



Maybank Islamic

GLOBAL CONNECT FORUM

REPORT 2022

Strategic Partner



IslamicMarkets®

Driving Sustainable
Impact Through
Islamic Finance

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Foreword

Welcome to Maybank Islamic and IslamicMarkets.com's report on the inaugural Maybank Islamic Global Connect Forum 2022, with the theme of "*Driving Sustainable Impact Through Islamic Finance*".

The Maybank Group is committed to the sustainability agenda. Echoing this long-term pledge includes mobilising close to USD 12 billion in sustainable finance by 2025. We are also continuously working to reduce our own carbon footprint with a plan to reach a carbon neutral position for Scope 1 and 2 emissions by 2030 and a net zero carbon position by 2050.

In the following pages, you will find topics on Environmental, Social and Governance (ESG), the next phase of growth in Islamic finance, integration of ESG practices within the broader Halal economy and the role of new technologies and innovations. The second part of this report brings together key highlights and insights from the Maybank Islamic Global Connect Forum 2022. These findings from the Forum, also address the inevitable question: where do they stand in relation to creating a progressive, inclusive and sustainable impact to the world and communities that we serve?

I believe the answer lies in Islamic finance as its core principle of channeling funding to the real economy by promoting risk-sharing, avoiding excessive speculations, and limiting debt to the value of assets. Sustainability is well-entrenched in the doctrine of *Maqasid Al-Shariah* or the objectives of Shariah, which emphasizes sustainable development to promote welfare and prevent harm, not only for mankind but also the environment.

The current pandemic the world is facing has indeed been a major disruptor in all aspects of our lives including the way we run our businesses. We have seen digitalisation emerging as the catalyst of sustainable transformations. Fintech has demonstrated a great deal of innovation in the financial services sector and contributed to the growth and improvement in many aspects of businesses including Islamic finance. The advancement and enhancement of Islamic fintech has opened the door for the offering of more Shariah-compliant products and services. Financial institutions are now presented with more opportunities to strengthen their infrastructure and product offerings to their customers.

The research conducted by Maybank Islamic and IslamicMarkets.com, as outlined in this report, reveals that nearly 90% of respondents indicated that fintech has already accelerated the digitalization of Islamic finance products and services, making them more accessible globally while redefining customer experience. This goes to prove that despite Islamic fintech still being in its early stages of progress, there are commendable views on it having great potential of exponential growth if a conducive ecosystem is achieved.

This report sheds light on the convergence of sustainability, Islamic finance and the Halal economy, but also on the challenges, ways to overcome them, enhancing the infrastructure, unlocking business opportunities and establishing future collaborations.



Tan Sri Dato' Sri Zamzamzairani Mohd Isa
Chairman, Maybank Group



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Introduction

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There is strong consensus building that Islamic finance can have broader and more universal appeal.

Introduction

With the significant alignment between Islamic finance and sustainability principles, there is strong consensus building that Islamic finance can have broader and more universal appeal. This view has been further reinforced as the pandemic has crippled our communities and economies over the last two years.

In March 2022, Maybank Islamic Berhad partnered with IslamicMarkets Limited to launch its inaugural global thought leadership conference to enable a global platform and collaboration on the integration of sustainability and Islamic finance within the Halal economy.

The Maybank Islamic Global Connect Forum, with the theme of “Driving Sustainable Impact Through Islamic Finance,” was held on 21 to 23 March 2022 as a virtual event on IslamicMarkets.com.

The findings of the Forum are outlined in this report. From the featured special addresses, fireside chats and panel discussions, as well as, an industry survey of leading Islamic finance professionals, we share key insights and industry best practices. We believe that the Forum will drive a positive change in the global economy and support regulators in streamlining policies and standards for the sustainable development of the industry.



Dato' Mohamed Rafique Merican
Group Chief Executive Officer,
Islamic Banking, Maybank

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We chose the theme, “Driving Sustainable Impact Through Islamic Finance” to aptly reflect what is happening around us now. Sustainability has never been so relevant than it is now since the pandemic hit us.



Shakeeb Saqlain
Chief Executive Officer,
IslamicMarkets

“

Recent events have shown us that there is a strong argument for both Islamic finance and the sustainability agenda to complement the development of the global Halal economy. The Forum and this report come at a critical time when there is a need for meaningful dialogue to further solidify the convergence of sustainability, Islamic finance and the Halal economy.



2 Forum Report Findings

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ESG principles have been recognised as a key enabler for creating a sustainable positive outcome.

How ESG Can Accelerate the Growth of Islamic Finance and the Halal Economy

Islamic finance calls for just and ethical practices, sustainable growth and equal wealth distribution.

