

KEYNOTE ADDRESS BY PRIME MINISTER: GLOBAL ISLAMIC ECONOMY: A REFORM AGENDA FOR SHARED PROSPERITY

By : DATO' SERI ANWAR IBRAHIM

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**KEYNOTE ADDRESS
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PRIME MINISTER OF MALAYSIA**

**GLOBAL FORUM ON ISLAMIC ECONOMICS AND FINANCE
GLOBAL ISLAMIC ECONOMY: A REFORM AGENDA
FOR SHARED PROSPERITY**

**28 MAY 2024 | TUESDAY | 9.45 AM
KUALA LUMPUR CONVENTION CENTRE**

SALUTATIONS

Assalamualaikum warahmatullahi wabarakatuh and good morning.

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YB Datuk Seri Amir Hamzah Azizan
Minister of Finance II, Malaysia

YBhg. Datuk Abdul Rasheed Ghaffour
Governor, Bank Negara Malaysia

[Other international VIPs]

Ministers and Excellencies,

Distinguished delegates,

Ladies and Gentlemen,

1. The time has come to chart a reinvigorated and reformed course within the Islamic economy towards a future defined by greater inclusivity, equality, opportunity, and shared prosperity.
2. One which no longer accedes to archaic economic orthodoxies, which prioritise growth and material pursuits over quality of life, while glorifying profit maximisation and treating labour as a commodity rather than with compassion.
3. One of the most focal contributions of Islamic economics is the consideration of overall human well-being as the end goal, where justice forms a pivotal component and the humane approach offers an alternative to the imperfections of unbridled capitalism perpetuating inequality in wealth and living standards.

4. As we navigate the complexities and uncertainties of these post-normal times, the principles of Islamic economics and finance remain even more relevant to resolve the core conundrums which the world is facing. These include lifting abject poverty, ensuring food security and enabling equal opportunity to comprehensive education. This is why we have to embark on a holistic “islah”, a reform agenda for positive change and a force for good in the global economy.

Ladies and Gentlemen,

5. The Islamic finance ecosystem needs to evolve progressively, placing greater emphasis on value-based finance, transcending the profit-driven motives or to embrace a higher purpose where wealth is not just accumulated among the few but circulated to uplift communities, and investment carries a balanced promise of prosperity.
6. In light of this, it is imperative that we work together to address common challenges and create opportunities for economic participation and upward mobility. By promoting micro, small and medium business development as well as access to finance for underserved and unserved populations, we can reduce disparities and foster shared prosperity.
7. Through global integration and effective use of Islamic social finance instruments, we can bridge the gap between the haves and the have-nots and promote shared societal cohesion.

8. Half of the world's 75 most vulnerable countries are becoming poorer compared to the wealthiest economies. This stark finding must compel the international community, especially the international Islamic organisations and development partners, to act swiftly and collectively.
9. We must work together to enhance international cooperation with concerted, holistic and harmonised economic growth strategies including removing structural barriers, improving infrastructure, enhancing trade practices and fostering good governance in reducing economic disparities.
10. For Malaysia, the MADANI economic framework puts forward a new method for civilisational development to guide towards achieving the goal of just and equitable wealth distribution. The government will continue to steadfastly support Islamic social finance initiatives in Malaysia.
11. For example, iTEKAD championed by Bank Negara, is a partnership of Islamic financial institutions with micro entrepreneurs, empowering them through blended finance programmes, combining seed capital, training grants and loans funded. Last year, I approved an allocation of RM10 million to further scale up iTEKAD.
12. Today, I wish to reiterate the Malaysian Government's commitment towards this innovation through partnerships and announce a

commitment of RM100 million to seed more such innovations. I am glad to announce two new blended finance innovations.

13. First, a pilot programme on Greening Halal Businesses, a collaboration between the IsDB, Ministry of Finance Bank Negara Malaysia and the World Bank. This aims to assist halal businesses in Malaysia to transition to greener and sustainable practices by providing technical capacity building, tools to measure and report greenhouse gas emissions, and transition financing including certifications.
14. Second, Project Hassan, a collaboration between Lembaga Zakat Negeri Kedah (LZNK), MIFC Leadership Council (MLC), Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) and INCEIF University to upscale zakat initiatives to elevate the socioeconomic conditions of the asnaf in Kedah. Through this collaboration, RM10 million is targeted not only to strengthen the asnaf community but also improve the direct benefits of harvest for the paddy farmers.
15. Beyond this, we must also innovate and leverage on the concept of waqf. Towards this, firstly, in March 2024, the Government approved a RM100 million grant towards the establishment of a MARA waqf endowment fund, focused on crowding in private contributions towards furthering education and entrepreneurship.

16. Second, the Government has extended tax incentives to cover stock-based waqf initiatives, building on the model already implemented under Wakaf Amanah Saham Nasional Berhad.
17. Third, in our 2024 Budget, the Government set aside RM500 million of loan financing for the development of property developments on waqaf land; and,
18. Fourth, the Securities Commission Malaysia (SC) will introduce fundraising for waqf developments through P2P financing and equity crowdfunding platforms, with the Government providing matching funding through MyCIF at 0% financing rate.
19. I welcome more initiatives in this space which will broaden the economic horizon and create diverse opportunities for small and medium businesses as well as underprivileged individuals.
20. Consider what is happening around the world today – the rise of fascism, the impact of climate change, the revival of great power politics and threat of world war.
21. Transformation, therefore, is not only about addressing gaps, it is also about embracing and adapting to the future. We are in the midst of a generational evolution in core technology of the financial services sector much in the same way that generative artificial intelligence has fundamentally transformed how vast amounts of data are being used.

