THE ROYAL AWARD FOR ISLAMIC FINANCE™

TAN SRI DR. ZETI AKHTAR AZIZ

5TH RECIPIENT OF
THE ROYAL AWARD FOR ISLAMIC FINANCE

A COLLECTION OF SPEECHES AND PUBLIC LECTURES,
IN CONJUNCTION WITH THE ROYAL AWARD 10TH YEAR ANNIVERSARY

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Suruhanjaya Sekuriti
Securities Commission
Malaysia

MALAYSIA
WORLD'S ISLAMIC FINANCE MARKETPLACE

Content

THE ROYAL AWARD
FOR ISLAMIC FINANCE™

ESTABLISHED IN 2010, THE ROYAL AWARD IS A BIENNIAL AWARD JOINTLY ORGANISED BY BANK NEGARA MALAYSIA AND THE SECURITIES COMMISSION MALAYSIA UNDER THE MALAYSIA INTERNATIONAL ISLAMIC FINANCIAL CENTRE (MIFC) INITIATIVE TO RECOGNISE AND HONOUR INDIVIDUALS WHO HAVE EXCELLED IN ADVANCING ISLAMIC FINANCE GLOBALLY THROUGH THEIR OUTSTANDING CONTRIBUTIONS AND ACHIEVEMENTS.

Royal Award recipients are **Tan Sri Dr. Zeti Akhtar Aziz, former Governor of Bank Negara Malaysia (2018)**; Professor Datuk Dr. Rifaat Ahmed Abdel Karim, CEO of the Capital Market Authority of Sudan (2016); Dato' Dr. Abdul Halim Ismail, founding member of Malaysia's first Islamic bank (2014); Mr. Iqbal Khan, CEO of Fajr Capital (2012); and the late Shaikh Saleh Abdullah Kamel, founder of the Dallah al Baraka Group (2010). The Royal Award in 2010 also recognised the late Dr. Ahmad El-Naggar who was often referred as the 'Father of Modern Islamic Banking', with a posthumous honourable mention.

Tan Sri Ranjit Singh

Former Chairman, Securities Commission Malaysia
Co-host of the Royal Award for Islamic Finance

On behalf of the organisers, Bank Negara Malaysia and the Securities Commission Malaysia, as joint organisers and hosts of The Royal Award for Islamic Finance, it is with great pleasure that I welcome such distinguished guests here this evening to the 5th Royal Award for Islamic Finance Dinner and Award Presentation Ceremony. I am also pleased to note that once again the guests represent a truly international cross section of industry stakeholders. We are especially honoured that Duli Yang Maha Mulia Tuanku has consented to confer this prestigious award to the deserving recipient later this evening. This is indeed vital for the continuous growth of Islamic finance as one of the important segments of the global financial industry.

I am really pleased and humbled by the overwhelming response we have received from all of you who have made time to be with us tonight on this very auspicious and significant occasion. Your presence is testimony to the significance of the Royal Award for Islamic finance and more importantly, to the reach and recognition of Islamic finance globally.

Ladies & Gentlemen

Islamic finance today has certainly established itself as an increasingly important segment of the global financial system with an impressive growth record over the past decade. The total global industry value increased from approximately US$1 trillion as at end-2009 to US$2 trillion at the end of last year. Its growth numbers by all accounts have been remarkable, and is a recognition of the growing significance and scale of Islamic finance today. It continues to strengthen its foothold in the international financial landscape as manifested not only by its significant growth in terms of market size, but also by its geographical reach and product diversity.

The structures of sukuk make it well-suited to channel global Shariah-compliant capital to fund renewable energy and climate change projects.

The industry must also continue to be resilient and relevant. In this regard, technology is playing an increasingly significant role as an enabler in the financial services sector.

Digital finance is fast becoming an integral component of the financial services sector ecosystem, and is potentially more impactful in enabling access to Islamic financial products and services to achieve higher levels of financial inclusion in Muslim-majority nations.

For Islamic finance, there are large opportunities in digital finance to develop financial solutions that can help drive Islamic finance to deliver even greater, wider and deeper positive impact - particularly in realising its promise in risk-sharing and providing support for genuine and productive economic activities.