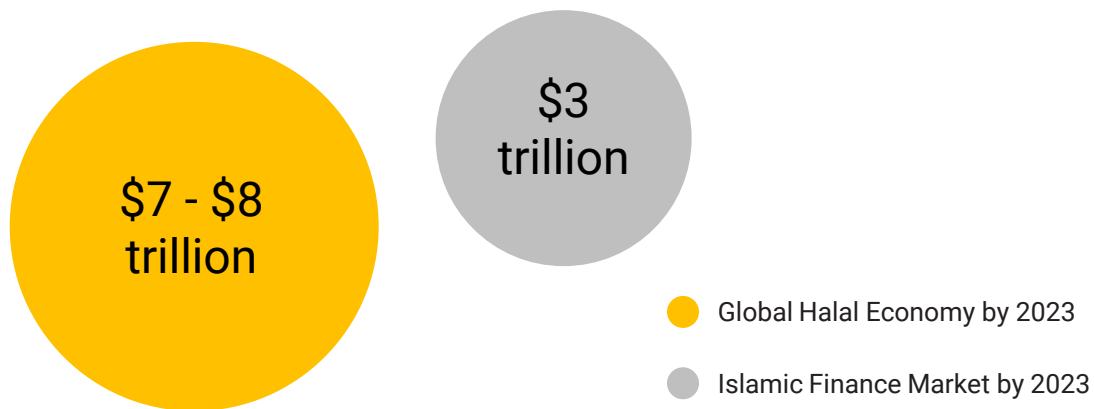


Fig. 1: Size of the Global Halal Economy and Islamic Finance Market

This inherent focus on sustainability - combined with the rapid growth in ESG adoption around the world - means that the \$3 trillion Islamic finance industry is well-positioned to further accelerate growth.

In this regard, the ESG principles have been recognised as a key enabler for creating a sustainable positive outcome for all stakeholders, apart from just the shareholders. This stakeholder-centric approach has also been touted as the catalyst for the next phase of growth for the Islamic finance market.

The findings of the Maybank Islamic Global Connect Forum Report 2022 show that the Halal economy - worth over \$7 trillion - stands to benefit from greater integration with sustainability practices. While the emergence of digital natives has paved the way for the accelerated growth of the digital economy, it is the high demand for consumer-friendly Halal products and services, which are aligned with sustainability principles, that will drive businesses to adopt ESG policies.

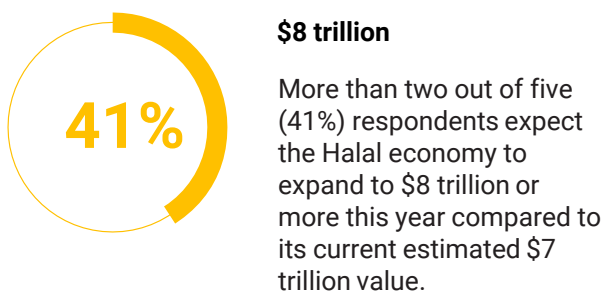
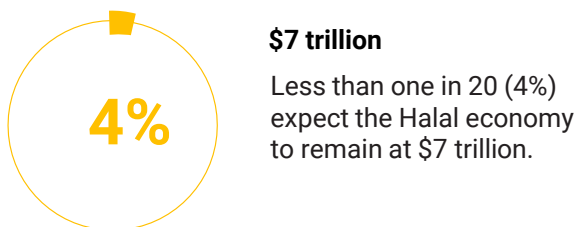
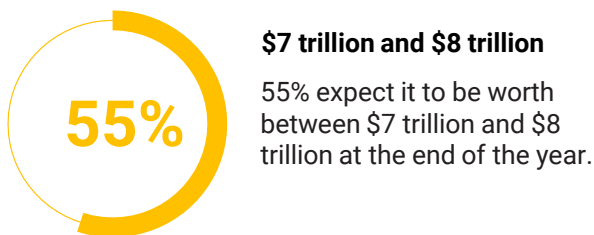
As the global economy recovers from a crippling pandemic, the Halal market will be better positioned in terms of further development if it addresses the urgent need for the integration of sustainability within its DNA. The pertinent question here is whether Islamic finance can act as an impetus for this movement.

To answer this question and explore broader opportunities in the Halal economy, Maybank Islamic, in collaboration with IslamicMarkets, has carried out an industry study. The respondents comprised Islamic finance professionals from across various sectors such as banking, asset management and private equity, among others. The results of this market research present a fascinating read on the potential of this convergence and some of the barriers which stand in its way.

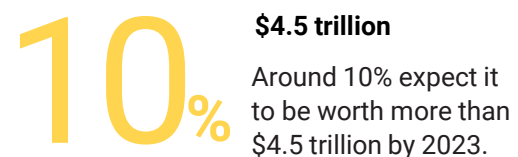
ESG Would Be Good for Growth

Islamic finance professionals are confident about the future for their market and the wider Halal economy but believe a stronger focus on ESG and sustainability would be good for growth.

Expected Growth of the Global Halal Economy



Expected Growth of the Islamic Finance Sector



The ESG Effect

Market could be boosted by a growing focus on ESG and sustainability. Much of this growth could come from non-Muslim customers.

58%

Believe annual growth rates over the next five years could be higher than 15%.

85%

Respondents believe the ethical and responsible investing dynamics of Islamic finance products could boost uptake among non-Muslims as well as Muslims.