22. These transformative innovations impact every aspect of economic activity, unlocking opportunities for new wealth creation, innovative solutions and generating new business models and revenue streams.
23. Achieving shariah compliance in arena of digital assets and smart contracts, without more, is not enough. We must ensure that these technologies are developed and implemented in such a way as to empower our people, create greater unity and cohesiveness among our countries and give us greater freedom to build sustainable and resilient societies.
24. The collaboration between MBSB (a Malaysian Islamic Bank) and Fasset (a Dubai fintech company) announced at the recent KL20 conference is yet another instance positively indicating that our local institutions are ready to embrace global technology companies with a transformational vision for Malaysia and the world.
25. Risk is a fundamental tenet of the maqasid of this industry. Risk sharing should be a principle that defines not only the products offered to consumers, but also the way in which we direct our creative efforts. In these turbulent times – risk taking is necessary in order that we can surpass the achievements of the past and truly harness the potential ahead of us.
26. I encourage our institutions to invest, innovate and integrate and think big to bring solutions that conventional finance has not yet even seen. We must go where others fear to tread, and work across the

global technology forum, as the saying goes: Fortes fortuna adiuvat – fortune favours the strong.

27. In particular, innovation in the halal sector should be a prime focus to enhance the efficiency and transparency across the end-to-end supply chain.

28. As part of the continued and intensified efforts to enhance the investment ecosystem within Malaysia,
 - First, **the Retirement Fund or KWAP will invest through Dana Pemacu up to RM3 billion in Shariah compliant investments** into supporting high growth domestic Malaysian companies and also catalyse the venture investment ecosystem;

 - Second, **the SC will establish Malaysia’s first Social Exchange**, a structured approach for participation of private capital in projects with positive social outcomes. This will benefit entities such as NGOs, social enterprises and State Islamic Religious Councils;

 - Third, I am also pleased to **introduce a new dimension to our sukuk issuance under the Government of Malaysia via the wakalah ‘bil-khadamat’ structure**. We plan to finalise this Sukuk by 2025, as we work to complete all required arrangement and preparation;

- Fourth, we will **continue innovating on sukuk structures, particularly to best meet the needs of climate and energy transition together with sustainability**, building on past innovations such as SRI sukuk ihsan structures and linkages to waqf;
 - Fifth, **Labuan International Business and Financial Centre (IBFC), via its Islamic Digital Asset Centre (IDAC) initiative, will actively raise and invest funds digitally based on blockchain technology**, by initiating Islamic asset backed tokens and also an Islamic digital finance sandbox; and
 - Lastly, I wish to **commend the Islamic banking industry for their collective pledge of RM2.67 billion in secured financing facilities through the Halal Development Corporation’s Halal Integrated Platform** to support the development of the halal industry in Malaysia.
29. Considering that the global size of the Islamic trade finance today represents only less than 5 percent of the approximate total trade finance activities by OIC member countries, I call on OIC leaders to “up the ante” and facilitate cross-border access to beef up innovation, trade and investments.
30. Towards supporting global OIC trade, Malaysia plans to implement G2G facilitation leveraging on Islamic trade finance, for a portion of

economic cooperation between the OIC countries. This will help turbo-charge the growth of Islamic economy.

Ladies and Gentlemen,

31. Malaysia remains committed to the net-zero carbon emissions target by 2050 and building a resilient and sustainable economy. The initiatives under the National Energy Transition Roadmap are a testament to our resolve in addressing the climate challenges of our times.
32. Thus, I am delighted to share that Malaysia will spearhead the development of a global programme for Islamic economist in collaboration with our implementation partners. This programme aims to cultivate a cadre of dynamic and highly skilled economists equipped with the right knowledge and expertise in Islamic economics to ideate solutions that address contemporary global challenges. It is a multi-track programme offering executive education, applied research and working internship for participants to gain professional experience.
33. I am also glad that **the Islamic finance industry in Malaysia, through the MIFC Leadership Council (MLC), is taking the lead in embracing innovation and impactdriven initiatives.** The MLC position paper to be launched today outlines priorities to drive islah of Islamic finance expanding from 'halal to tayyib' to

further advance Malaysia's national aspirations and contribute to the betterment of the ummah.

34. The future of Islamic economy is truly one of promise and possibility, but it is also one that requires concerted efforts, steadfast determination, and unwavering resolve. Together, let us rise to the challenge and seize this opportunity with courage and conviction. With that, I wish you a productive discourse and look forward to tangible outcomes of the forum.

35. Dengan lafaz Bismillahirrahmanirrahim, saya dengan ini melancarkan Global Forum on Islamic Economics and Finance.

Sekian, wabillahitaufik walhidayah wassalamualaikum warahmatullahi wabarakatuh. Terima kasih.

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