Your Excellencies, Ladies & Gentlemen

Our gathering this evening is indeed another milestone for the international Islamic finance industry. We are here to recognise and to celebrate success, excellence and extraordinary leadership in Islamic finance; to honour the commitment, passion, perseverance, drive and determination that have hitherto powered the development of Islamic finance globally. The Royal Award for Islamic Finance which will be bestowed tonight, is a prestigious award which represents the global benchmark for recognition of individuals who have given their utmost to an industry that has much to offer the world as it transcends across cultures and regions.

The prospects for the Islamic finance remain highly favourable as several new growth drivers are expected to provide the impetus for the next stage of development. Some of these developments relate to greater innovation and collaboration which serve to broaden and deepen the market, while at the same time the number of participants is also growing.

Islamic finance industry today enshrines sustainability, responsibility and inclusiveness at its core. Sustainable development is about using better ways to satisfy the demands of the population. It should be seen as meeting the needs of the current generation without compromising the needs for future generations. However, it requires accelerated innovation and appropriate diffusion of technology from the current generation.

In this regard, Islamic finance has a real role to play and in certain cases has already had observable demonstration effects. With positive values and ethical considerations implanted within Islamic finance, it provides a ready and workable blueprint for finance that best work for the people and the planet.

One of the significant milestones in product innovation under the sustainability agenda is the launch of the world's first green sukuk in Malaysia under the SRI Sukuk framework. The issuance of the world's first green sukuk is the result of collaboration between SC, Bank Negara Malaysia and the World Bank in their efforts to facilitate growth of green sukuk and bring more awareness to this segment of the market.

Fundamentally, Islamic finance is well positioned to advance the green agenda, as environmental protection and sustainable growth objectives are already embedded within its principles.

The selection of the Award recipient from among the global-wide nominations received was ably undertaken by an international and independent jury comprising seven eminent personalities and chaired by Yang Amat Berbahagia Tun Musa Hitam, former Deputy Prime Minister of Malaysia. At this juncture, please allow me, on behalf of both Bank Negara Malaysia and the Securities Commission Malaysia, to express my deepest appreciation to the Jury and the Nomination Committee members and for their contributions, dedication and extensive deliberations in the selection process for this year's recipient of the Royal Award for Islamic Finance.

I would also like to thank the members of the Steering Committee for their guidance and advice in the implementation of this Award. They have been extremely conscientious and diligent in providing direction and guidance over a multitude of details in the organization of this Award from the nomination and selection processes, the media publicity and the organization of this Award dinner.

Before I conclude, I would like to express my appreciation once again to all our distinguished guests for honouring us with your presence here tonight. I would also like to take this opportunity to thank the Royal Award Secretariat team and other staff of the Securities Commission Malaysia and Bank Negara Malaysia who have worked tirelessly for many months to administer the Award recipient nomination and selection process earlier as well as organise this dinner and award ceremony.

Announcement Speech

Tun Musa Hitam

Chair of Jury

It is once again my honour and privilege to stand before you tonight, as I did in the previous 4 cycles, as a chair of the jury to this royal award for Islamic finance 2018.

My first role is to record our thanks and appreciation for making tonight's event the success as it apparently is.

First, a commendation is highly deserved to Bank Negara Malaysia and Securities Commission Malaysia for spearheading this Royal Award initiative.

Second, special thanks are due to the steering committee for giving us - the jury - their support and, most importantly, their full impartiality in the decision making process.

Third, I would also like to express our heartfelt appreciation to the secretariat team for their dedication and commitment in making the Royal Award happen.

Fourth, as chair of the jury, I should not of course forget to express my most sincere appreciation to my fellow jurors and members of the nomination committee for their eminent contributions during the whole course of the selection process.

Last, but certainly not least, let me thank all of you present here tonight, including those from overseas, for your presence that make this Royal Award night such a memorable occasion!

Let me now perform my second role, which is the highlight of the evening...

Ladies and gentlemen;

When the call-for-nomination for the royal award closed on 31 March 2018, we received a record number of nominations with 53 submissions for 30 candidates comprising players from within the Islamic finance industry and from various backgrounds, gender and religion.

The geographical base of the candidates is well diversified with nominations coming from the Middle East, Europe, Africa, North America and the Asia Pacific region. To me, this is a clear reflection of the global reach and acceptance of Islamic finance today. As part of the initiative to enhance the governance structure for the Royal Award, we have introduced in this cycle the nomination committee. The nomination committee was introduced to strengthen the nomination process by ensuring deserving candidates are being nominated for the Royal Award.