87%

Agree that growing awareness of the synergy between Islamic finance and ESG could boost demand for Shariah-compliant investments as part of diversification strategies.

86%

Expect ESG and sustainability to play a bigger role in growing the Halal economy over the next three years.

26%

Expect the role played by ESG and sustainability to increase dramatically.

Where Will Product Growth Come From?

36%

More than a third of the leading Islamic finance professionals expect dramatic growth in the number of investment funds combining ESG and Shariah compliance over the next two years.

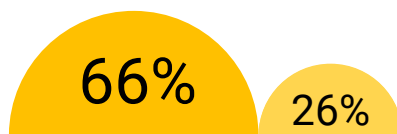
- 49% expect a slight increase in the number of fund launches - but most believe the current Islamic finance market underserves ESG demand.
- Nearly three-quarters (73%) believe demand for ESG investment strategies is not being met by the Islamic finance market.

A GLOBAL STANDARD FOR ESG AND SHARIAH COMPLIANCE

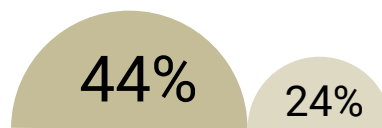
- They believe that if investment products were certified as both Shariah and ESG-compliant, more non-Muslims than Muslims would buy them given the strong demand for ESG investments in Europe. Around 72% agree that the introduction of a global standard for ESG and Shariah would boost demand.
- The respondents are concerned about the lack of a global standard for ESG and Shariah - 55% of the respondents believe the launch of a global standard is two years or more away and just 52% expect good progress or even dramatic progress in the next two years on the adoption of a unified global legal and regulatory framework for Islamic finance to help end the lack of standardisation the industry has faced for decades.

Understanding of ESG Needs to Improve

Islamic finance professionals are concerned that low levels of understanding of ESG is preventing its adoption across the wider Halal economy.



Around two-thirds (66%) of the respondents believe understanding of ESG principles is 'average', 'poor' or 'very poor' within the Halal economy while just 26% believe it is 'good' or 'excellent'.



They rank lack of understanding as the biggest barrier to widespread adoption of ESG principles – 44% chose it as the biggest roadblock to ESG being introduced across the wider Halal economy way ahead of the 24% who chose lack of standardisation as the main reason preventing ESG adoption.

The cost of ESG was not seen as a major issue

Only 7% chose it as the main reason preventing adoption and it was ranked as the fifth biggest barrier to ESG adoption behind lack of regulation or incentives and limited understanding of how ESG data is analysed.

Understanding of ESG in Islamic finance sector

Around 64% rated understanding of ESG in Islamic finance as 'average', 'poor' or 'very poor' while only 31% said it was 'excellent' or 'good'.

Islamic Finance Can Help the Halal Economy



Around 54% of the respondents said that the Islamic finance industry will place greater pressure on Halal businesses to focus more on ESG and sustainability while 53% said Halal businesses will realise the need to address ESG and sustainability to meet finance requirements.

More than half (54%) of Islamic finance professionals say it is becoming increasingly clear that a company's financial performance is linked to its ESG and sustainability record.

The research found that 25% of Islamic finance professionals say cooperation between Islamic finance and Halal businesses has intensified during the pandemic. Around 67% of Islamic finance professionals respondents said the COVID-19 pandemic had intensified the focus on ESG and sustainability in their organisations.

The Emergence of Fintech and Regtech

Islamic finance professionals expect fintech and regtech to make a major contribution to future growth in the sector with regtech a 'potential game-changer' for the industry.

- Around 89% of respondents said that fintech has already accelerated digitalisation of Islamic finance products and made them more accessible globally while redefining client experiences.
- However, regtech – which aims to solve regulatory and compliance barriers using robust digital tools to achieve compliance with Shariah requirements through methods such as smart contracts on blockchain – is also having a major impact on growth.
- Around one in three (34%) respondents believe that the impact of regtech on growth will increase dramatically over the next three years while 47% predict that it will increase slightly.

Conclusions

1

The accelerated adoption of sustainability

The global pandemic has created stronger demand and appetite for sustainability in the Islamic finance industry. Through the integration of sustainability in Islamic finance, the Halal economy stands to benefit as well as this will open greater opportunities.

2

Convergence between ESG and Islamic finance to further boost the performance of the latter

Annual growth rates of between 10% and 15% would be very attractive to most markets and it is what Islamic finance has been achieving. Growth however could be turbo-charged if ESG and sustainability were fully embraced by the sector.

3

Technology is transforming Islamic finance

In common with many sectors, technology is transforming Islamic finance with fintech firms already making a major contribution to growth and accessibility. The Islamic finance market is growing strongly and much of that growth in recent years has been driven by fintech. The next three years will see further robust growth as digitalisation accelerates.

4

Potential demand for Shariah and ESG-compliant funds globally

Growth could be further boosted if Islamic finance was able to offer Shariah and ESG compliant funds globally. Potential demand for such funds would rise from the traditional investor as well as non-Muslim investors.

