200 and now it is 20,000.”

At the first level, **Amanullah** said, Muslims can approach the Islamic Economy as an affinity group, based on national origins or ethnicity. “We are the largest values-based community in the world. If we are going to reflect that then our goods and services need to reflect that.”

At the next level, he asked, “How do you make it easier for Muslims to enhance those values or make them easier to practice?”

And the third level, **Amanullah** said, is goods and services created by Muslims to serve humanity as a whole. “This has got to be the core of this economy. What is our contribution to this world? We are here to show that Muslims are a source of solutions. People who are not Muslims should benefit from our existence. We can do that through business for profit that employs people and makes the world a better place. If we strive for that level, we will not only be respected by the world but we will also open up a much bigger market,” he said.

Amanullah added, “There are companies in this space that want to contain the audience, the nanny mode. We take something that exists and we cripple that and give it to Muslims. We infantilise our audience. If you flip that around,

you create the things that empower and elevate and allow people to create their narrative and their platforms. It does not tell people what to do [but] surprises them with what it does.”

Encourage Millennials to Blossom as Muslims

The millennial generation wants to be creative at the micro level, **Amanullah** said. The challenge lies in how they can be encouraged to blossom as Muslims; to make their inner identity their external identity; to address everything from faith to culture and practice.

Citing research on consumption patterns, **Amanullah** said 70 percent of Muslim online consumers consume content from mainstream Western sources and 30 percent find locally contextual products that speak to them. “They want quality. They don’t want to be spoon-fed. They want something that matches the quality that they consume already,” he said.

Al Bannaw declared that the Muslim entrepreneur wants the opportunity to do something that serves the Islamic community, become accepted in that community, and then cover all humanity.

Blauvelt bemoaned a lack of role models in the Muslim entrepreneurial space. “Steve Jobs is cool. Who is the example of the cool Muslim guy or girl who has made it? Until we have more examples, it is going to be a difficult market,” he said.

Turning the “coolness” notion on its head, **Boigner** said it was considered “uncool” for entrepreneurs to do something only for the Islamic Economy. “[The technology company] Apple is not just for Christians. When we fund companies we want them to put a drop down menu for a shariah-compliant product. They don’t want to do that. They want to create products that are for women, men, Christians, Muslims, for all humanity,” he said.

Need for Islamic Economy Entrepreneurs to Model Success After Failure

Boigner did however raise the question of mentoring and suggested that it was important for the investment community to help aspiring entrepreneurs to get over their fear of failure.

Amanullah agreed and cited his own example: “For my first startup I maxed out my credit cards. I charged US\$ 50,000. The second startup, which was a mobile social network, tanked with US\$ 2 million. I failed [with] three companies. Each one of them made me better. Failing is not like failing a test. No good entrepreneur is afraid of risk or failure. We need to model success after failure.”

Boigner added that the expectations of entrepreneurs in the Arab world were still rooted in a 1,000 percent return on investment, which is why they would rather build a hotel than create a startup that loses money in its initial stages. Most traditional investors who are used to real estate shy away from the digital economy for fear of burning their fingers, he said.

Another problem, said **Alkhatahtbeh**, is that all entrepreneurs believe their idea is unique, without an affirmation of whether it is viable or not. This, she said, is common among millennials, a lot of whom “just go with the wind”.

Al Bannaw said it is important to define failure. “Depleting part of your capital is not failure. Failure is to stop. If you have the commitment to continue, you will end up a success,” he said.

When an audience member pointed out that Muslims as a community fail to recognise successful entrepreneurs, **Boigner** cited the examples of Maktoob and Souq.com and said there is a need to build the founders of these companies as role models, and for them to “tell more of their stories”.

Raising the concept of “controlling” information, **Amanullah** declared that there is no way to control things in the digital space. “Information yearns for space. You can combat negative images with multiple positive images. It’s a response to narratives that you’re seeing that are harmful. You should not control those. You repel bad with good,” he said.

Blauvelt said he is inspired by the way the digital Islamic Economy is empowering cooperation between Muslims, to create a single identity for the community as a whole.

Financial Needs

Al Bannaw brought the conversation to the financial needs of startups saying that demand for seed capital was strong. He lamented the fact that there weren’t enough investors willing to provide startups with the seed money they need.

“If I have an idea, I am afraid that I may not get acceptance from an investor. We tell entrepreneurs that there are several gaps in the digital economy; find those gaps. But when they do, investors are very traditional and are not willing to take any risk,” **Al Bannaw** said.

Amanullah suggested that entrepreneurs bootstrap their way to a point where they get the product into the market and to a point where “the investor starts chasing you”. He added, “Ideally, I would like to be able to have seed capital up front. Now you have to do it the old-fashioned way.”

Boigner agreed there is a problem with funding digital startups. There is more venture capital and financing available than there was five years ago, but just not enough, he said.

“If you have an Islamic startup it’s not enough to say I have a big market. The Islamic consumer is as critical as any other consumer. They want good products, services and safe transactions. Just because it’s Muslim you cannot cut corners. They are as demanding, if not more so, than any other consumer,” **Boigner** warned entrepreneurs.

Blauvelt suggested that the Muslim entrepreneur focus on creating a sustainable business rather than one that is simply Sharia-compliant or Islamic but fails as a business.



Parallel Session 5B: Islamic Art & Fashion: Modest Fashion Takes Center Stage

Moderator

*Alia Khan, Founder and Chairwoman,
Islamic Fashion and Design Council, UAE*

Panelists

Rami El Malak, Founder, Miella, UAE

Kerim Ture, Founder, Modanisa.com, Turkey

*Harun Rashid, Founder, Islamic Design
House, UK*

*Diajeng Lestari, Founder, Hijup.com,
Indonesia*

Agenda

The market for modest clothing is usually overshadowed by the world that is portrayed in glossy fashion magazines. However, the interest in modest fashion is coming from many quarters. Clearly catering to the inherent modesty of the Muslim world, there is also demand from other regions and cultures where modesty is also gaining a popular following. Young entrepreneurs, as well as established fashion houses, are catering to this niche market that offers designers all of the wealth of design influences from the Asian, Arab and African cultures. Success stories from the world of modest fashion and real insights into the warp and weft of opportunity and challenges was discussed, as modest fashion took center stage at the panel.

Summary

- The biggest successful modest fashion brands are pioneers in the market creating the industry from the ground up. They currently have full control over price, product, distribution, marketing, trend analysis, design development, sampling, etc.
- The visibility of the modest fashion industry has come hand-in-hand with the rise of 'hijabista' bloggers and the use of P2P social media; this evolution has created a new alternative and, to an extent, self-serving modest fashion ecosystem that is able to bypass the traditional media, publicity and advertising channels. However, these ecosystems are largely localized and struggle to create cross-border or global impact. The modest fashion industry cannot become a cross-border and global one if it is not endorsed and worn by regional and/or international celebrities, as in the conventional fashion world.
- In order to make it mainstream, modest fashion brands need to provide shoppers with variety, get into the habit of listening to their audience, and stay true to the fundamental ethics of modest fashion, including remembering that it is not just about making money but also about making a positive change.
- To succeed, modest fashion businesses have to be on par with mainstream brands. Critically, startups or cottage modest fashion operations must start as they mean to go on and follow best business practices in order to attract potential investors and financiers if they want to grow and scale up.

Recommendations

- The biggest modest fashion companies to set up an industry body to overlook the business interests of modest fashion brands worldwide. This body would primarily serve as a business association and trade promotion body lobbying and negotiating on behalf of its modest fashion members with stakeholders across the modest fashion value chain, including manufacturers, distributors, talent scouts, buyers, and events organizers.
- This industry body could then expand to also lead research and standard-setting for the global modest fashion industry.

The moderator for the session, **Alia Khan, Founder and Chairwoman, Islamic Fashion and Design Council, UAE**, started the session by saying, “We’re to become the change that we want to see, for only then we will start to see the beautiful world that we all know is possible. Adherence to modesty has done this in profound ways.” **Khan** added that modest fashion is now making more headlines than ever. She introduced the various frontrunners in the modest fashion industry, each of who spoke about their successes as a business. The panel also discussed the small victories, and the major shortcomings of the modest fashion industry.

Starting with **Diajeng Lestari, Founder, Hijup.com, Indonesia**, **Khan** introduced her as someone who was adamant about having a career that she was passionate about. Her website is an online boutique for Muslim fashion and is immensely popular among Indonesian Muslim women. **Lestari** finished her studies in political science before pursuing a career in fashion. She said that one of the primary reasons she started the brand was to cater to the needs of Indonesia’s large Muslim population, which was under-served before Hijup.com. Her business empowers Indonesian fashion designers and in turn creates a resource for fashion-starved Indonesian women.

Harun Rashid, Founder, Islamic Design House, UK, said that he owes the success of his business to his mother and his sisters. Due to the lack of availability of modest clothing in the UK, **Rashid’s** sisters would buy fabric from the market and have their mother make their clothes. “The demand for the clothing also came from my sisters’ friends and my mum would charge GBP 10 a piece for the stitching,” said **Rashid**. He said he saw an opportunity in that exchange

and decided to enter this in a commercial way. Islamic Design House now distributes to more than 60 countries and 50 retail outlets around the world.

Kerim Ture, Founder, Modanisa.com, Turkey said that there are about 20 million women in Turkey who wear the hijab. However, there are fewer than 10 brands serving this market. “I realized that something was wrong in the fact that there was a huge population of women [who need/want] the clothing, but there was no Muslim brand to cater to that need,” said **Ture**. In four years, Modanisa.com has grown to play host to 300 brands with 250,000 unique visitors to the website, 7 million visitors per month, and displays 20,000 unique items on the online store.

Rami El Malak, Founder, Miella, UAE, an entrepreneur for most of his life, said that he suffered a health crisis in 2009 that provided the context for a big change in his life. According to **Rami**, Miella was a manifestation of his journey in life. It is a fast, fashion-forward modest clothing brand that designs and manufactures clothes in-house. He compared it to brands like Zara and H&M in terms of clothing, price value, quality, and style.

El Malak added that the brand helps to positively contribute to Muslim women’s lives and it is involved with organizations that help fight cancer, especially children with cancer. “A portion of the sales goes automatically to these not-for-profit organizations,” said **El Malak**. However, one of the challenges that he had to face as an e-commerce website was that of returns. In the early stages of his company, **El Malak** tied up with a Swedish company that works with big e-retailers like Asos, making Miella the first company in the region that helps shoppers measure garments to get their right fit.

Modesty is the New Rage

Rami El Malak attributed the rise in the modest fashion trend to the various modest fashion bloggers. “These bloggers have become celebrities in their own right and they’ve helped introduce the idea that you can be fashionable and modest at the same time, without conflict,” said **El Malak**. He stated that due to the manner of their work, companies like Miella have been able to work out great collaborations with the bloggers and tap into a very receptive audience and build trust with them, as opposed to using a traditional media approach.

Diajeng Lestari stated that social media apps such as Instagram have played a huge role in promoting and generating visibility for modest fashion in Indonesia. For example, celebrities posting pictures of themselves wearing a hijab and using the hashtag “#hijab” raises the number of followers and likes by over a million.

Meanwhile, **Ture** said that modest fashion is still localized and will not create an impact as big as it should when international celebrities promote modest fashion. **Rashid** stated that there are times when non-Muslim women have shown interest and bought modest fashion that is contemporary and stylish, however those numbers are still very small. He also stated that it would be beneficial if Muslim women celebrities take the lead and raise awareness about modest fashion.

Modesty in Mainstream Fashion

In order to integrate modest fashion into the mainstream fashion industry, said **Rami El Malak**, the owners of clothing lines need to be focused on staying fundamentally good. They must get into the habit of listening to their audience and realize that it is not just about making money but also about making a positive change.

According to **Kerim Ture**, modest fashion brands need to provide shoppers with variety. He referenced the time when he first started out, pointing out that there was little or no choice for Muslim women. The styles were more or less the same as they were for non-Muslim women. He saw an opportunity in the market and introduced thousands of different styles for hijabi women on Modanisa.com.