It is also interesting to note that the selection criteria for the Royal Award encompasses both qualitative and quantitative aspects, which assesses the candidates' contribution and reach in the global development of Islamic finance. The jury considered financial innovation and pioneering work, adoption and acknowledgement of their contributions within the industry, exceptional leadership, inspiration and influence towards future progress and development.

With this in mind, it is my great pleasure to announce that the winner of the Royal Award for Islamic finance 2018 is… Tan Sri Dr. Zeti Akhtar Aziz

Tan Sri Dr. Zeti Akhtar Aziz is globally recognised as an ambassador for Islamic finance; her achievements and exceptional leadership in expanding the frontiers of Islamic finance in the domestic and global financial arena.

She served as governor of the Central Bank of Malaysia for 16 years and played an instrumental role in the issuance of the first Malaysia's sovereign sukuk that triggers the rapid issuance by several jurisdiction until today.

Dr. Zeti played an extensive role in the global development of Islamic finance institutions in particular the establishment of the Islamic Financial Services Board (IFSB) and the International Islamic Liquidity Management Corporation (IILM).

She also played a significant role in the development of talents for the Islamic financial services industry following the establishment of International Centre for Education in Islamic finance (INCEIF) and International Shari'ah Research Academy for Islamic finance (ISRA).

In recognition of her contribution to the development of Islamic finance, she was awarded the IDB Prize in Islamic banking and finance 2012 and the Lifetime Achievement Award in 2015, for her significant contribution to the promotion of Islamic finance and Shariah governance framework in Malaysia and outside Malaysia.

Ladies and gentlemen;

Before I conclude, let me reiterate that the jury went through a very stringent and rigorous selection process on the nominees' merits and achievements before arriving at a final decision. And that the decision was unanimous.

Tonight's award reaffirms Tan Sri Dr. Zeti's contribution, dedication and leadership in the development of Islamic finance industry. I have no doubt that she will serve as an inspiration for the next generations to come.

Congratulations, Tan Sri Dr. Zeti Akhtar Aziz!


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PROFILE, ACHIEVEMENT AND CONTRIBUTION

DR. ZETI AKHTAR AZIZ

Dr. Zeti, a central banker served as the Governor of Bank Negara Malaysia from 2000 to 2016. She is known for her role in successfully managing the 1997-1998 Asian Financial Crisis and its strong economic recovery that followed in Malaysia. She was instrumental in transforming the Malaysian financial system in the decade that followed, building its robust resilience. This period also saw the enactment of ten major pieces of fundamental legislation for the financial sector, reinforcing its stability and sustainability.

In Asia, Dr. Zeti was active in strengthening regional cooperation and was unrelenting in working for ASEAN and East Asian regional financial integration. She had strong views that ASEAN should pursue regional financial integration, rather than unification. In 2006, she chaired the regional task force that prepared the report for the future direction of central bank cooperation and collaboration in the East Asian region. In the region she was a founding member of the Bank for International Settlements (BIS) Asian Consultative Council, and was the first Co-chair of the Financial Stability Board Regional Consultative Group for Asia. Dr. Zeti also had an extensive role in the global development of Islamic finance, and was active in the global financial inclusion agenda.

At the central bank, she transformed the governance arrangements for the central bank which was institutionalised and legislated in the new Central Bank of Malaysia Act 2009. The levels of transparency and disclosure were also enhanced. Equally important was the central bank independence that was accorded in the legislation. At the Bank for International Settlements (BIS), she was the chair of the BIS Central Bank Governance Group. For the financial sector and later for the corporate sector, she drove several initiatives to strengthen governance in the private sector.

She has been an important voice for the emerging world on the many issues concerning the international financial system and on financial and economic management. She has served on several international commissions and taskforce that among them includes UN Commission chaired by Professor Joseph Stiglitz; Fiscal Policy for Health, co-chaired by Michael Bloomberg and Larry Summers; and the Asian Infrastructure Investment Bank (AIIB) International Advisory Panel. She is also on the board of other international foundations that include the OMFIF Foundation and the Council of Advisors, RFI Foundation, both in the UK.

In education, she is currently co-chair, Board of Governors of Asia School of Business, established by Bank Negara Malaysia in collaboration with MIT Sloan. She is also a member of the advisory board for Yale Program on Financial Stability, Yale University, USA; international advisor of the Hong Kong Academy of Finance, Hong Kong; and Honorary Board Member of Bank Indonesia Institute, Indonesia. She was also instrumental in the establishment of the International Centre for Education in Islamic Finance (INCEIF) in Malaysia in 2005. In May 2018, Dr. Zeti was appointed as a member of the Eminent Council to advise the government on the institutional and structural reforms for the country. In July 2018, she was appointed as Group Chairman of Permodalan Nasional Berhad (PNB).