Conclusions

5

Yet to fulfill the potential demand for ESG and Shariah-compliant funds

The current Islamic finance market has yet to fulfill the demand for ESG and Shariah-compliant funds even though there is an expectation of a growing number of funds being launched. The issue remains, as it has for decades now, the lack of global standardisation.

6

Lack of knowledge is seen as the main barrier to the adoption of ESG principles

ESG can be good for business, and it is worrying that a lack of understanding is holding Halal businesses back from adopting it. Islamic finance professionals are of the opinion that their industry is also not as well-versed with ESG as it should be. Increasing awareness and capacity building are key for Islamic finance to drive sustainability.

7

Incorporating ESG considerations into business models is crucial

The COVID-19 pandemic has highlighted that incorporating ESG considerations into business models is crucial if the Halal economy and Islamic finance are to maintain their strong growth. Islamic finance is leading the way on ESG and sustainability; this will help the wider Halal economy to adapt and improve its performance.

About the Research

The research was conducted among 143 leading Islamic finance professionals working across sectors including banking, insurance, asset management, asset ownership, private equity, regulation and fintech firms by Maybank Islamic Berhad and IslamicMarkets Limited during February 2022.



3 Forum Highlights

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The next stage of the evolution of Islamic finance lies in joining forces to move our industry from a compliance culture to an impact mindset.

Iqbal Khan, Chief Executive Officer, Fajr Capital

Building an Alliance of Goodness: The Case for the Convergence of Sustainability and Islamic Finance



Iqbal Khan
Chief Executive Officer
Fajr Capital

“

Islamic finance in its modern form was built around the intention to focus on equity-based products, risk-sharing, and profit participation to build a fair and equitable economy.

History & Mission

- The journey of Prophet Muhammad (PBUH) provides compelling lessons that can be implemented in today's industry, as the early years in Madinah have set values that formed the foundations of the Islamic society and Islamic economy.
- In the early 80s, the industry decided to choose the banking model rather than the asset management model, which would have been a natural choice for the Islamic finance industry. The reason they did this was to make sure that the industry itself created its foundations in the economy.
- Global investors and regulators are now recognising the criticality of ESG factors in the corporate institutions. ESG investing can help improve risk management and lead to returns that are not inferior to traditional financial investments.
- Our mission is greater than just financial engineering or complex structures, it is about creating value in the real economy while connecting hearts and minds of the community to create a social impact.

The Next Steps

- Before discussing where Islamic finance needs to go, we must consider where it has come from. Islamic finance in its modern form was built around the intention to focus on equity-based products, risk-sharing, and profit participation to build a fair and equitable economy.
- The biggest opportunity in the Islamic finance industry lies in creating greater authenticity by focusing on asset management in the real and financial economies and connecting these two.
- Positive values lie at the core of the sustainability agenda. Today has brought about the need to translate those values into practices that will generate impact.
- The next stage of the evolution of Islamic finance lies in joining forces with other faith groups, ethical finance propositions and institutions, as well as sustainable and impact investment movements such as ESG and UN SDGs, to move our industry from a compliance culture to an impact mindset.

Growing Wealth and Social Justice



Dr. Omar Suleiman

Founder & President

Yaqeen Institute for Islamic
Research

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The discussion that we should have today is not about Halal (permissible) versus Haram (forbidden), rather Ihsaan (excellence) versus Shuh (greed).

Islam's Perspective

- Islam has emphasised the importance of social justice as it involves peace, love, brotherhood and prosperity amongst mankind. Justice in Islam is not only practiced on Muslims but on every human being regardless of their beliefs or religion.
- Islamic ethics are shaped by Quranic teachings and Prophet Muhammad (PBUH) was the best example of great morals and ethics, including absolute justice and fair play in business dealings.
- Wealth in Islam is not used in a 'static' sense as it is not an end in itself, but used as a means of reaping the benefits through creating higher values from it. This can be attained through investments or contributing certain portions of it to family or society.
- Social and economic justice is related to just practices in marketplaces.

Integrating Values

- Ihsaan (Excellence) is a deep part of our tradition and something that becomes harder to relate to in a world that is becoming more and more digital. Yet we still have to capture the spirit of Ihsaan and we still have to act upon this spirit.
- Barakah (Blessings) in wealth comes from sharing profits.
- The discussion that we should have today is not about Halal (Permissible) versus Haram (Forbidden), rather Ihsaan (Excellence) versus Shuh (greed).
- We should not pursue Dunya (Worldly Life) at the expense of Akhira (Hereafter), but as we pursue the Akhira we also should not be neglectful of our Dunya. The way we gain success in Akhira is also the way we gain success in this Dunya.

The Role of Leadership and Organisational Structure in Instilling Sustainability



Dr Aamir A. Rehman

Chair, Innate Capital Partners
Senior Fellow, Columbia
Business School

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The essence of sustainable finance is to align people's financial activities with their values. The Islamic finance industry is, today, expanding its mandate from religious compliance to broader sustainability which is a natural - and important - step for both Islamic finance stakeholders and the broader ESG community.