Harun Rashid had a very positive perspective despite the many challenges that he and his peers in the modest fashion industry face. He emphasized that unlike an existing market with many players, the entrepreneurs on the panel and their brands are pioneers in the market, creating the industry from the ground up. “As of now, we have full control over price, product, distribution, marketing, trend analysis, design development, sampling, etc. We can learn from customers expectations that are currently built on Western brands and know what to expect from DKNY and Armani,” said Islamic Design House’s **Rashid**. However, to create their own successes, **Rashid** said that they have to be on par with major mainstream brands and repackage what big brands are offering for Muslim women.

Dealing with Diversity

Issues about an obvious lack of options in modest fashion were also discussed. For example, women stated that there is an overwhelming supply of formal and casual wear, but a shortage of chic clothing for professional women.

El Malak said that Miella is trying to provide that line for Muslim women across the sector. **Rashid** said Islamic Design House has taken 10 years to consistently deliver four seasons’ worth of clothing every year and that, in time, there will be more variety and options for modest fashionistas.

The need for athletic modest fashion was also raised. **Ture** reiterated that the market is still very nascent, but things are getting better. “It is our responsibility to make women feel good, confident, and happy in an ethical way,” said **Ture**.

Speaking on the subject of funding for modest fashion, **Rami El Malak** said that it is indeed very important and investors are initially hard pressed to place funds into this industry. When modest fashion brands first started out there were no figures to support business plans. “However, it was not a tough sell and we secured funds from angel investors in Dubai for Miella,” said **Harun Rashid**. However, things are changing and investors are now funneling in more money into this market, and making the industry wider. Several angel investors in the GCC and MENA are making it more possible for entrepreneurs to enter the market because the potential for consumption in the market is so high.

“It is our responsibility to make women feel good, confident, and happy in an ethical way”

- Kerim Ture, Founder, Modanisa.com, Turkey



In Conversation With HRH Emir Muhammadu Sanusi II, Emir of Kano

In response to an introductory question about the role of the Islamic economy's resilience, **HRH Sanusi** explained that the essential factor was its connection to the real economy and its avoidance of speculation. Both of these factors puts the Islamic economy in a strong position to be resilient in the face of shocks, but they are not sufficient on their own. The Islamic economy can only thrive where there is a strong economic policy-making supporting growth, good risk management and the technology that enables agents in the economy to work at an efficient level.

The follow-on to this is that the biggest threat to the Islamic economy is not the risk of corruption, mismanagement and nepotism but a lack of awareness about the purpose of the Islamic economy. With the branding of the industry overlapping with other use of brand Islam that people don't like there is a risk of being affected negatively by ignorance that conflates it all together. We are, however, at a point where most people recognize that Islamic finance is creating products and doing it in a way that is probably subject to less corruption in terms of other financial industries suffering from a lack of public confidence.

For the most part, there is more of an issue that sophisticated investors look at Islamic finance and do not recognize the difference immediately. However, this is also an awareness issue. If you explain the differences relating to risk sharing and investors—who have exposure to similar approaches—can understand the difference with a straight loan. It is also important to realize that not everything will be different; there are similarities with ethical finance and mainstreaming Islamic finance presents an opportunity to get more participation based on financial products that are similar.

Turning to the wider Islamic economy, **HRH Sanusi** raised the profit motive as a headwind for Islamic banks to more fully support emerging sectors. Banks, as profit-making organizations, build their portfolios of assets to deliver the highest profit with the lowest risk. In doing so, they prefer to do fewer very good loans than a large number of smaller loans.

Regulators face a challenge in pushing for a different approach that supports financial inclusion. For example, Equity Bank in Kenya has provided services for the poor using mobile phones, points-of-sales, low cost agents. If you do that within a properly managed risk framework, there remains a question about whether banks can do it.

The financial institutions are starting to make the right noises about financial inclusion but it is not enough. Regulators need to force, encourage and support banks to make more action. The governments may have to invest in technology in the various economic sectors where investment by the financial sector is desired. Many politicians don't understand it but the economics dictate certain levels of productivity in an economic sector for banks to find it profitable to provide financing. If you just provide financing it will just turn into a bad loan. Instead, there has to be the economic backdrop to support profitable financing.

Referring to an earlier presentation from **Prof. Mohammad Yunus**, **HRH** gave an example of speaking with a bank that had gone and spoken to an Islamic bank in Sudan that was using microfinance within its loan portfolio. The approach was extremely successful in that case but in other cases where there is a corporate microfinance approach trying to maximize profits, it can become more exploitative than commercial banks.

Moving to the risk factors for Islamic finance being highly concentrated in Organization of Islamic Cooperation markets, **HRH** explained that, although the OIC markets are prime markets for Islamic finance, they don't have to be the only markets. Islamic finance can, should and is moving into France, Germany, the United Kingdom and the United States. It doesn't have to be limited to areas populated by Muslims.

Addressing his role as **Emir of Kano**, **HRH Sanusi** explained that in his role (which is an advisory role) gives him the ability to speak to the highest levels of government, often in a way that he wasn't able to do as governor of the central bank. The current leader of Nigeria is opposed to corruption and has acted to clean up the oil ministry but it is not just about cleaning up one sector. When he was head of the Central Bank of Nigeria, they were only able to send one banker to jail because they are able to afford high priced lawyers to argue their way out of prosecution on technicalities.

This highlights an important area to focus in governments. Even where there exist opportunities for rent-seeking, it may be possible for the government to operate well if the leader is not corrupt but it breaks down if the leader is corrupted. As a result, it is important to assume that some leaders will be corrupt and remove the opportunities for people to steal.

In Nigeria, there is a clear shift towards fighting corruption and security but there is more clarity needed on economic, monetary and fiscal policy. The latest election was primarily determined by issues of corruption and security and the president is not an economist. You must rely on his team to be qualified to manage the economic issues.

The recent period has been characterized by high volatility from shifts in investors' portfolio flows, but it has often been this way. What distinguishes Africa from Asia is the level of structural reform that has been undertaken in recent years. While many Asian countries, their economic fundamentals remain strong despite the volatility.

In contrast, Africa's countries have suffered from more economic issues because the structural reforms have not taken place as widely. Ethiopia has done a lot; so has Tanzania and Kenya have as well. However, the largest African countries including Nigeria, South Africa and Egypt have governance problems that are not good for encouraging investment.

For example, the management of Nigeria's exchange rate policies have not been done well. The fixed exchange rate policy is not wise in an environment where oil prices have dropped significantly. And the Central Bank, by doing so, has committed to defend the exchange rate even if the economy suffers. **HRH Sanusi** said he would prefer a weaker currency and maintaining import levels.

The risk this time around for all emerging markets in the wake of the Federal Reserve policy change to end and reverse quantitative easing is that economies that had large surpluses and reserves to weather the 2007-08 crisis are no longer in the same position of strength. The ultimate issue of how much pain they will endure will, to some respect, depend on the ability of the US and other large economies to manage their own issues.

We knew that China was slowing and had real estate and tech bubbles that were bound to pop. However, Europe also faces a migrant crisis and oil and migrant issues haven't helped the macroeconomic environment in the Middle East. One important point that Saudi Arabia should realize is that the scorched-earth policy on oil that has exasperated the glut hasn't helped anyone.

As the economic instability rises, governments need to reassert that policies are about people. We've spend many years focusing on numbers and not human beings. For example, consider life expectancy, the jobs available to workers, college graduation rates and literacy as more important measures than economic growth. For many years, people counted Nigeria as a rich country because it had oil even though it did not measure up on indicators like the

Human Development Indicator (HDI). That creates issues of resentment which is often expressed through insurgencies. With enough marginalization, there will be people searching for an identity. For some, they have adopted Islam as a tool to express their discontent but organizations like Boko Haram don't pray; there's nothing Islamic about them.

To fight the insurgency, you have to start with a short-term military solution, but it is also important to follow by addressing healthcare, education and economic opportunity. Otherwise you defeat one and there will be another group expressing itself on the bases of something else, be it race or ethnicity or something different.

The root causes are widespread relating to the rise in an unequal society, caused by the rise of speculation and there should be more focus on redistribution. It is important not to leave a large part of the population behind. The political issue relates how to tax more of the wealth to support the poor and increase redistribution. It should be done in a way to keep people from stashing billions of dollars they don't need that they won't ever need in bank accounts.

Concluding the discussion of **HRH Sanusi's** role as **Emir of Kano** and turning to his personal accomplishments, he remarked that he was satisfied with what he has done in his life and wants to continue offering services and die well. In serving as Emir, a role he has always wanted, he wants to try to develop greater connections to the global financial system to support education, healthcare and building a modern economy in Kano. He also hopes to shift the idea of the relationship of Islam to the world, looking at family life, the use of zakat for poverty alleviation and bringing modern education to the madrassas.

Reflecting on the end of his tenure as Central Bank governor, His Royal Highness said he had no bitterness with what happened. It was his choice, he explained, to take on the President and the Oil Minister who were the most powerful people, and he knew there would be consequences. If you work with a corrupt government and they like you, it is a problem. With the Oil Minister's recent arrest for corruption, he said that he wouldn't have been able to live with his behavior if he hadn't spoken up.

Summarizing the lessons from his experience, the greatest lesson is to build an economy around the people which is also a lesson from Islam. One of the challenges for many Muslim majority countries is the excessive dependence on commodities which is not in line with the principle of centering the economy around people. Islamic law is not the barrier to a shift and can accommodate the flexibility needed. With the narrow exception relating to worship, Islamic law allows everything to be permitted unless it is specifically prohibited.



HRH Emir Muhammadu
Sanusi II

غرفة دبي
DUBAI CHAMBER



THOMSON REUTERS

Closing Session: Breakthrough Innovation for a New World

Moderator

Axel Threlfall, Editor-at-Large, Reuters, UK

Panelists

H.E. Hamad Buamim, President & CEO of the Dubai Commerce of Chamber and Industry

Abdulla Al Awar, CEO of the Dubai Islamic Economy Development Centre (DIEDC)

Nadim Najjar, Managing Director MENA at Thomson Reuters

Agenda

There is something of a perfect storm appearing around the Islamic Economy. A disruptive concept in its own right, the Islamic Economy has the potential to become a natural gathering place for innovation across many of its sectors, bringing together ethics, product innovation, new marketing ideas, the digital economy and new forms of finance and investment. As the Islamic Economy matures, and the cross-pollination between its sectors continues to evolve, can the Islamic Economy create a new world for trade and commerce that is driven by the values that are inherent in Islam? Will the spending power of 1.6 billion Muslims create a new world of opportunity for innovation and entrepreneurship?

Summary

The concluding session for the Global Islamic Economy Summit began with a discussion of the importance of supporting innovation in developing the Islamic economy from descriptions of what it is to how it can be more fully developed to benefit Muslims and the wider humanity. In creating this innovation ecosystem, there will be a benefit associated with focusing on harmonization to identify common grounds that has the widest appeal. The key growth opportunity is in markets that have large populations (particularly but not exclusively Muslim) but relatively limited Islamic economy sectors, including those in Africa, in the CIS countries and in Latin America. To fully realize the opportunity, there is a significant need for greater work building awareness and understanding about the Islamic economy.

Recommendations

- Expand the outreach on the Islamic economy from Dubai and the Middle East to the world to markets where the vast majority of Muslims reside
- As growth in the Islamic economy spreads into new markets, focus on awareness and understanding to ensure that the Islamic economy is fully understood and can contribute positively to the brand of Islam
- Focus on continuing discussion of the issues related to the Islamic economy, including (or especially) if they are controversial to find solutions
- Focus on harmonization rather than standardization to create an ecosystem that supports innovations

The final session for the Global Islamic Economy Summit (GIES) began with an introduction from **H.E. Hamad Buamim, President & CEO of the Dubai Commerce of Chamber and Industry**, who described a benefit that the Islamic economy has brought to the wider economy. “The Islamic economy is more prudent than other economies and for as long as it continues to base itself around real assets, and be more asset-backed, it will remain more prudent. **H.E. Buamim** pointed out that in recent years, the Islamic economy had demonstrated this while also growing at two to three times the traditional sectors in the economy.