Dr. Zeti holds a doctorate in economics from University of Pennsylvania. She has published project reports and papers in the areas of financial reform, monetary policy, capital flows, macroeconomic management, governance, financial inclusion, central banking and on responsible and Islamic finance.

Widely recognised for her contributions, Dr. Zeti has received the following international awards:

- William "Bill" Seidman Award for Lifetime Achievement in Leadership in the Financial Services Industry for 2018 at the Asian Banker Future of Finance Summit 2018 in Beijing, China (2018)
- "The Order of the Rising Sun, Gold and Silver Star", a distinguished honorary decoration from His Majesty the Emperor, conferred by the Government of Japan in Tokyo, Japan (2017)
- Lifetime Achievement Award at the Central Banking Awards 2016 in London, UK (2016)
- Legion d'Honneur conferred by the French Government in Paris, France (2016)
- Lifetime Achievement Award at the Islamic Economic Award ceremony, presented by Sheikh Mohammed bin Rashid Al-Maktoum, Prime Minister of UAE and Ruler of Dubai, in Dubai (2015)
- IDB Prize in Islamic Banking and Finance at the 37th IDB Board of Governors Annual Meeting in Khartoum, Sudan (2012)
- Lifetime Achievement Award at the Annual Islamic Business and Finance Award 2010 in Dubai, UAE (2010)
- Vision for Asia Award presented by OMFIF in London, UK (2010)
- Central Bank Governor of the Year for Asia by Emerging Markets magazine (2010)
- Central Banker of the Year by Euromoney publication (2005)
- Global Central Banker of the Year by the Banker Magazine (2004)
- Asia's Best Central Bank Governor for 2003 by Emerging Markets magazine (2003)

Global Role in the Development of Islamic Finance

The journey for Zeti in the development of Islamic finance began in 1999 while working on the ten year Masterplan to develop the Malaysian Financial System. She consolidated the efforts of the different respective segments of the Islamic Financial system into a designated specific chapter which articulated the vision for the development of Islamic finance. This entailed the development of a comprehensive Islamic finance from its institutions, its markets and its functioning, its regulatory and supervisory oversight, that was reinforced by putting in place an ecosystem for capacity building and its linkage to the rest of the world. The work on Islamic finance at the central bank was also consolidated into one department. As progress evolved beyond expectations, the aspirations became more ambitious to evolve Malaysia into an international financial hub for Islamic finance.

During the implementation of the plan in the decade that followed, greater liberalisation and engagement with the international financial community from both the Islamic and from non-Islamic economies, it drew greater participation from international corporations to raise financing and to invest in Islamic instruments.

Then in 2001, came a turning point. Following 9/11, the Secretary of the Treasury, Paul H. O'Neill visited the Middle East. Upon his return, he called for a meeting of an expanded G7 meeting of Ministers of finance and Central Bank Governors. Zeti was invited to speak on Islamic finance on its similarities and differences with conventional finance. She highlighted that given its intrinsic underlying features, Islamic finance was in fact less vulnerable to terrorist financing. Following this, there was greater clarity and understanding on this form of finance. There was increased global recognition of Islamic finance and its potential role as a form of financial intermediation.

In 2002, the Islamic Financial Services Board (IFSB) was established to set prudential standards to preserve financial stability. Zeti was part of the pioneer group of 10 Governors and the President of Islamic Development Bank (IDB) that met for almost three years, to arrive at a consensus for its establishment.

Malaysia had offered to host this international organisation as it was felt that such an organisation in Asia would complement the other international Islamic financial institutions that had been established in Middle East. And Malaysia, following the Asian Financial Crisis (AFC) had given much focus on financial stability including in collaboration with other regulatory authorities in the Asian region.

Fifteen years hence, the IFSB has members from more than 75 regulatory and supervisory authorities across the world, including from the developed economies and international multilateral organisations. It also has almost 100 financial industry entities that operate in 57 jurisdictions.

Malaysia also continued its pioneering efforts to develop the global sukuk market. In 2002, Malaysia successfully issued the first global sovereign sukuk of USD 600 million.