Leading Sustainability

- Both leadership and the organisation are important in a working ecosystem, yet out of the two, leadership plays a more pivotal role in influencing and shaping norms and values. From solid leaders, a solid organisation can be established.
- Sustainable finance is disruptive to organisations and very much relies on good leaders who embrace sustainable values.
- The customary path is to begin the sustainable finance journey with a set of products and business units and then find ways to integrate, getting the structure right at each step to create the right types of incentives and rewards for the people who are driving the business while making the process palatable, welcomed, and beneficial to the organisation as a whole.
- Investors are catalysts to the implementation of sustainable practices, playing a role in ensuring organisations remain true to their moral considerations and values.

Embracing Values

- Values are not always what is publicly advertised, they can be what is most deeply cherished internally and manifested in day-to-day behaviours.
- McKinsey 7S Framework components are each shaped by sustainable values and are key to developing a sustainable organisation. These are Structure, Systems, Style, Staff, Skills, Strategy and Shared Values.
- The style in which an organisation operates needs to be reflective of its values and needs to be consistent with the values that it embraces.
- Individuals need to evaluate the organisation they work for to ensure that they are in line with their values. Each individual needs to be mindful of the values that are most important to him or her. This can be done in three stages: identifying values most sacred to the person or boundaries, identifying the negotiable values that could be traded off, and identifying the area where there is indifference.

ESG Principles and Islamic Finance: Hype or Force for Good?

The pressure on businesses to adhere to sustainability combined with big demand for sustainable practices globally and domestically from investors has intensified the need for developing the space in Islamic finance.



**Dr Hamim Syahrums
Ahmad Mokhtar**
Deputy Director
Islamic Banking & Takaful
Department
Bank Negara Malaysia



Stella Cox CBE
Managing Director
DDCAP Group



Blake Goud
Chief Executive Officer
RFI Foundation



Arina Kok
Partner
Climate Change and Sustainability
Services
Ernst & Young Consulting Sdn Bhd

The Alignment

- Islamic finance has developed from the start as a values-based form of finance. It's more closely integrated into the responsible finance market & supports an inclusive approach that's beneficial for Islamic markets & the wider financial sector.
- The alignment between ESG, UN SDGs, and Maqasid al Shariah (objectives of Shariah) is a well-accepted argument.
- An approach that considers People, Technology, and Process (PTP) is among the success factors for sustainability in Islamic finance.

The Need and Importance

- There remains a need for more data, risk identification, recognition of ESG actors and impact generators as well as impact disclosure which is currently limited.
- A regulatory framework, at the national level, to support this robust infrastructure is highly important today. The push for the implementation of standards for sustainability in Islamic finance is critical to not miss opportunities for creating real impact and serving the sector.
- It is important to understand what ESG is and what it is not and identify where the impact is going to come from while learning where the complementarities occur between Islamic finance and ESG in screening. Skills and data are vital to accelerate integration.

Reimagining Capitalism and the Role of Islamic Finance

Islamic finance is currently focused on surviving and adapting to a financial environment that is hundreds of years old and rooted in almost every aspect of the society.



Dr. Zamir Iqbal

Vice President Finance & Chief
Financial Officer
Islamic Development Bank
(IsDB)



**Prof. Paresh Kumar
Narayan**

Professor
Centre for Global Business
Monash University



Dr. Ziyaad Mahomed

Associate Dean/Director,
Executive Education & E-learning
International Centre for Education
in Islamic Finance (INCEIF)

Current Status

- Islamic finance is currently focused on surviving and adapting to a financial environment that is hundreds of years old and rooted in almost every aspect of the society.
- Islamic finance is a risk-sharing business model that addresses the pitfalls of capitalism such as inequality and wealth concentration in the hands of the few.
- It is still early to determine whether Islamic finance has fulfilled its promise or not as the industry remains young. The criticism is coming mainly from the academic arena, but we need robust data to confirm or refute these critics.

Moving Forward

- Sustainable finance is an area where Islamic finance can play a role and ESG is ripe for action for the industry, requiring data and evidence to drive the space.
- There is room for growth in the adoption of ESG-related practices given that these principles are embedded in the Islamic finance industry's core values.
- Embracing sustainability is not an option anymore but has become a necessity, especially for Halal businesses, for their processes and products.

Building a Connected Global Halal Ecosystem

As the Halal ecosystem grows exponentially globally, this session seeks to understand how regulators could collectively standardise Halal regulations and standards worldwide in paving a better connectivity among manufacturers, suppliers, businesses, financial institutions and consumers.



Dawood Su Han

Chief Executive Officer
AminBio



Luqman Hariz

Anchor & Journalist
Astro Awani

Challenges

- Funding remains an important factor in enabling and empowering companies involved in the Halal economy to expand beyond their national borders.
- Muslim-majority countries need to control the Halal supply chain and focus on manufacturing and producing Halal raw materials.
- Having one global Halal certification will be key in increasing cross border Halal trade. However, it is imperative to instill solid checks and balances to ensure the integrity of such a global certificate.