By developing more awareness and understanding about the Islamic economy, whether it is finance, food or tourism, it will develop better, more prudent opportunities. It also has a benefit of being more focused on people, doing things to increase the focus on people, and on consumers. This is not just the Muslim population of 1.7 billion people but all of humanity; it provides something different.

Following his remarks, **Abdulla Al Awar, CEO of the Dubai Islamic Economy Development Centre (DIEDC)**, who started by describing the platform that GIES represents which has evolved from 2013 when the focus was on ‘what’ to this year when it focused much more on ‘how’. The evolution of GIES, according to **Al Awar**, has been to “demonstrate that the Islamic economy is a broad ecosystem and not just focused on one pillar”.

As was discussed in previous session, the Islamic finance sector in particular should be fueling development in the real economy sectors represented at the Summit. When

H.H. Mohammed bin Rashid Al Maktoum announced the Islamic economy initiative, this was an area that received a lot more attention within the Islamic economy.

Since the Islamic economy initiative has been developed further, **Al Awar** described, many jurisdictions and entities have developed opportunities in other sectors, something that the State of the Global Islamic Economy Report shed more light on. The Summit has also increased the focus on the role of innovation and how it can be applied in the various sectors of the Islamic economy to improve the products and services available.

The final speaker to open the panel was **Nadim Najjar, Managing Director MENA at Thomson Reuters**. He stated that he believed that the Global Islamic Economy Summit had met the objective to find ways to achieve the ‘how’ of expanding the Islamic economy. In 2013, the concept was new and the first GIES provided a lot of education about what the Islamic economy was, how it was useful which laid the groundwork for this event in 2015. There are remaining issues, and some of them are controversial which he commented that “it is great to see controversial issues put on the table because that is how you deal with them”. Furthermore, he agreed with **Al Awar** that innovation and the need to create an environment where innovation flourishes is important.

Returning the Islamic economy discussion back to the people for whom it will benefit **H.E. Buamim** referred back to the presentation by **Prof. Muhammad Yunus** about the need to focus on people, profit and planet. “It is not just about the Islamic economy, but about the whole humanity,” explained **Buamim**. In driving the Islamic economy initiative forward, the takeaway from the 2013 Summit was the need to focus on standardization and how product certification occurs. In this Summit, with the launch of the Salaam Gateway it fills a gap in this area.

The whole process that is being developed by innovations is addressing the reputational concerns of the Islamic economy. The reputation of the Islamic economy touches on the issue of Islam which has had a difficult time in recent years. The Islamic economy highlights the opportunity from the economic side which is very important for Muslims and the world. This participation in shaping the reputation can take a long time to build but can be damaged in no time.

Referring to the point about standardization that came out of the first Global Islamic Economy Summit, **Al Awar** noted that he preferred the term harmonization instead. The first

summit did recommend standardization and various parties have helped push forward the efforts but found that a full-fledged, single standard might not work because of different schools of thought in shariah which affects products and services.

Harmonization is slightly different, explained **Al Awar**, because it “focuses on finding common ground while maintaining different schools of thought”. The entire process takes a lot of dialogue and it has been something that (DIEDC) has been working on independently with jurisdictions across the globe. The process has developed more consensus that harmonization is the best approach to make it easier to market across jurisdictions.

Thomson Reuters’ **Najjar** agreed on the issue of harmonization, “I call it a common understanding of what we are talking about irrespective of what it is”. It is important to agree and not to be so rigid as to create a box; you have to create standards and transparency. The most important part is the transparency, but also the flexibility. If you try to define too rigidly what is acceptable and what is not in a standardized form, it will stifle innovation because in a way, the definition of innovation revolves around deviating from established or standard practice.

From the issue of harmonization, the discussion shifted to SME finance and (DIEDC’s) **Al Awar** highlighted the role of the Innovation 4 Impact competitions and the Islamic Economy Awards which have provided an incentive for more SMEs. These have been matched with practical initiatives on the ground including incubation centers and **Al Awar** concluded, “going forward, we will see how innovation can drive thinking of SMEs as they develop new products” for the Islamic economy.

H.E. Buamim continued on the subject of SMEs, telling them they should be encouraged by what they have heard from Islamic banks during the Summit because SMEs will highlight growth, and do so with a local focus. At the Dubai Chamber, they have been integrating the Islamic economy initiative with the other things they are doing including working on identifying opportunities within African economies from an Islamic economy perspective. They have found, across markets in Africa as well as in the CIS region and Latin America that the Islamic economy is “still not well understood or it is misunderstood,” even in large sectors like halal food and Islamic finance.

Al Awar returned to a recommendation from an earlier session on Awqaf where there was discussions about innovations to support the growth of the Islamic economy. One such innovation discussed was a form of awqaf sukuk which is a new idea that could be explored to create

flexibility for traditional approaches of awqaf. This was one of the examples of how GIES had delivered “not just innovation through competition but also through dialogue with new ideas being discussed to be taken forward.”

Nadim Najjar returned to the discussion of globalizing the Islamic economy and pointed out there was a lot that has to be done, and that it wouldn’t make sense to wait until next year to discuss the same issues. There will be recommendations that come out from the Summit and be developed throughout the year and then suggestions and new approaches can be presented and discussed next year. This is how the Summit transforms to become business as usual rather than just a once-a-year issue.

Al Awar agreed and pointed to work that (DIEDC) was doing with the Dubai Chamber and Thomson Reuters to “accelerate the development of the Islamic economy that will help shape Dubai as the capital of the Islamic economy”. Through these efforts and because of Dubai’s position as uniquely well connected with the world, there can also be benefits for Dubai to enhance the economic transactions with the world.

Concluding the discussion of globalizing the Islamic economy, **H.E. Buamim** expanded on what **Al Awar** said and that the “issue of the Islamic economy is beyond just Dubai—it is the whole world—and it is now time to take it to the other parts of the world”. In doing so, there is an important need to increase understanding in non-Muslim countries to raise awareness of the Islamic economy which can also help address brand issues of Islam and the Islamic economy.

Al Awar agreed and highlighted the role of the Summit as a platform to raise issues and provide solutions and recommendations to the issues facing the Islamic economy. In the future, there will be more discussion, particularly at roundtables, focus groups to build the solutions needed through innovation. There will be wider engagement with the industry and next year there will be an opportunity for the solutions to be presented and the public and private sectors will be able to take them forward.

Concluding the session and the Summit, **Nadim Najjar** highlighted the importance of innovation and solutions that **Al Awar** discussed and stated also that there has to be an open field where people are allowed to do things. “We have to make sure that people see the Islamic economy—what some also refer to the moral or ethical economy—as a choice not a judgement.” He added that it was important to present the choice that the Islamic economy represents to people and then let the people get on with the innovation.





Infographics

Global Islamic Economy

Halal Food

Islamic Finance

Travel

Fashion

Media & Recreation

Pharmaceuticals

Cosmetics / Personal Care

Islamic Digital Economy



GLOBAL ISLAMIC ECONOMY

\$1.8 trillion of food & lifestyle sector expenditure (2014) projected to reach \$2.6 trillion (2020)

\$1.35 trillion in Islamic banking assets (2014) projected to reach \$2.6 trillion (2020)