Zeti was part of the team for its issuance. Thereafter she was on the engagement circuits across the major continents, in Europe, the United Kingdom, the United States, Middle East, Asia and Central Asia, having a major role in bringing greater awareness to both domestic and international corporations and other sovereigns regarding the benefits derived from raising funds from the Islamic capital market. Another pioneering role for Zeti was the establishment of another international organisation, International Islamic Liquidity Management (IILM) in 2010 that issues short term Islamic financial instruments in international reserve currencies to facilitate liquidity management for multicurrency Islamic financial portfolios.

When the 2008-2009 financial crisis erupted in several of the major developed economies, Zeti received a call from the President of the Islamic Development Bank (IDB) to provide an assessment on how this development had affected the Islamic financial industry and markets. Zeti was then asked to lead a team of the best minds in Islamic finance from around the world that included industry practitioners, regulatory authorities, shariah scholars and other international experts on the field.

This culminated in a report entitled "Islamic finance and Global Financial Stability" published in April 2010. The report was in three parts, the first was on the intrinsic features of Islamic finance that contributed to its financial stability, the second was a preliminary assessment on how the Islamic financial industry and markets were affected by the financial crisis, while the third was on the challenges and strategies for strengthening financial stability in the Islamic financial system in the world over.

As part of the efforts to create the ecosystem for education in Islamic finance, in 2005 the Central Bank of Malaysia established the International Centre for Education in Islamic finance (INCEIF). Established in Malaysia as a specialised institution of higher learning for Islamic finance, its mandate was to be a pipeline for the global supply of talent for the Islamic finance industry and for research. It has an enrolment of more than 2000 students from more than 80 countries and has produced more than 1000 graduates with professional and academic qualifications. Zeti is currently serving as the Chancellor of INCEIF since 2009.

Zeti has been unrelenting in speaking engagements in different parts of the world in more than 30 cities across all the continents on the various aspects and issues confronting Islamic finance. She also has been widely interviewed by various international publications.

Her engagements on Islamic finance has not only been with the regulatory authorities and financial industry across the world, but also with Prime Ministers, Royalties and Heads of multilateral agencies. While she has been extensively recognised for her role as a policy maker in financial and economic management, she has received three international awards that specifically relate to her role in the global development of Islamic finance.

This includes the IDB Prize in Islamic Banking and finance, presented in Khartoum, Sudan during the 37th IDB Board of Governors Annual Meeting in 2012. She received the Lifetime Achievement Award 2014 at the Islamic Economic Award ceremony in Dubai, presented by Sheikh Mohamad bin Rashid Al-Maktoum, Prime Minister of United Arab Emirates and Ruler of Dubai in January 2015 and the Ethical Finance Innovation and Challenge Awards (EFICA) Lifetime Achievement Award by Abu Dhabi Islamic Bank (ADIB) and Thomson Reuters in 2016.

The most recent work she led "Responsible Finance, Ethical Finance and Islamic Finance, Meeting Global Agenda" was released in November 2019, in Jakarta, Indonesia by Responsible Finance and Investment (RFI) Foundation. The report discusses the role of Islamic finance in bringing value to the economy, to society and in contributing to environmental sustainability, in addition to its ethical aspects and its inherent elements that would contribute to financial stability. Advocating for collaboration with other forms of responsible finance, including ethical finance which she believes would yield great benefits in bringing great focus on the impact that Islamic finance has on the economy, society and the environment.

DR. ZETI AKHTAR AZIZ

2018 RAIF AWARD RECIPIENT
HONOURING EXCELLENCE IN ISLAMIC FINANCE

It is my distinct honour to be the recipient of the Royal Award for Islamic Finance 2018. It has been my privilege to be part of the journey in the global development of Islamic finance. This honour represents a recognition to all those who have travelled with me on this remarkable journey and to which I now have the honour to receive this award on their behalf. Islamic finance has now gained international recognition as a form of financial intermediation that has embedded in it elements that strengthens its resilience and sustainability and its potential for bringing value to the economy and to society. This journey has brought me to many parts of the world, to the developed, emerging and developing countries, bring with it the opportunity to engage with the best minds including policy makers and regulators, practitioners in finance, Shariah scholars, academicians, rulers, royalty, national leaders, entrepreneurs and corporate leaders, all having interest in this form of finance and sharing their perspectives on the potential development of Islamic finance.