Opportunities

- There are many new and expanding opportunities for economic growth. Building a connected global Halal ecosystem is one good example.
- Halal businesses are accepted as a global industry and this ever-increasing globalisation represents a vibrant opportunity for the global economy. Its ecosystem entails different segments including food, travel, finance, tourism and cosmetics/pharmaceutical.
- Consumer awareness on Halal products is increasing around the world and International businesses are beginning to embrace Halal values.
- The core values of Halal are consistent with the enhancement of social wellbeing, protection of the environment and ethics of business conduct.
- There is a need to promote Halal products as high quality, healthy, and safe products to penetrate non-Muslim majority markets well.

Global Halal Markets: How Do We Create Real Impact?

The Halal economy is not only about business and the economics of things. It is about the amalgamation of solutions together in a way that would generate profits and ensure Shariah compliance and social impact.



Dr. Umar Aditiawarman

Deputy Director

National Committee of Islamic Economy and Finance of the Republic of Indonesia (KNEKS)



Diana Sabrain

Chief Executive Officer
OneAgrix



Mustafa Aydemir

Deputy Chairman
MUSIAD Malaysia

Mission

- Halal means permissible in accordance with the Shariah. Halalan Toyyiban means products, which are not harmful, and safe to be consumed as underlined by Shariah law, thus are allowable and permissible.
- The Halal economy aims to create value for all stakeholders including consumers, regulators and investors. The goal is to bridge the gap between financial services and the Halal industry in the pursuit of financial inclusion.
- In an ecosystem across stakeholders, communication is critical along with collaboration with other ecosystems, not only in technical aspects but also in resources, taking the local to the global and building bridges.
- As every country has its own historical background in creating standards, when standards are issued locally, awareness needs to be created among other countries in order to have these standards recognised globally.

Success Ingredients

- The most crucial step in promoting the Halal economy globally is building value for clients by seeking ways to commercialise and grow their businesses through collaborations with the right partners.
- The Halal ecosystem cannot function well without unified and cohesive standards and regulations. There is a need to uncover how collaboration can be established to find an equalising perspective from all stakeholders.
- It is highly important to obtain Islamic financing and promote Halalan Toyyiban concept amongst Halal exporters. Islamic financial institutions play a crucial role in creating this awareness in the market.
- In the era of globalisation, Halalan Toyyiban supply chain (HTSC) is a contemporary approach to the global market. Cross border business expansion is one of the strategic roles of Islamic financial institutions in spurring the growth of the Halal industry.

Unlocking Long Term Growth: Drivers of Digital Economy

For a more optimal application of technologies, there is a need to optimise access, combine information and ideas, and ensure that future technology is applied in a way that is wiser and beneficial to everyone.



Gita Wirjawan

Minister of Trade of the Republic of Indonesia (2011-2014)
Educator and Entrepreneur



Daud Vicary Abdullah

Founding Trustee
RFI Foundation

Power of Technology

- Blockchain technology has grown at an unprecedented pace, almost 150% per year, and has proven its potential to democratise and create a high degree of transparency and accountability for any transaction, be it financial or non-financial.
- Centralistic systems have shown their limited efficiency and effectiveness which has resulted in the alternatives we are seeing today.

- In the next 5-10 years, solid new technologies will be so efficient that the adoption rate will be tremendous and help everybody to transition from the traditional paradigm.
- There is a dire need to make a change. To reach the net-zero carbon goal by 2050, it is not going to be through policy, but technology.
- For a more optimal application of technologies, there is a need to optimise access, combine information and ideas, and ensure that future technology is applied in a way that is wiser and beneficial to everyone.
- A great deal of the liquidity provided by quantitative easing has been trapped in capital markets and has not made its way to the real economy which has exposed MSMEs to bigger difficulties, especially in the developing countries.
- When it comes to policies regarding technological innovation, engaging the young people to take political ownership needs to be addressed.

Blockchain: Bridging the Gap Between Halal Trade and Traceability

When combined, blockchain technology and artificial intelligence can create great potential in tackling food waste issues, supporting the UN SDG of zero hunger.



Prof. Dr. Marco Tieman
Chief Executive Officer
LBB International
Professor, HELP University



Dr. Nida Khan
Founder & Chief Executive
Officer
Nash fintechX



Ted Katagi
Chief Executive Officer
Kenja

Preserving Authenticity

- The Halal logo is important for Muslims as it symbolises trust in the authenticity of the Halal status products.
- Privacy is highly important when implementing the blockchain technology. The risk of creating unsafe blockchain solutions that do not protect the data of brand owners, consumers or stakeholders cannot be afforded.
- When combined, blockchain technology and artificial intelligence can create great potential in tackling food waste issues, supporting the UN SDG of zero hunger.
- Blockchain can assist Halal certification bodies in two ways. Firstly, in facilitating the auditing or the reauditing process for certifications. Secondly, in resolving issues of non-Halal incidents as quickly as possible and identifying the root cause of the problem.
- Halal blockchain should stimulate SMEs to participate in this space and this process should be facilitated for them.
- In the supply chain model, blockchain helps with standardisation, creating a common ground for certification and processes for stakeholders through its automation while protecting the value of a brand.