Halal Food



Islamic Finance



Travel



Fashion



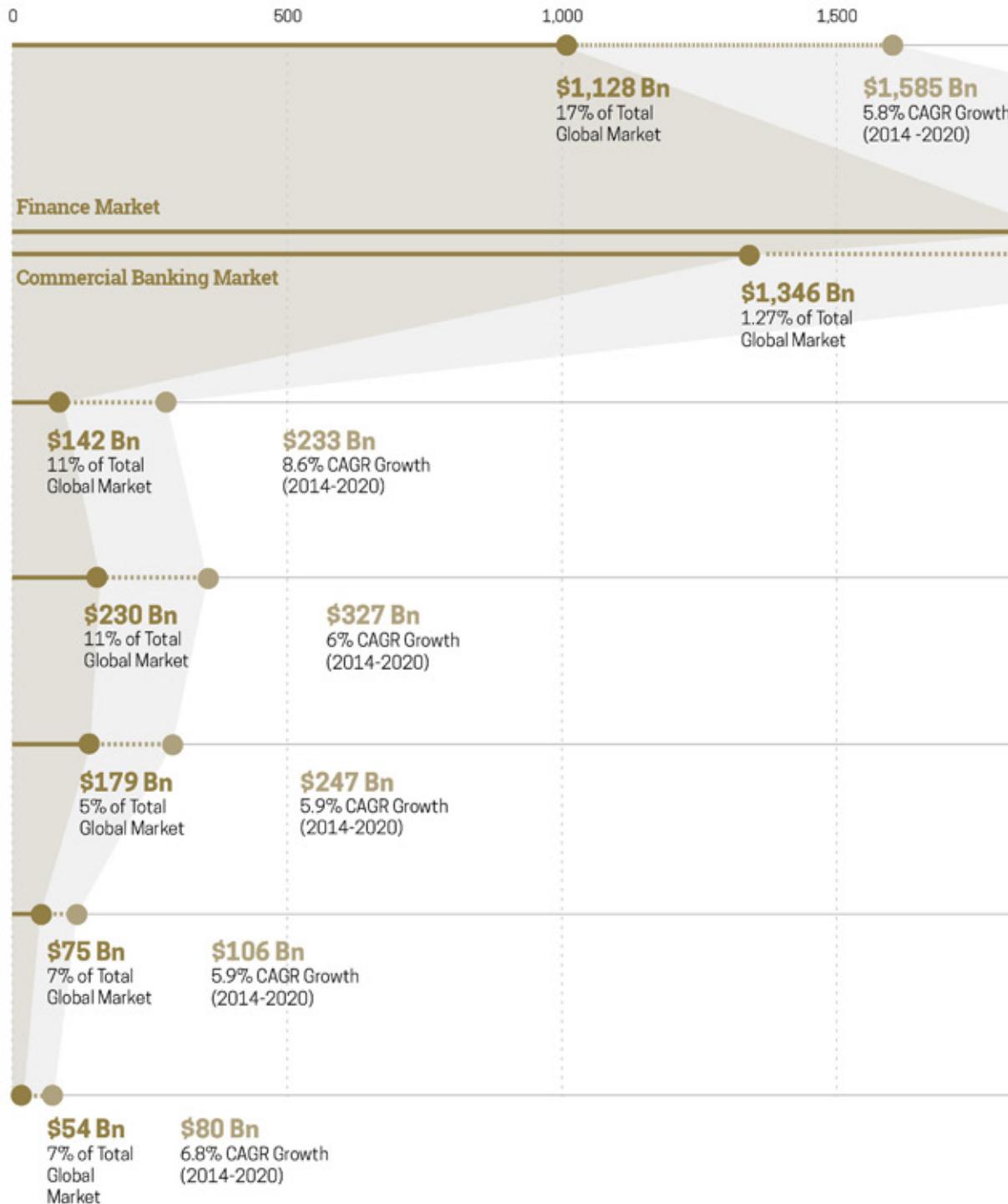
Media & Recreation



Pharmaceuticals

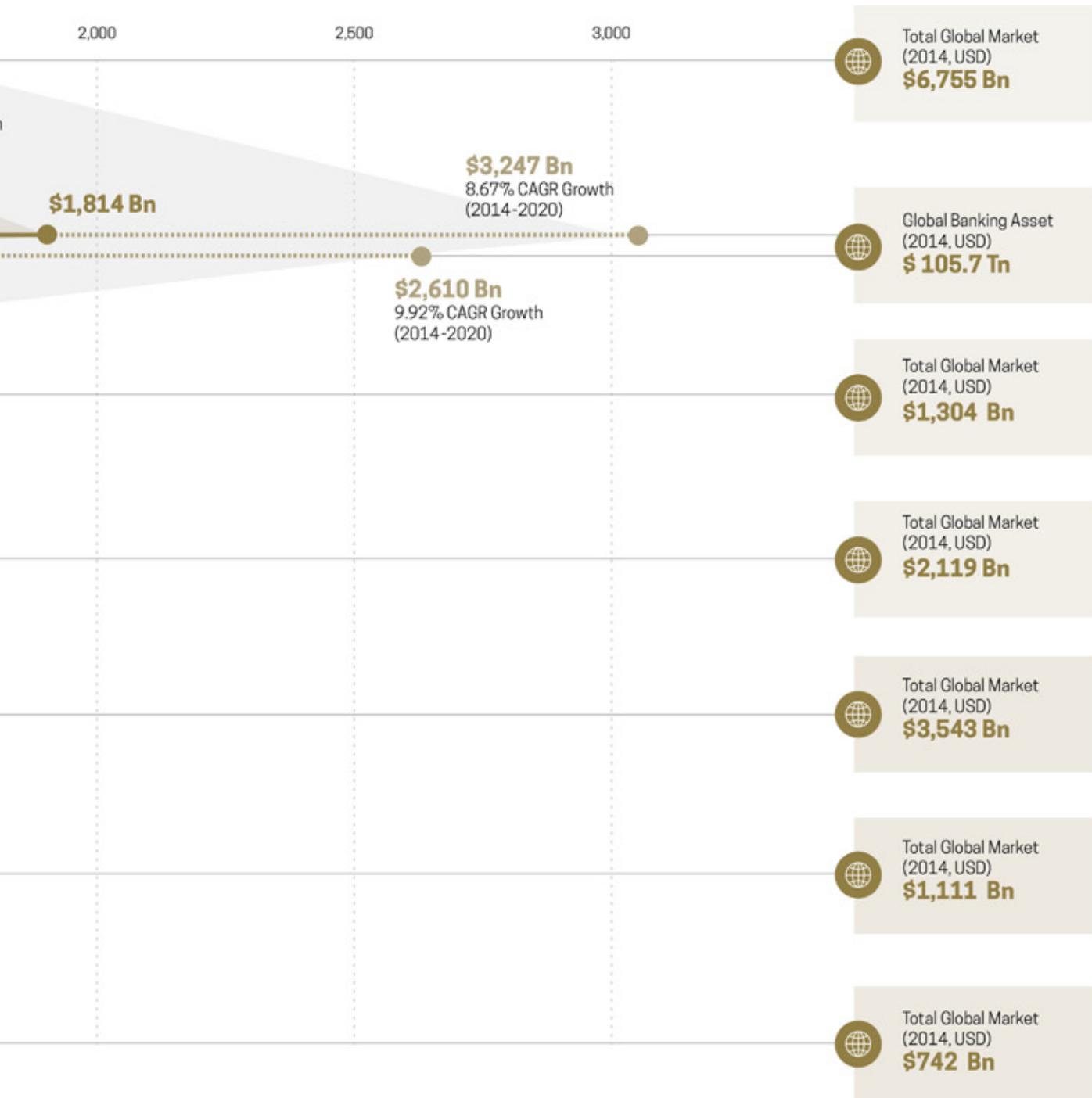


Cosmetics



References: ● Existing Muslim Market* (2014, USD)

● Potential Market Size (2020, USD)



All estimates by DinarStandard Research & Advisory as follows (Islamic Finance current estimates ThomsonReuters 2014 Data). The GIE Indicator model at: <http://www.zawya.com/GIE/>. Projections were determined by regressing historical annual growth of the relevant industry metrics on GDP growth for each country, showing high correlation. The regression determined a line of best fit that, using IMF GDP forecasts, projected industry growth. IMF Outlook Oct 2014 Database for baseline projections. DinarStandard Muslim market estimates & analysis.

Halal Food

BENCHMARK

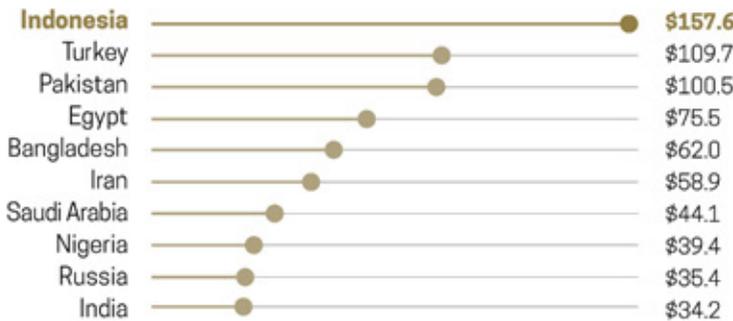
How does global Muslim market compare to the rest of the world?



TOP MARKETS

Top Muslim consumer food expenditure markets

(2014 est., US\$ bill)



Halal food markets 'Tayyab' cross-over global opportunity²

Global organic food and beverages market expected to reach **\$104.5 billion** in 2015 @ 12.8% growth/year and almost 100% in 6 years.

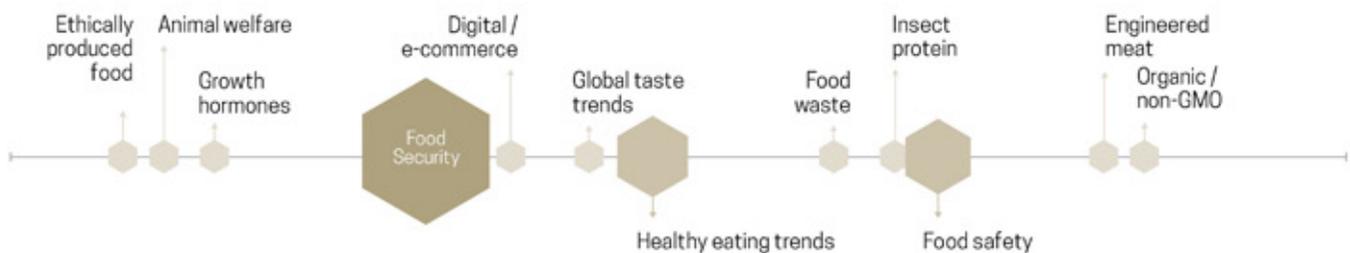
Halal food issues & opportunities map

The size of hexagons represents the impact (economic implication) of each issue

CORE HALAL MARKET



GLOBAL FOOD SECTOR



1. Covers food & non-alcoholic beverage expenditure; Expenditure data baselined from 2011 International Comparison Program + National Statistics Agencies. See Report for full methodology. DinarStandard Muslim market estimates & analysis; Sector correlated IMF Outlook Oct 2014 Database for projections
2. Source: Global Organic Foods & Beverages Market Analysis By Products, Geography, Regulations, Pricing Trends, & Forecasts

3. Source: DinarStandard Industry value chains; aligned with International Harmonized Code (HC) Covers animal products, vegetable products, and processed food minus swine, spirits, tobacco. Not included: retailers/other distribution channels, machinery, supporting inputs, logistics, support services (eco-system)
- *OIC: Organization of Islamic Cooperation — 57 member countries

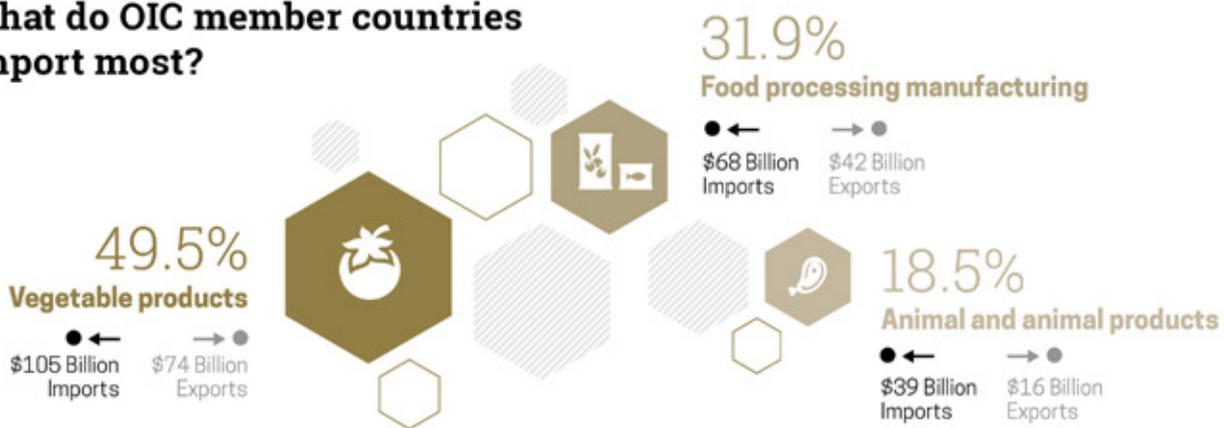
MARKET SIZE¹

How much does global Muslim market spend on food?



FOOD TRADE BY OIC COUNTRIES³

What do OIC member countries import most?



HALAL FOOD INDICATOR

Which countries have the best developed Islamic economy for Halal food?

- *CRITERIA
1. Trade OIC Food Trade Relative to its size
 2. Governance Regulation/Certification requirements
 3. Awareness Media/Events
 4. Social Food Price Index



Selected key players

Suppliers

- Brf Brasil Foods Company
- Cargill
- Euro Foods Group (UK)

Food Processors/Manufacturer

- IFFCO (UAE)
- ARMAN (China)
- Brahim's Holdings (Malaysia)

Retailers

- LuLu Hypermarket (UAE)
- Carrefour
- Tesco (UK)
- BIM (Turkey)
- Marrybrown (Malaysia)

Logistics / Zones

- MISC Integrated Logistic (Malaysia)
- Global Halal Logistics (France)
- JAFZA Halal Zone

Regulators / Certifiers

- JAKIM (Malaysia)
- MUI (Indonesia)
- SMIC (OIC)
- IFANCA (USA)
- HFA (UK)

Emerging Halal Brands

- The Halal Guys (USA)
- Honest Chops (USA)
- ieat (UK)
- Chicken Cottage (UK)
- Al Islami (UAE)
- Saffron Road (USA)
- Mumtaz (UK)
- Isla Delice (France)

Islamic Finance

MARKET SIZE¹

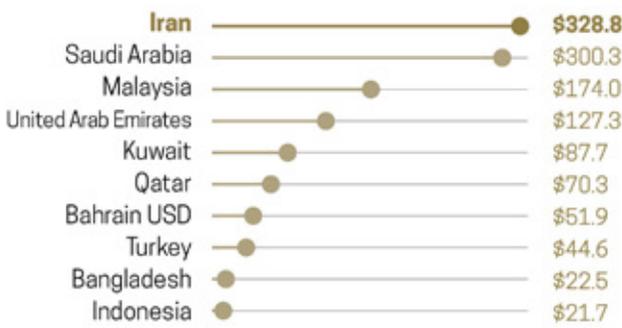
How big is the current Islamic finance market assets*?