While being part of the transformation of the domestic Islamic financial landscape in Malaysia was a riveting experience, the more compelling part of the journey has been in the internationalisation and globalisation of Islamic finance. The international dimension of Islamic finance has manifested itself in several directions, with national based Islamic financial institutions venturing beyond their domestic borders and the liberalisation of domestic Islamic financial markets to precipitate greater international participation in these markets.

These developments have strengthened the international inter-connectivity between the Islamic financial centres that operate in the different time zones.

An important and integral aspect of thesedevelopments has been the establishment of the International Organisations that have become an important part of the International Islamic Financial Architecture. Much earlier, in 1991, the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) was established in Bahrain, to facilitate the harmonisation of international Islamic financial reporting practices that is in accordance to the Shariah.

Then in just over a decade later, in 2002, the Islamic Financial Services Board (IFSB) was established. This was the culmination of a three year effort initiated by ten Central Bank Governors from different parts of the world and the Islamic Development Bank. From my own personal experience in the journey for the development of Islamic finance, this is perhaps the most challenging and the most memorable. It required achieving an international consensus to establish such an organisation. The main value proposition for its establishment was that the adoption of the existing international prudential standards for conventional finance would not be sufficient. Prudential standards for Islamic finance needed to be reinforced by standards that would take into account the risks that were unique to Islamic finance.

The discussions for its establishment were intense and endured a number of setbacks. At times it seemed that it would not happen. But recognising, its potential important role for Islamic finance and the great mutual respect among the Governors, the agreement for the establishment of IFSB was signed in November 2002 in Kuala Lumpur. Its mission was to formulate and set the prudential standards for the Islamic financial industry to safeguard the soundness and stability of Islamic financial institutions.

Already then the inter-connectivity within the financial system was recognised. The prudential standards would not only be for the banking sector but also the takaful industry and the capital market intermediaries. More than 2000 persons that included regulators from all over the world attended the momentous ceremony for its establishment.

Fast forward to fifteen years later, the members of IFSB are now from 75 regulatory and supervisory authorities across the world including from developed economies and eight international multi-lateral organisations. It also includes as observer members, 95 market entities that operate in 57 jurisdictions. The IFSB has also established an Islamic Finance Financial Stability Forum to provide a platform for regulators to discuss issues relevant for preserving financial stability in the Islamic financial system. Another building block in the international Islamic financial architecture was the establishment of the International Islamic Liquidity Management (IILM) Corporation which issues short-term Islamic instruments in international reserve currencies to facilitate liquidity management for multi-currency portfolios.

On the domestic front, aspirations the journey for the development of the Islamic financial system was to build on the foundations that had already existed. A great senior team at the Central Bank that was highly dedicated and committed drove this agenda. Initial efforts that commenced in the year 2000 was to bring the development of Islamic finance into greater strategic focus. This led to the creation of a Department for Islamic Finance which consolidated all the efforts to develop Islamic finance from the different parts of the Bank. Additionally, it was decided there would be a dedicated chapter for Islamic finance in our ten year Masterplan for the

development of the financial system that was released in 2001. The vision of what was to be achieved was clearly articulated in the plan.

The efforts to develop Islamic finance also had the support of the different parts of the Government and the financial industry. What has now emerged is a comprehensive Islamic financial system that is able to meet the requirements of a highly dynamic economy while remaining competitive. It also gravitated the participation of Muslims and non-Muslims to benefit from the offerings of this form of finance.

As the Islamic financial institutions gained scale and as Islamic financial markets became more developed, efforts were intensified in three enabling areas. This included having a comprehensive legislation to give certainty, predictability and confidence in the Islamic financial system, having in place a rigorous and robust Shariah framework reinforced by its governance arrangements and having an education eco system for talent development to not only support the growth of the domestic financial industry but also to be a pipe line of talent supply for other parts of the world.

As the developments progressed and as milestones were achieved the aspirations became more ambitious. It was envisioned that Malaysia had the potential to build the comparative advantage in Islamic Finance and could evolve into an International Islamic Financial Centre.

This was to be achieved while maintaining a conventional financial system that was focused on supporting the domestic economy and while participating in the greater Asian financial integration agenda.

An important agenda for Malaysia at this stage of development of its economy was to strengthen its financial and economic inter-connectivity with other parts of the world. Islamic finance, in being strongly anchored to the real economy had an important potential role in facilitating cross border trade and investment flows.

It not only represented a source for financing but also an asset class for investment.

