

**Dr M: Islamic banking prevents abuses, greed**  
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More countries may resort to Islamic banking systems and principles in order to prevent greed and abuses from taking over, says former prime minister Dr Mahathir Mohamad.

He said Islamic banking should stay free from gambling and speculation, from the invention of financial products, and unlimited freedom to create money and leveraging, which had all contributed to the downfall of the riba-based financial system.

"In the absence of all these practices, Islamic banking would probably be slow in growing but then one must remember that the growth in wealth that we see in the countries, which are based on the Western financial system, is not real.

"It does not create jobs nor increase trade, nor spin-offs into other businesses, nor help to spread wealth equitably and profitably," he said.

mahathir lee kuan yew visit comment 110609 02Dr Mahathir said this in his speech 'The future of Islamic finance: Creating global linkages and connectivity to the real economy to promote financial stability, economic growth, employment and prosperity' at Bank Negara Malaysia seminar held in Istanbul, Turkey yesterday.

The text of his speech was released in Kuala Lumpur today.

He said Islamic banking, without interest and subjected to high moral codes, would or should not yield the aforesaid results.

"But because of these restrictions the growth of Islamic banks in the future would be slow. The slow growth will also slow down economic growth and wealth creation.

"But the wealth created will be real, be more fairly distributed, will spin-off into real economic activities, creating jobs, increasing trade domestically and internationally," he said.

Dr Mahathir said Islamic finance definitely has a future.

"It would not be spectacular, it would not be the cause of booms and busts.

"It would be steady and would not cause the kind of social and economic upheavals that we are seeing today," he said.

He said Islamic banking and the wealth of the Muslims would cause the rest of the world to link up with Muslim countries.

"Muslims will feel comfortable doing business without going against the injunctions of Islam.

"Provided that the abuses of the riba banks are avoided, there will not be the periodical collapse of the Islamic financial system," he said.

He said Islamic banks had remained unaffected by the current crisis.

"God willing, it will remain crisis-free in the future," he said.

- Bernama

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