*Does not include undisclosed assets of most Islamic windows

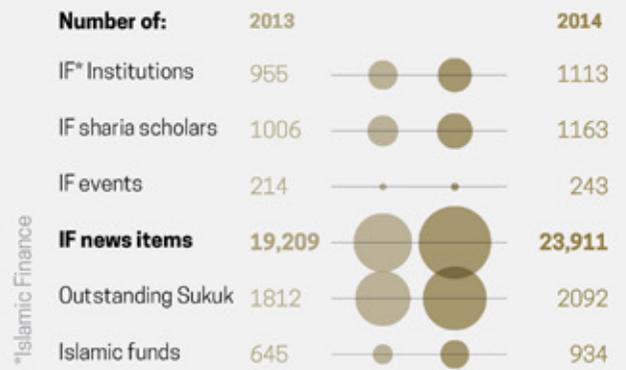


TOP MARKETS (2014 est., US\$ bill assets)

Top Islamic finance markets – commercial banking

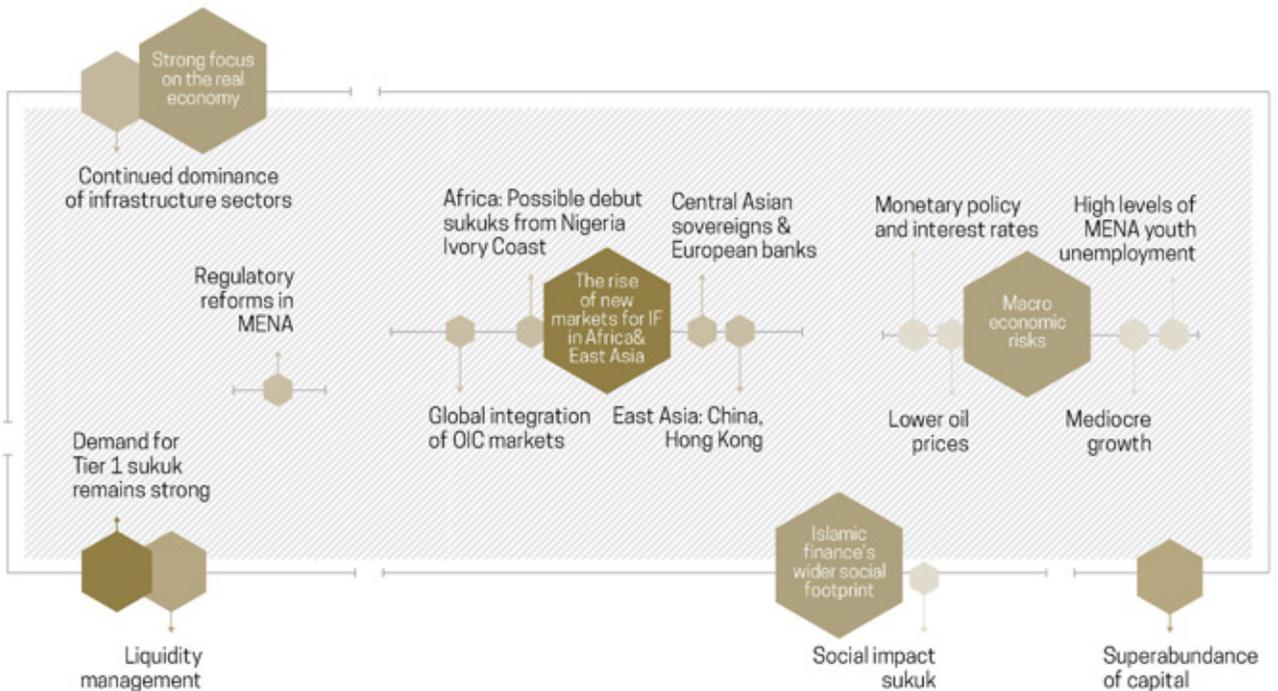


Select growth indicators



Islamic finance issues & opportunities map

The size of hexagons represents the impact (economic implication) of each issue



1. Source: Thomson Reuters Islamic Finance 2014-15 Data

How big is the current Islamic commercial banking assets?



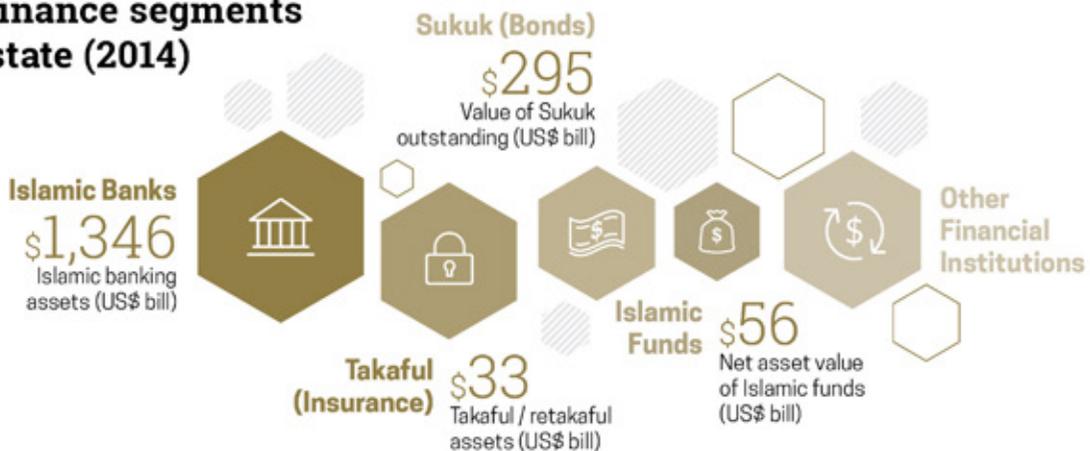
THE ISLAMIC FINANCE INDICATOR Which countries have the best developed Islamic economy for Islamic finance?



* CRITERIA (From a total of 73 select countries)

1. Financial (Size Islamic Finance Assets and Number of Islamic Finance Institutions);
2. Governance (e.g. Regulations for Islamic Finance and Disclosure Index Score);
3. Awareness (Number of related News Articles, Islamic Finance Education Institutions, Research papers, and events);
4. Social (Value of Zakat and Charity and CSR Disclosure Index Score).

Islamic finance segments current state (2014)



Selected key players

Commercial Banks

Al Rajhi Bank, Bank Maskan, Kuwait Finance House, Bank Mellat, Maybank Islamic Berhad, Bank Melli Iran, National Commercial Bank, Dubai Islamic Bank

Standard Setters/Regulators

AAOIFI, Islamic Financial Services Board (IFSB), International Islamic Liquidity Management Corporation (IILM), National Regulators

Takaful

Etiqa Takaful Bhd, The Company for Cooperative Insurance, Syarikat Takaful Malaysia Bhd, The Mediterranean and Gulf Cooperative Insurance and Reinsurance Co., Islamic Arab Insurance Company (Salama), Takaful Ikhlas Sendirian Berhad, BUPA Arabia for Cooperative Insurance

Microfinance/ Crowdfunding

Al Amal Microfinance, Alhukwat (Pakistan), Shekra, Kiva, Yomken

Islamic Funds

SEDCO, Arabesque, AlAhli Saudi Riyal Trade, Al Rajhi Capital SAR Commodity, International Trade Finance Fd (Sunbullah SAR), Amana Growth Fund

Waqf

AlRajhi Endowment, Awqaf Saudi Arabia, Awqaf South Africa, Awqaf and Minors Affairs Foundation (AMAF)

Sukuk Arrangers

Emirates NBD, CIMB Group, Standard Chartered PLC, HSBC Holdings PLC, Saudi National Commercial Bank, National Bank of Abu Dhabi, Maybank

Education & Research

INCEIF (International Centre for Education in Islamic Finance), Islamic Research & Training Institute (IRTI)

BENCHMARK

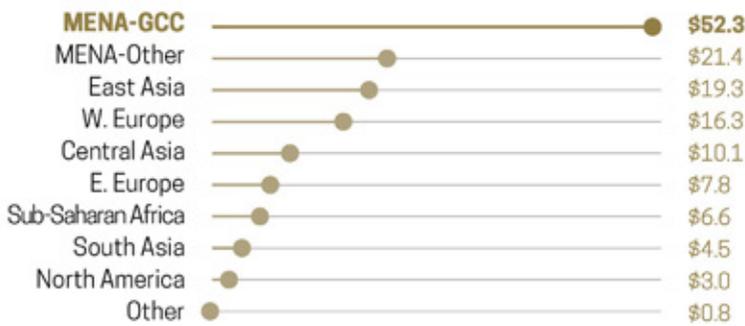
How does global Muslim market compare to the rest of the world?



TOP MARKETS

Top Muslim traveling expenditure markets

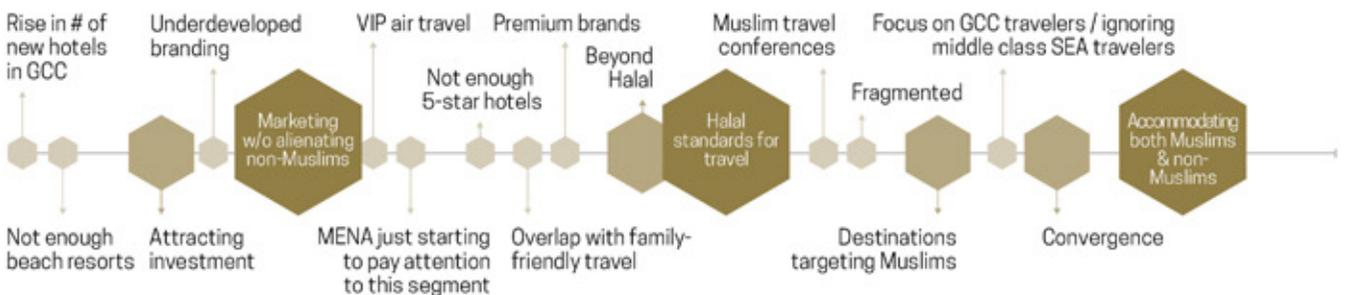
(2014 est., US\$ bill)



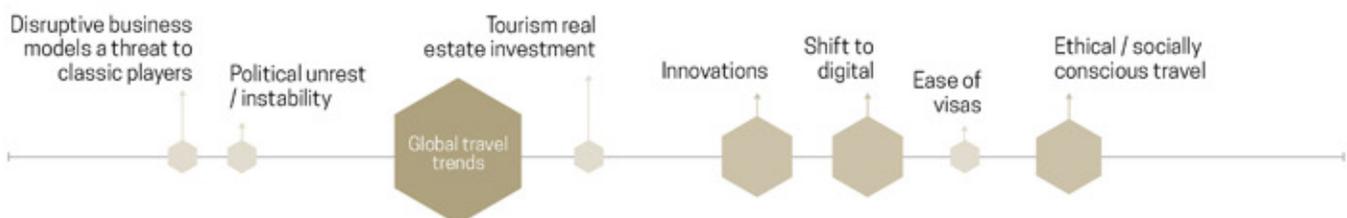
GCC travelers are 3% of the global Muslim population but, represent **37% of the travel spend in 2014**

Muslim-friendly travel issues & opportunities map

CORE MUSLIM TRAVEL MARKET



GLOBAL TRAVEL SECTOR



The size of hexagons represents the impact (economic implication) of each issue

1. Expenditure data Baseline from 2014 UNWTO data, DinarStandard Muslim market estimates; Sector correlated IMF Outlook Oct 2014 Database for projections estimates & analysis; IMF Outlook Oct 2014 Database for projections

MARKET SIZE¹

How much does global Muslim market spend on travel?



Which countries have the top Muslim tourism expenditure?



(2014, US\$ bill)

THE TRAVEL INDICATOR

Which countries have the best developed Islamic economy for Muslim travel?