> WHILE ISLAMIC FINANCE HAS DEMONSTRATED ITS COMPETITIVENESS AS A FORM OF FINANCE AND ITS RESILIENCE AND SUSTAINABILITY DURING CHALLENGING FINANCIAL AND ECONOMIC CONDITIONS, THE JOURNEY FOR ITS DEVELOPMENT REQUIRES SOME FURTHER DISTANCE TO BE TRAVELLED. THERE ALSO STILL NEEDS TO BE GREATER GLOBAL AWARENESS OF THE UNIQUE VALUE PROPOSITION OF ISLAMIC FINANCE AND ITS POTENTIAL TO PERFORM THE FINANCIAL INTERMEDIATION PROCESS TO BEST SERVE THE ECONOMY, SOCIETY AND THE ENVIRONMENT.

The opportunity should therefore be taken to intensify efforts to create a greater understanding and appreciation of the inherent elements of Islamic and its potential to contribute to global growth and stability, particularly at a time when the destabilising consequences of finance following the unprecedented 2008 financial crisis is still in our minds.In taking the aspirations for Islamic finance forward there therefore needs to be the recognition that finance delivers value when it focusses on its ultimate outcomes rather than its intermediate returns. Finance needs to strive to serve the wider objectives that are consistent with but goes beyond, the predominant objective of enhancing shareholder value.

In essence, finance needs to focus on its potential impact on the economy, on the well being of society and on the environment. In assessing the impact that finance has on the economy, it brings into focus the activities that generates economic growth and development.

In assessing the impact on society, the focus will be on those activities that will uplift social well being and that which will generate trust and confidence in the financial system. Finally, it needs to also focus on those activities that will contribute to environmental sustainability.

This will require a reset of purpose for financial institutions. This will involve shifting from performing a passive role as intermediaries of funds, to passively mobilise and allocate funds towards more empowering activities in the economy, thereby to significantly expanding the impact of finance on the economy, on society and on the environment.

In other forms of responsible and ethical finance that already exists in the world, primarily in the developed economies, there has been a proliferation of financial instruments that meet both financial and such societal objectives.

For Islamic finance, it has tremendous potential to adopt this approach. This will involve extending the operating framework that includes the Shari'ah process to also include the assessment of the impact of finance on the economy, on society and the environment.

This needs to be derived from the clarity of intent, the strategies that are being adopted and the performance of such finance to take into account not only how it contributes to profitability but also the impact it will have on the ultimate goals, on the economy, society and the environment.

In advancing forward in this direction, Islamic finance would benefit from greater engagement and collaboration with other forms of responsible and ethical forms of finance that have similar goals.

It can represent a potential to unlock new opportunities to bring benefit to every segment of society and to the business community. The financial industry will need to build the internal capability to achieve this. This will also need to be reinforced by the governance, accountability and ethical standards. Cumulatively this will increase the potential for theses aspirations to be realised.

Thank you.

3 October 2018

DR. ZETI AKHTAR AZIZ

2018 RAIF AWARD RECIPIENT
HONOURING EXCELLENCE IN ISLAMIC FINANCE

It is my honour to be invited to deliver this lecture at this Global Islamic Finance Forum (GIFF) 2018. Developments in Islamic Finance in this decade has gained a progressive momentum world wide. Its outreach and influence now extends beyond the traditional Islamic markets. In 12 jurisdictions, Islamic banking assets make up of more than 15% of the total banking assets. In 2017, global Islamic banking assets reached USD1.5 trillion while global sukuk outstanding had surged to USD400 billion for that same period.

This impressive performance essentially demonstrates the ability of Islamic finance to deliver financial offerings that meets the demands of a rapidly changing modern economy and its ability to remain competitive. Equally important are a number of enabling factors that not only include the elements that are intrinsic to Islamic finance but also the strong foundations that have been built over the years. Cumulatively this has ensured this growth and resilience. Allow me this morning to first share with you the efforts to address the early challenges confronting Islamic finance to bring this form of finance to where it is today before proceeding to discuss the resilience of the Islamic financial system and the aspirations for this form of finance.

Islamic finance was still in its early stages of development when the world experienced two major financial crisis that were ten years apart. The first was primarily confined to Asia, in 1997-1998, and the second, in the developed economies, in 2008-2009, which had unprecedented global repercussions. While Islamic finance was not immune to these developments, the assessment made at the time was that it was affected, but to a lesser extent relative to conventional finance. It was acknowledged that the embedded elements in Islamic finance inherently contribute towards preserving financial stability.