Ethical Financing: Paving the Way for Financial Inclusion

The mindset of building businesses, not only to make money, but to leave behind a legacy, will help to shape the products of tomorrow with the vision of protecting people and the environment, and creating businesses that are more sustainable.



James Vaccaro
Chief Executive Officer
RePattern



Umar Munshi
Co-Founder
Ethis Group



Dr. Sayd Farook
Head
Group Strategy
Crescent Wealth

Adding Value

- The conversation about climate change and sustainability at the level of banks and financial institutions has tremendously changed in the last five years.
- Issues like climate change cannot be solved at the individual or national level. It requires collaboration on an international scale. It is this combination that can drive change.
- For financial institutions to stay relevant, they need to add value to their clients and be of value to society. They need to think about their role and active contribution to the environment and society.

Driving Change

- The mindset of building businesses, not only to make money, but to leave behind a legacy, will help to shape the products of tomorrow with the vision of protecting people and the environment, and creating businesses that are more sustainable.
- Coming together and raising consciousness about climate change and the environment will drive more awareness about the impact each one of us has on the world and the sense of responsibility each one has towards protecting the environment.
- Most Islamic fintech founders share a common mission and purpose. This mission and purpose need to extend to ethical and sustainable finance.

Building Businesses in a Digital Age: Lessons from Tech Leaders

Start-ups today have the opportunity to assess their products more holistically, focusing on wholesome benefit, culture and values while uncovering the spiritual aspiration behind the products and pursuing entrepreneurial success. This session welcomes lessons and insights as guidelines for success.



Dima Djani
Chief Executive Officer
ALAMI



Peter Gould
Chief Executive Officer
Gould Studio



Akram Mackeen
Executive Vice President &
Head, CEBE
Maybank Islamic Berhad

Observing Process

- While developing Islamic start-ups, the right intention especially when it comes to Islamic finance connects to the end users' hearts. The Halal element needs to be more than just a label and must be a part of a company's values.
- Many entrepreneurs fail to find the right balance between Shariah compliance and best practices for scaling up. Many focus on the Shariah elements but do not understand how to raise capital and create the right departments and engines.
- Companies should strive to have their own playbooks and make sure it is authentic to their own tradition, intention, goals and the cause that they are in service of.

Preserving Values

- Extraordinary leaders are those who can find a balance between implementing universal concepts such as Ihsaan (excellence), Ikhlas (sincerity) and Redha (acceptance) when things go wrong as well as hikmah (wisdom), while sustaining the business at the same time.
- Consideration of the intention behind what the company is trying to build and the value that it is trying to bring into people's lives should precede funding aspirations.
- Considering spiritual concepts that could be lost in the financial system like Barakah (blessings), Niyyah (intention) and Amanah (trust) can bring about massive benefits and superior experience as these will influence the treatment of customers, generation of profit, and creation of value.

Industry 4.0 Technologies and How They Will Impact the Halal Economy

In an age of technological innovation in which the precision and utility of technologies are accelerating, from artificial intelligence to blockchain, the internet of things and machine learning, the session inspects the major technological advances that are impacting the Halal economy today.



Wolfgang Lehmacher

Former Director & Head of
Supply Chain and Transport
Industries

World Economic Forum



Datuk Yasmin Mahmood

Managing Partner
FutureReady Consulting



Deepesh Patel

Editorial Director
Trade Finance Global (TFG)

Potential

- The seven key Industry 4.0 technologies that function interconnectedly are the internet of things, cyber-physical systems, cloud computing, artificial intelligence, augmented reality, computer vision, and robotics.
- Digitalisation is felt at the heart of the Halal economy providing technologies that facilitate Muslims' worship activities including pilgrimage and enabling start-ups and venture capital firms (VCs) to collaborate for the growth of the Islamic finance ecosystem.
- Leveraging the power of interconnected platforms can build an ecosystem that creates value and opportunities for everyone.

Challenges

- The Halal market remains fragmented geographically. Technology brings us to a hyper-connected world and the uprising of digital natives, leading to a platform economy. These will be the game-changer that will propel the Halal economy to the next level.
- Key barriers remain in communication and a digital divide amongst mindsets within the Halal economy, particularly impacting the Halal supply chain and the alignment between disrupting technologies and existing models.
- While the platform economy is disrupting the world of business, there is a need to re-evaluate the social protections to fit the network society and tackle concerns relating to freelance employment, taxes, compliance, health, and intellectual properties.

Islamic Fintech: Trends, Growth Segments and Gaps

It makes sense for Islamic banks to embrace digitalisation to remain competitive. There needs to be an enabling environment to facilitate the revision process and set frameworks in place.