*CRITERIA (From a total of 73 select countries)
 1. Trade: Inbound Muslim Travel relative to its Size
 2. Governance: Halal Friendly Ecosystem
 3. Awareness: Media/Events
 4. Social: Contribution to Employment

Selected key players

Airlines

Thai Airline
 Singapore Airline
 Many international Airlines offer 'Muslim Meals' (MOML)

Etihad
Turkish Airline
 Many Muslim market Airlines have 'Halal' food
 Airport prayer space
 Ramadan services
 Inflight audio

Hotels/Resorts

Marriot International
Fairmont (Singapore)
 Many international hotels offer Halal food, Prayer directions/mats

Al Jawhara Hotel (UAE)
Adenya Resort (Turkey)
Shaza Hotels (GCC)
Sofyan Hotel (Indonesia)
 Many Muslim market hotels offer Halal food, Prayer directions/mats, no-alcohol on premise, Prayer rooms, Ramadan services, Gender based swimming

Destinations

Andalucia, Spain
 Many international destinations highlight local Halal food options and Family-friendly attractions

UAE
Indonesia
Maldives
Malaysia
Turkey
 Many Muslim market destinations highlight Family-friendly attractions, alcohol free environment, Family/gender specific beach options

Specialty Muslim Tourism Companies*

Kuoni Group Travel Experts (GTE)
Serendipity Tailormade (UK)
Premium Europe AG
Andalucia Routes
Holiday Bosnia
 *Themed travel packages

Digital Guides/Ratings*

HalalTrip.com
HalalBooking.com
irHal.com
CrescentRating
 *Include specialized guides, reviews, destination profiles and ratings, themed travel packages

BENCHMARK

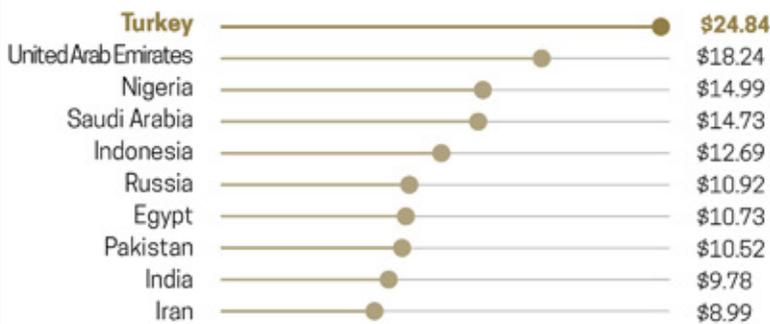
How does global Muslim market compare to top global clothing markets?



TOP MARKETS

Top Muslim clothing consumption markets

(2014 est., US\$ bill)

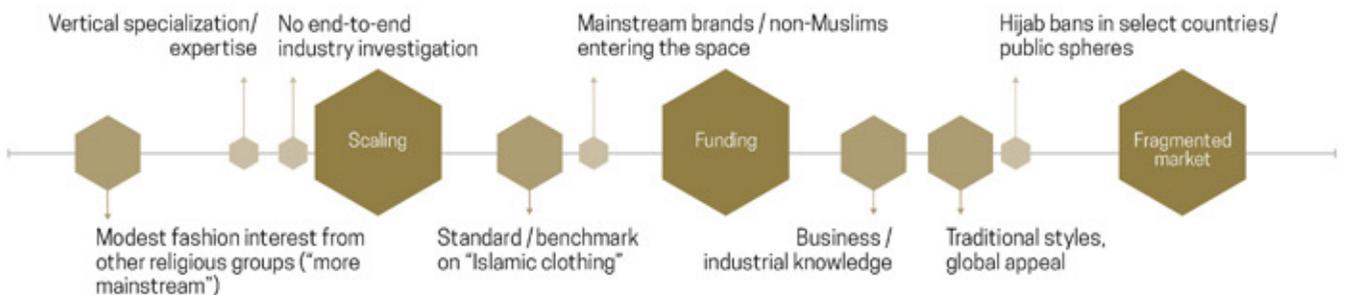


Countries that export most clothing to OIC countries

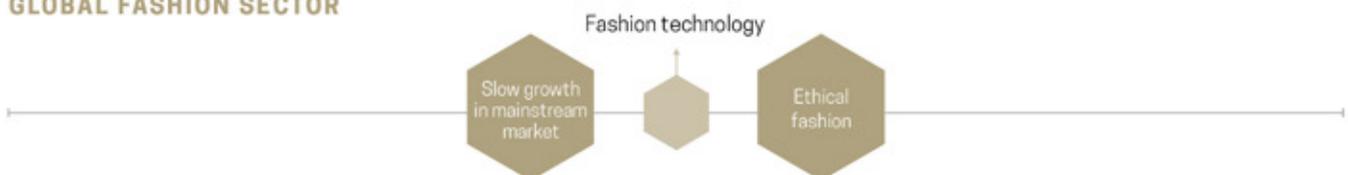


Modest fashion issues & opportunities map

CORE MUSLIM FASHION MARKET



GLOBAL FASHION SECTOR



The size of hexagons represents the impact (economic implication) of each issue

1. Expenditure data Baseline from 2011 International Comparison Program + National Statistics Agencies, DinarStandard Muslim market estimates & analysis; Sector correlated IMF Outlook Oct 2014 Database for projections. See Report for full methodology.

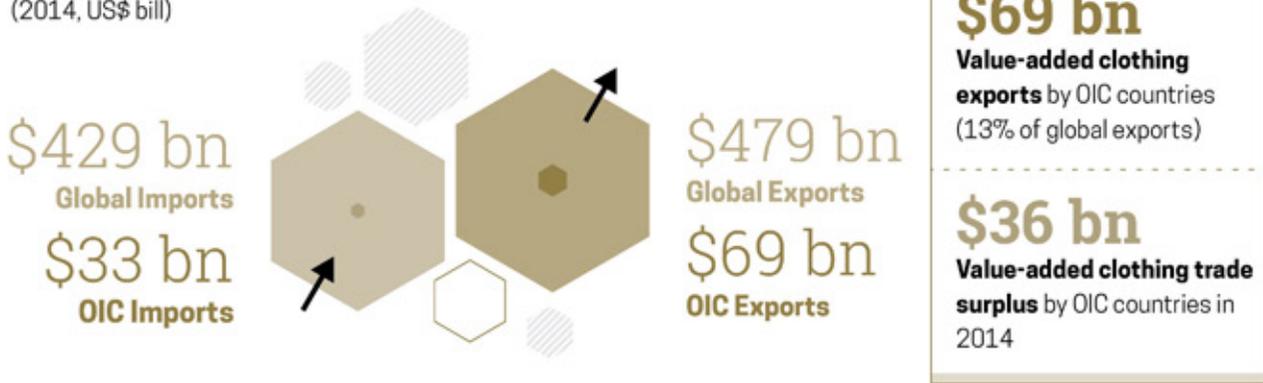
MARKET SIZE¹

How much does global Muslim market spend on clothing?



OIC markets clothing trade breakdown

(2014, US\$ bill)



THE FASHION INDICATOR

Which countries have the best developed Islamic economy for fashion?



*CRITERIA (From a total of 73 select countries)
 1. Trade: Clothing Export to OIC Countries
 2. Awareness: Number of News articles & Events
 3. Social: Clothing Prices Index; Labor Fairness Index

Selected key players

Brands

- Modnisa (Turkey)
- Fashion brand for Muslim wear
- Ahida (Australia)
- Modest swimwear
- Irada (Russia)
- Largest producers of Islamic wear in the Russian
- Bokitta (Lebanon)
- Pioneers of "hassle-free hijab"

Events

- Islamic Fashion Fair (Indonesia)
- Islamic Fashion Festival (Malaysia)
- 2014 Headwrap Expo (USA)

Media

- Aquila Style (Singapore)
- Azizah Magazine (US)
- Ala (Turkey)
- Noor (Indonesia)

Designers

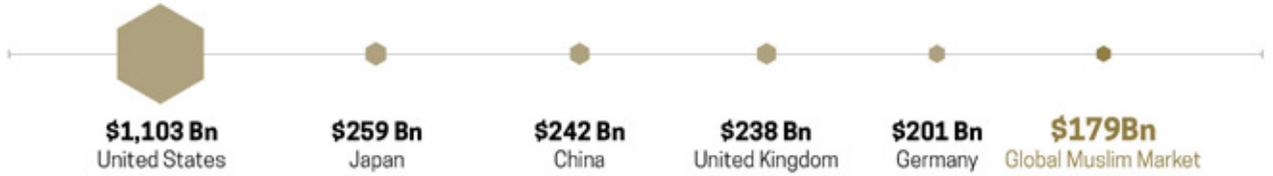
- DKNY Ramadan 2014 Collection
- Melinda Looi
- Joe Chia and Silas Liew
- Dian Pelangi (Indonesia)

Media & Recreation

BENCHMARK | RECREATION & CULTURE EXPENDITURE

How does global Muslim market compare to the world?

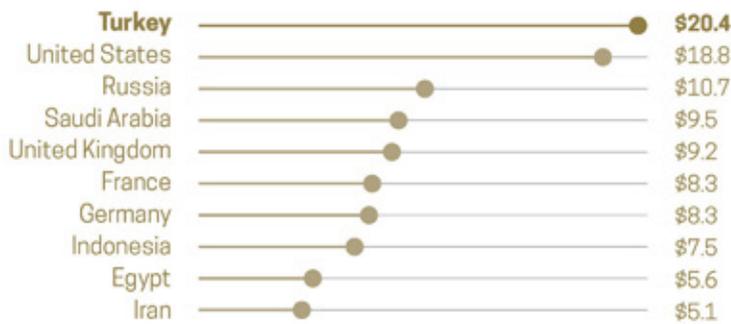
(2014 est., US\$ bill)



TOP MARKETS

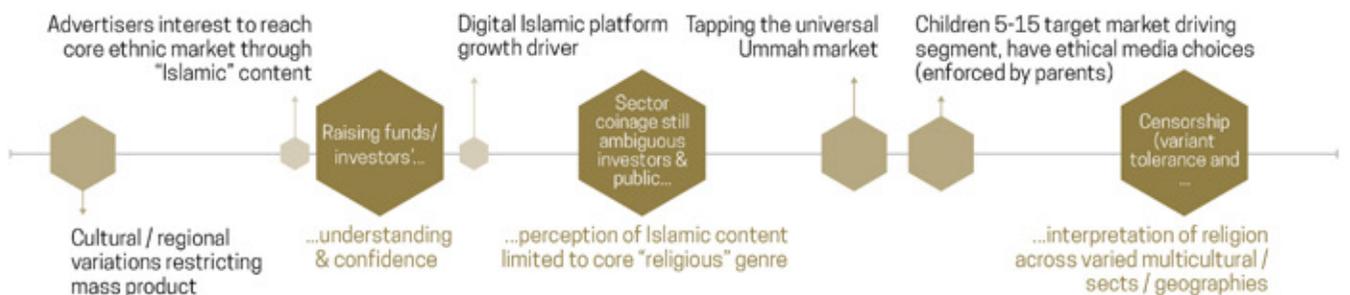
Top media & recreation Muslim expenditure countries

(2014 est., US\$ bill)

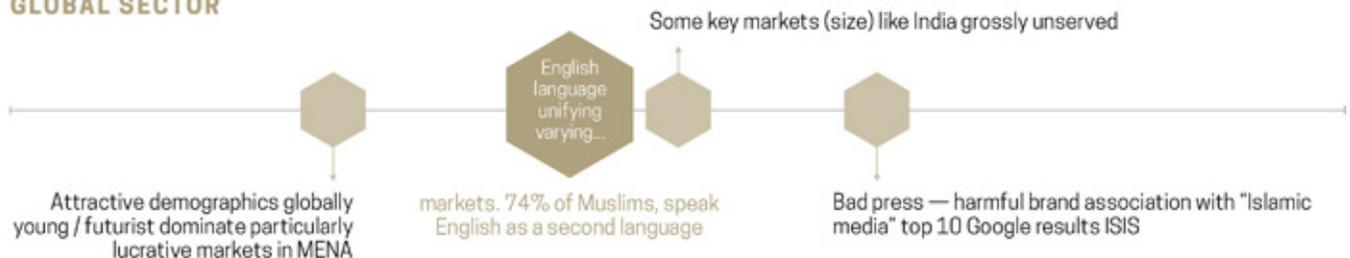


Islamic media issues & opportunities map

CORE MUSLIM MARKET



GLOBAL SECTOR



The size of hexagons represents the impact (economic implication) of each issue

1. Expenditure data Baseline from 2011 International Comparison Program + National Statistics Agencies, DinarStandard Muslim market estimates & analysis; Sector correlated IMF Outlook Oct 2014 Database for projections. See Report for full methodology.

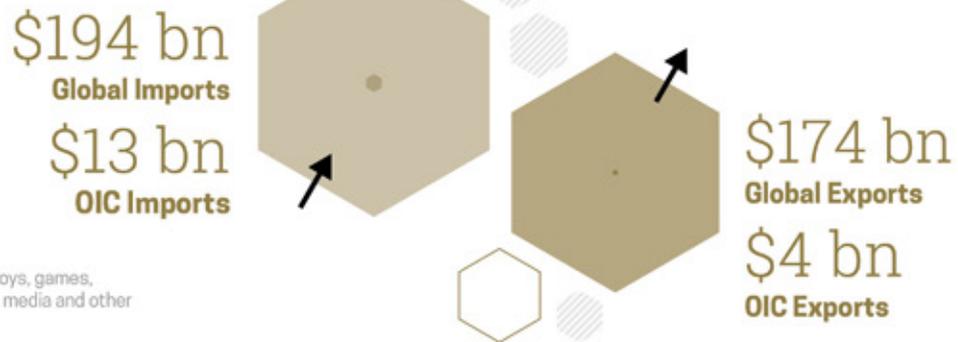
MARKET SIZE¹

How much does global Muslim market spend on recreation and cultural activities?



Media & recreation trade value of OIC* member countries

(2014, US\$ bill)



(* Only for print (news, books, other) toys, games, sports, cultural recreational services, media and other information services)



Selected key players

Online Information/Apps

- Aquila Style (Singapore)
- Illume (USA)
- ProductiveMuslim (online/global)
- Zabihah.com (online/global)
- Al-Kanz (France)

Print (news, magazine, books)

- Ala (Turkey)
- Horizon (USA)
- Muallim (India)

TV & Radio

- 'Omar' Ramadan Series (MBC)
- IslamChannel (UK)
- The 99 (Kuwait)

Music/Nasheed

- Awakening Records
- Maher Zain
- Sami Yusuf
- Native Deen
- Raihan

Film

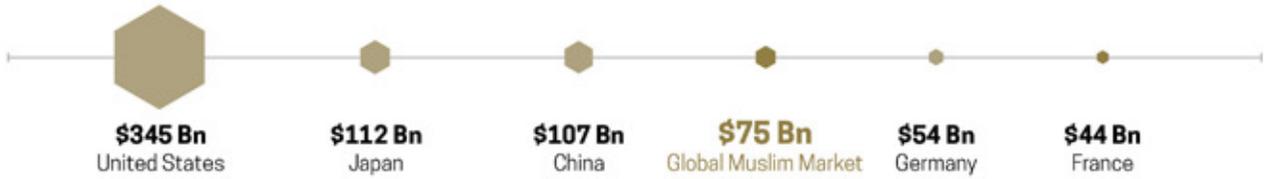
- Prophet Muhammad [pbuh] Movie, Alnoor Holding (Qatar)
- Selam (Trukey)
- Kazan International Muslim Film Festival

Pharmaceuticals

PHARMACEUTICAL BENCHMARK

How does global Muslim market compare the world?

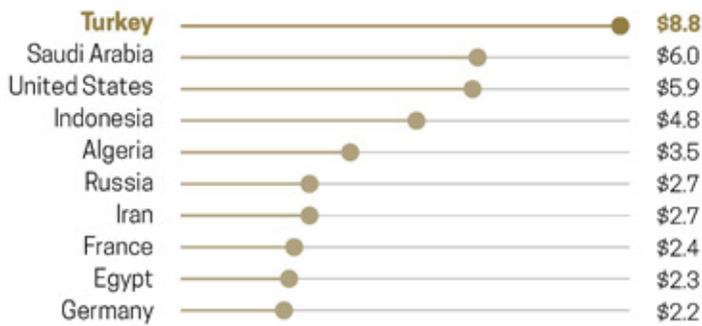
(2014 est., US\$ bill)



TOP MARKETS

Top countries with Muslim consumer pharma expenditure

(2014 est., US\$ bill)

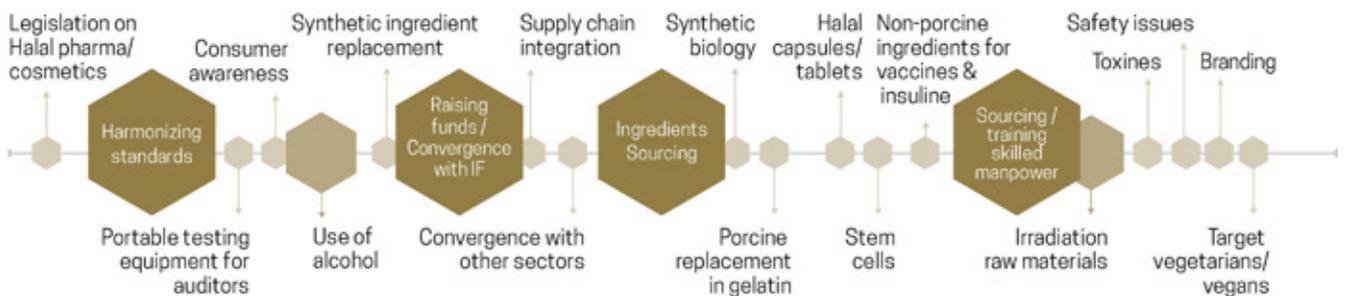


Countries that export most pharmaceutical products to OIC

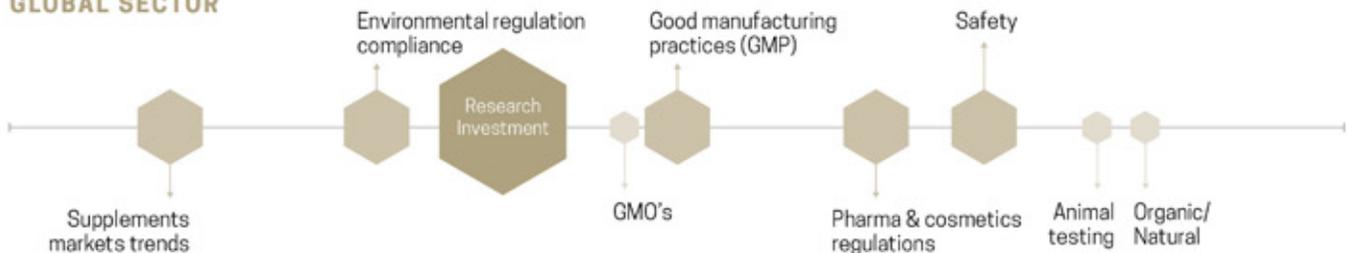


Halal pharmaceuticals issues & opportunities map

CORE MUSLIM MARKET



GLOBAL SECTOR



The size of hexagons represents the impact (economic implication) of each issue

1. Expenditure data based on various National Statistics Agencies/Pharma Industry Associations and UN Comtrade Data, DinarStandard Muslim market estimates & analysis; Sector correlated IMF Outlook Oct 2014 Database for projections. See Report for full methodology.*

*OIC: Organization of Islamic Cooperation — 57 member countries

MARKET SIZE¹

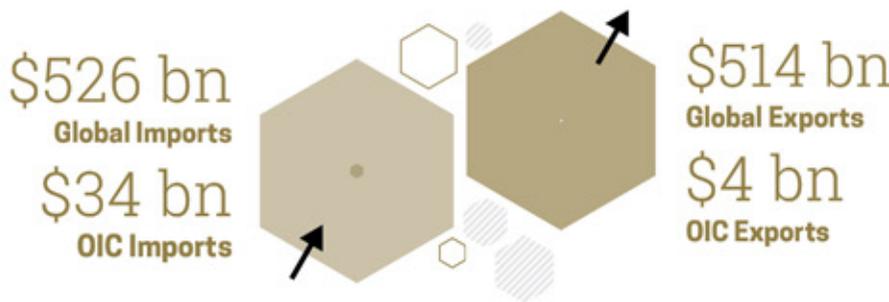
How much does global Muslim market spend on pharmaceutical?

2014 **\$75 Bn**
6.7% of Global Expenditure

2020 (Potential) **\$106 Bn**
7.1% of Global Expenditure



Pharmaceutical manufacturing trade value of OIC* member countries (2014, US\$ bill)



\$34 bn

Pharmaceutical imports
by OIC countries
(6.5% of global imports)

\$30 bn

Pharmaceutical trade deficit
by OIC countries (2014)

* Only for pharmaceutical manufacturing sectors

HALAL PHARMACEUTICAL INDICATOR
Which countries have the best developed Islamic economy for Halal pharmaceuticals & cosmetics?



**CRITERIA (From a total of 73 select countries)

- 1. Trade: Pharma & Cosmetics exports to OIC relative to country size
- 2. Governance: Regulation/ Certification requirements
- 3. Awareness: Media/Events
- 4. Social: Pharma & Cosmetics Pricing Index

Selected key players

Source: DinarStandard — Top 100 Businesses of the Muslim World list

Global Brands

- Pfizer (USA)
- Novartis AG (Switzerland)
- Merck & Co. Inc. (USA)
- Sanofi (France)
- GlaxoSmith (UK)

OIC-based Top Pharma

- Eczacibasi Holdings (Turkey)
- Selçuk Ecz Deposu (Turkey)
- Kalbe Farma (Indonesia)
- Hikma Pharmaceuticals (Jordan)
- CCM Chemicals Sdn Bhd (Malaysia)
- Julphar (UAE)

Specialty Halal Pharma Companies

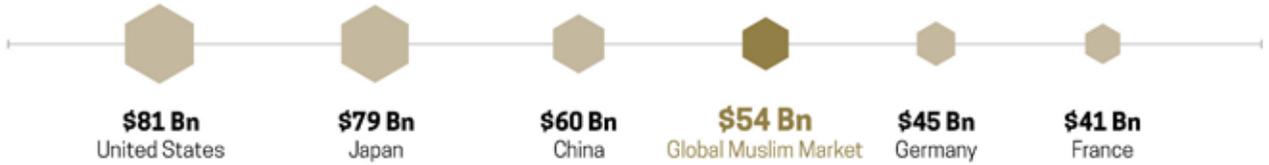
- AJ Pharma [Vaccines] (Malaysia / Saudi Arabia)
- Noor Vitamins (USA)
- Safwa Health (Malaysia)
- BACFO Pharmaceuticals [Herbal] (India)

Cosmetics / Personal Care

COSMETICS / PERSONAL CARE BENCHMARK

How does global Muslim market compare the world?