Ayman Sejiny

Chief Executive Officer
Islamic Corporation for the
Development of the Private
Sector (ICD)



Ashar Nazim

Group Chief Executive Officer
Aion Digital



Harris Irfan

Chief Financial Officer
Gateway Global
Chairman, UK Islamic FinTech
Panel

Development in Perspective

- The ownership of data has moved back to consumers and entrepreneurs, allowing for the assessment of value alignment. Today, we have an ecosystem with operating players and regulatory support. The future is in scaling up and fostering a supportive environment.
- It makes sense for Islamic banks to embrace digitalisation to remain competitive. There needs to be an enabling environment to facilitate the revision process and set frameworks in place.
- Technology and the rise of mobile across the world is strongly felt particularly that the young demographic nature across the world is digital and that consumers have become more tech-savvy with urban literacy increasing.
- The ability to channel data enables institutions to identify key areas for growth and development.
- Financial institutions are changing rapidly with the adoption of artificial intelligence and blockchain, revolutionising the marketplace. More fintech can be seen in the future assisting sectors such as agriculture and emerging markets using these technologies and others to enhance their processes, making them faster and cost-efficient.
- The new payment ecosystem is still coming into being and its full effect has yet to be felt. In the long term, it will provide a simpler movement of funds. In the short term, it will enable access to credit for the unserved and underserved segments, changing the lives of the common people by increasing access to finance.

Integration of Sustainable Practices Across the Global Halal Supply Chain

When building sustainable businesses, the Halal concept needs to be considered as it strongly aligns with sustainable practices. Profitability needs to be an agenda associated with sustainability, and an increase of awareness amongst consumers must be achieved.



Shafie Shamsuddin
Chief Executive Officer
AEON Group Malaysia



Dr. Ashraf A. Mahate
Chief Economist, Trade and
Export Market Development
Dubai Exports



Romy Buchari
Head, Shariah Banking (UUS)
Maybank Indonesia

Alignment

- When building sustainable businesses, the Halal concept needs to be considered as it strongly aligns with sustainable practices. Profitability needs to be an agenda associated with sustainability, and an increase of awareness amongst consumers must be achieved.
- There is substantial evidence that sustainability practices will lead to more profits. Embracing sustainability is not just the good thing to do but the smart thing to do.
- Connecting an ecosystem of Halal, diversity, sustainability, and inclusivity requires taking into account the elements of communication, product, delivery, financing and channels used.

Challenges

- The biggest obstacle in the adoption of sustainability by companies lies in the initial stage of the process itself, the reluctance of individuals to join the movement due to their lack of familiarity with it and their focus on finances which hinders them from taking the time to understand. This is coupled with misjudging the resources that need to be spent in the field.
- There needs to be more transparency in terms of reporting and metrics on sustainability to enhance understanding and practices.
- Bringing transparency and digitalisation into sustainability is a challenge that needs collaboration from different business sectors, working together and sharing resources.



4 Charting Our Way Forward

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There is a perfect alignment between sustainability and Islamic finance which makes the latter a prime candidate as the enabler of the former.

Dato' Mohamed Rafique Merican, Group Chief Executive Officer, Islamic Banking, Maybank

A New Way Forward



**Dato' Mohamed
Rafique Merican**

Group Chief Executive Officer
Islamic Banking, Maybank

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There is a perfect alignment between sustainability and Islamic finance which makes the latter a prime candidate as the enabler of the former. We not only wanted to drive the conversation on sustainability, inclusivity and Islamic finance, but also pave pathways to greater collaboration in the Shariah investing space and the Halal industry.

Promising Opportunities

The rapid expansion of the Halal economy presents promising opportunities for the Islamic finance sector. The combination of these two will open the door to a more holistic global Islamic economy.

Sustainability as a Key Driver

Sustainability is the key in driving the development and growth of the global Halal economy.

Encompass Sustainable Practices

The overlap between ESG principles and Maqasid al-Shariah will spur the sustainability movement. However, ESG adoption within the Islamic finance industry should go beyond having a framework or tool and encompass the actual integration of sustainable practices.

Digitalisation for Financial Inclusion

For the Islamic finance industry, the developments and advancement in fintech can even be more impactful and meaningful as it can fulfill the sustainable financial inclusion agenda and be a game-changer, alleviating some of the world's poverty concerns.

Focus on Capacity Building

Sustainable impact can be driven through Islamic finance if we focus on capacity building that will enable us to integrate ESG principles into Islamic finance practices.

Catalyst for Sustainable Impact

Islamic finance can also be a catalyst for sustainable impact if there are more collaborative efforts between the private and public sectors to propel ESG and Islamic finance into the global sustainability agenda.



About Maybank Islamic Berhad

Maybank Islamic Berhad, the Islamic banking arm of Maybank Group, is the leading provider of Islamic financial products and services in ASEAN. It leverages the Maybank Group's system and IT infrastructure as well as its distribution network to offer end-to-end Shariah-based financial solutions across 407 Maybank touchpoints in Malaysia as well as its overseas operation in Indonesia via PT Bank Syariah Indonesia and in Singapore, Hong Kong, London, and Labuan.

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