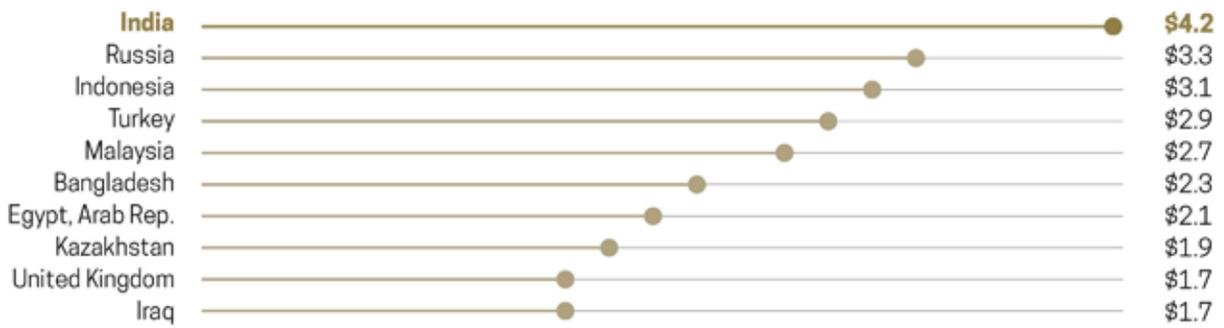
(2014 est., US\$ bill)



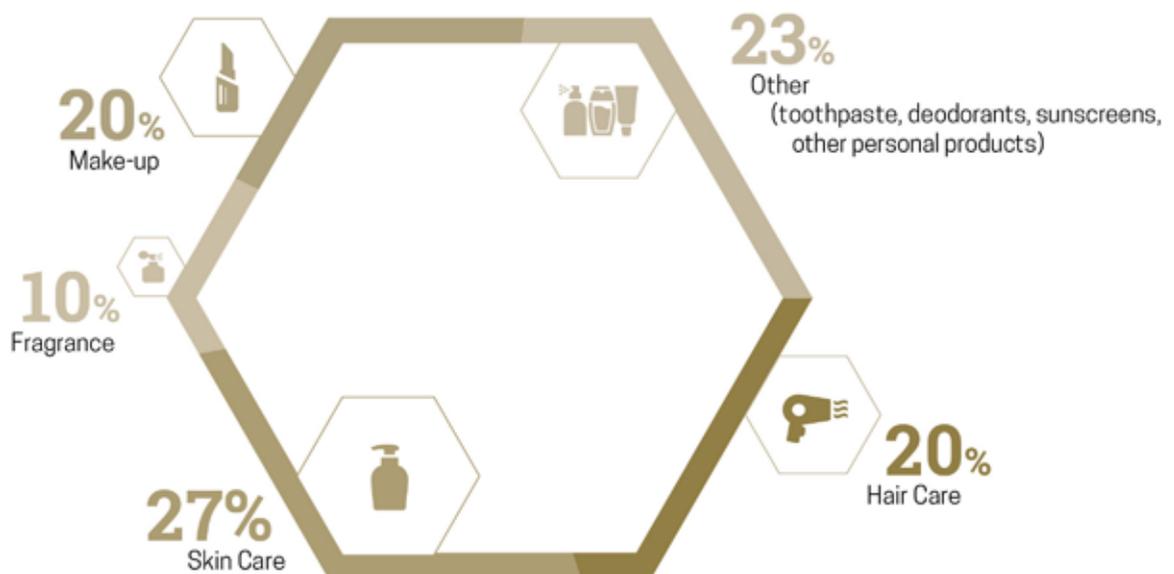
TOP MARKETS

Top countries with Muslim consumer cosmetics/personal care expenditure

(2014 est., US\$ bill)



Global cosmetics/personal care segment breakdown



Source: ChemistCorner

1. Expenditure data from national industry associations, national statistics agencies, Eurostats and DinarStandard Analysis, DinarStandard Muslim market estimates & analysis; Sector correlated IMF Outlook Oct 2014 Database for projections. See Report for full methodology.

*OIC: Organization of Islamic Cooperation — 57 member countries

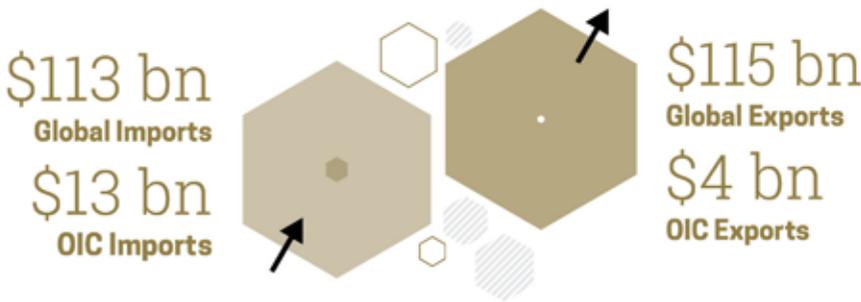
MARKET SIZE¹

How much does global Muslim market spend on cosmetics/personal care?

2014 **\$54 Bn** 7% of Global Expenditure
 2020 (Potential) **\$80 Bn** 8% of Global Expenditure



Cosmetics/personal care manufacturing trade value of OIC* member countries (2014, US\$ bill)



\$13 bn

Cosmetics/personal care imports
 by OIC countries in exports
 (11.5% of global imports)

\$9 bn

Cosmetics/personal care trade deficit
 by OIC countries (2014)

* Only for Essential oils, perfumes, cosmetics, toiletries manufacturing

Which countries export most cosmetics/personal care products to OIC countries? (2014 est., US\$ bill)



Selected key players

Source: DinarStandard DS5000 database

Global brands

Colgate — Palmolive
 Avon
 BASF
 Procter & Gamble
 Unilever
 L'Oreal

OIC-Based Cosmetic Companies

Farmasi (Turkey)
 Wardah (Indonesia)
 Hayat Kimya Sanayi A S (Turkey)
 Evyap Sabun Yag Gliserin (Turkey)
 Lam Soon (Malaysia)
 Mandom (Indonesia)

Specialty Halal Personal Care/ Cosmetic Products/Companies

Sunsilk's Clean & Fresh
 [shampoo designed for women who veil their hair]
 Inglot [permeable nail polish]

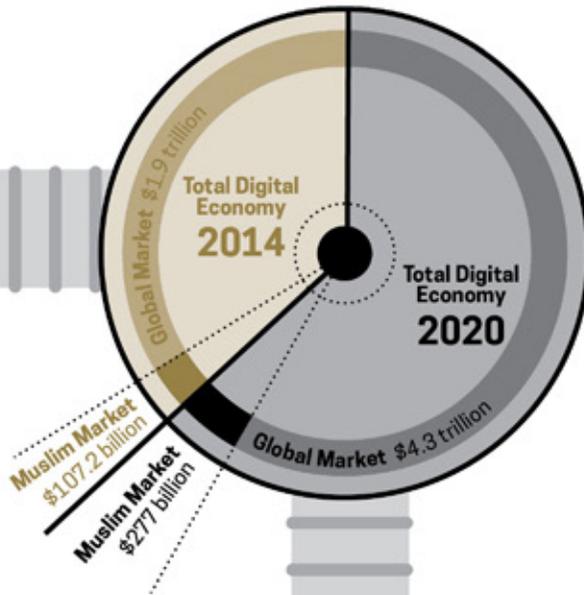
Halal Certified Cosmetics Line

IVY (Malaysia)
 Saaf Cosmetics (UK)
 One Pure (UAE)
 Inika (Australia)

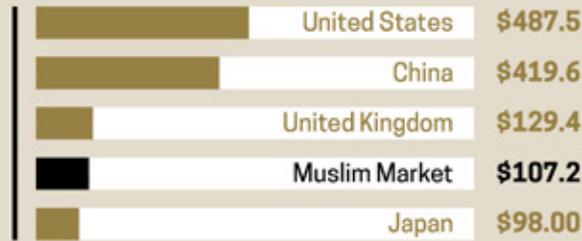
Islamic Digital Economy

Global Muslim Market Digital Spend

Value Of Muslims To Digital Economy



Value of Muslim Market vs Other Countries



Top OIC & non-OIC Countries (\$bn)



2168
Total
Consumer-facing
Digital Islamic
Services

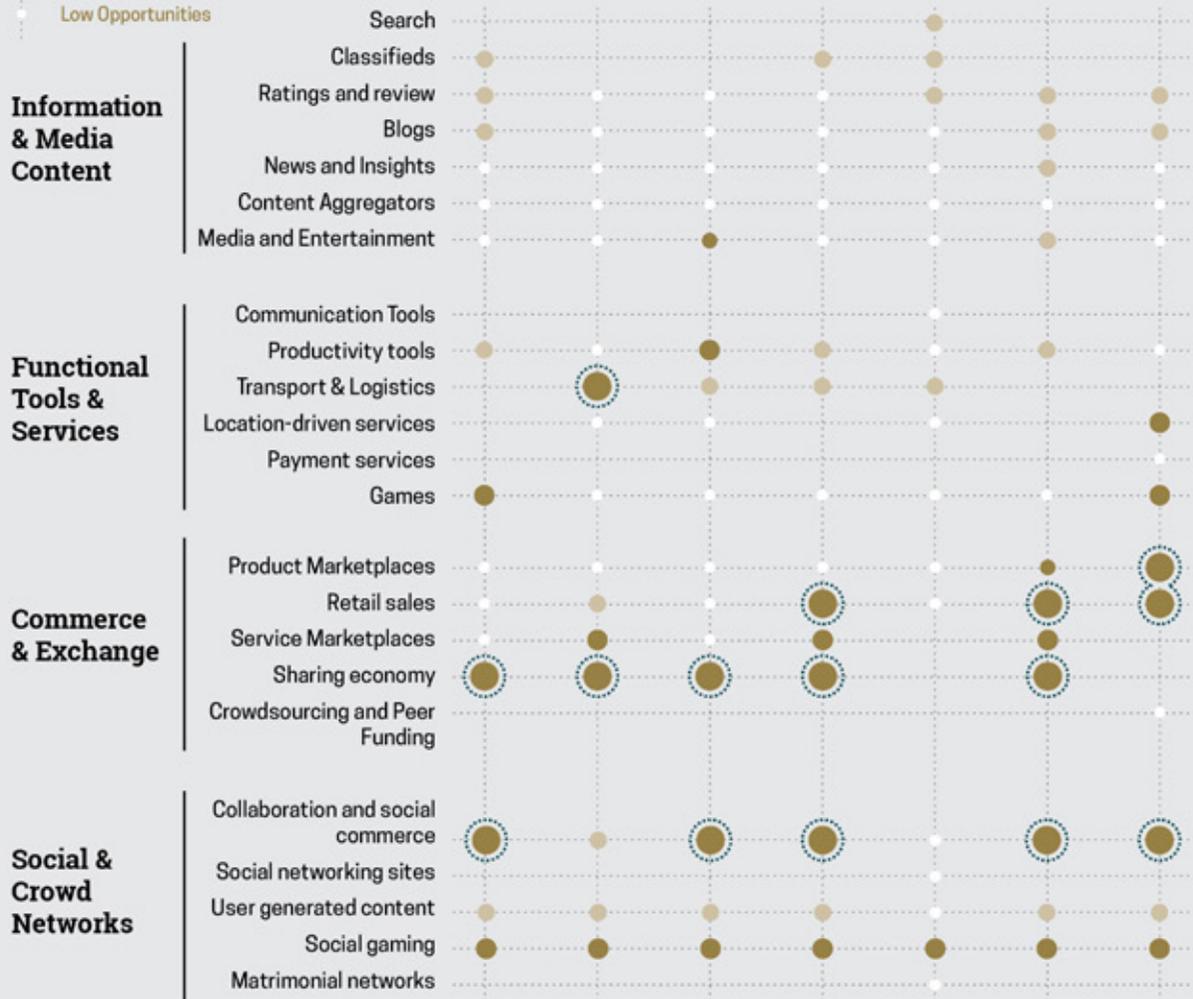
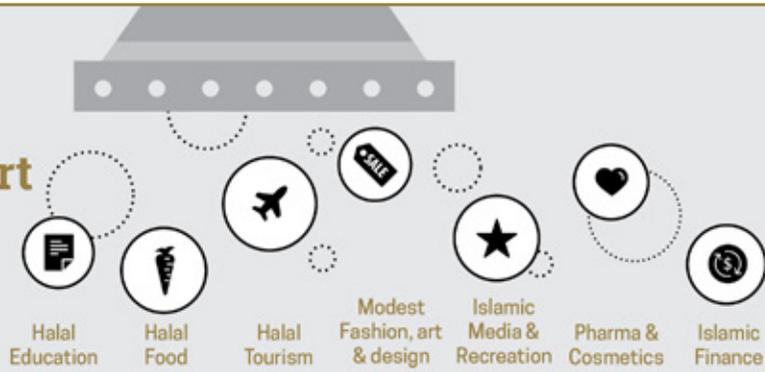
394
Most Prominent
Consumer-facing
Digital Islamic
Services



Islamic Digital Services Gaps & Opportunities Chart

(refer to table on page 13 of the report)

- Very High Opportunities
- High Opportunities
- Moderate Opportunities
- Low Opportunities



Islamic Digital Services Landscape – Key Players

(See section starting page 18 for full lists)





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Strategic Partners



DinarStandard™

Broadcast Partners



Media Partners

thebusiness|year



Travel
Arabia



Capital
Business



islamicarts



BUSINESS
ISLAMICA



wamda



HALAL GEMS

aquila
STYLE





Photo Gallery