While it gave this form of finance strong foundations to support its soundness and stability it was however insufficient. This prompted global efforts to advance forward the financial stability agenda for Islamic finance.

A second area that required attention in the early development of Islamic finance was when its international dimension gained significance. It was recognised that wide divergence in the Shariah interpretations and rulings prevailing both at the national level and across jurisdictions could be an inhibiting, if not a limiting factor to its potential for growth and development. Efforts were then initiated towards promoting greater mutual respect and harmonisation in the Islamic finance industry.

A third important element in the advancement of Islamic finance was not just having the financial capital but equally important was the human capital. Attention had to be given to this capacity building not only for the operations of the financial industry, but to also support research and development to generate leading edge innovation. To excel and produce results in a more challenging and dynamic globalised environment would also require highly qualified talent that were equipped with the requisite technical knowledge and skills to keep pace with this development.

While there were other important challenges, the early pioneering efforts were focused on these three areas. This lecture will proceed in three parts. The first will be a reminiscence of the journey travelled to address these three important enablers. The second will be on the future direction for Islamic finance in an area that I first discussed in a speech I gave in Edinburgh, Scotland exactly three years ago

ago on Building Financial Systems for Sustainable Development. Islamic finance has to now focus on serving the wider objectives of delivering value to the economy, to society and to the environment.

Taking into cognizance the global rethinking that has emerged following the financial crisis experienced in the developed world in 2008 that, finance should not be an end in itself but rather it should be the value it can bring to the economy, to humanity and to the environment. The final part of this lecture will be on a call for greater engagement with other forms of responsible and ethical finance that share the same ultimate goals as with Islamic finance.

Let me now turn to the assessments that have to be made on the resilience of the Islamic financial system and the elements that have supported such resilience. Research findings have shown that while Islamic banking institutions were affected by the financial crisis of 2008-2009, the magnitude of the impact was very much less. In comparing the top 10 Islamic banks with the top 10 conventional banks during this period, while it showed that the combined market capitalisation of Islamic banks did experience a decline by 8.5%, this was far less than the decline in market capitalisation of the conventional banks that declined by 42.8% for the period December 2006 and May 2009.

Additionally, the aggregate net profits of Islamic banks increased by 9% for the same period, while in contrast, the net profits for the conventional banks declined dramatically by 64%. It is recognised however, that while the scale of Islamic banks is still small relative to conventional banks, it has continued to experience rapid growth. Between 2006 and 2008, the total assets of Islamic banks increased by 55% to USD147 billion as compared to the increase in total assets of the conventional banks which increased by 36% to USD17.4 trillion. But leverage, measured as the ratio of assets to equity, increased only slightly for Islamic banks to 6.6 times while that for conventional banks had increased to 18.2 times.

A further study has shown that such a differential impact of the financial crisis on the Islamic and conventional banking institutions was also evident. And for cases in which Islamic banks had experienced more severe effects than its the conventional counterparts in 2009, it was due to weaknesses in risk management practices that resulted in a larger decline in profitability compared to the conventional banks. The weaker performance for some of the Islamic banks in certain jurisdictions was also associated with sectoral concentration and for some cases it was facilitated by exemptions from the concentration limits. The study also showed however, that the average profitability for the Islamic banks for the period 2008-2009 was much the same as the conventional banks although the study noted that large Islamic banks fared better than the smaller ones. This was given their potential for better diversification and economies of scale.

Other indicators of resilience are reflected in the performance of the Islamic stock market indices. This is evident during the collapse of stock markets around the world in 2008. Islamic indices did fall at that time but to a lesser extent than the conventional indices. During 2007-2008, the total returns on the Dow Jones Islamic Index declined by 24.7% while its counterpart, the Morgan Stanley (MSCI) World Index experienced a decline of 34.7 %. Similarly the Standard & Poor's (S&P) Global Shariah Index fell by 36.8% while the conventional counterpart lost 42.5%.

Three aspects in Islamic finance have contributed to supporting this resilience. The first relates to the intrinsic elements that are explicitly incorporated in this form of financial intermediation that encourage the discipline that contributes to ensuring financial stability. It is these elements that contribute to the viability and resilience of Islamic finance. Fundamental to this viability is the requirement that financial transactions must be supported by an underlying economic activity and to those activities that have economic value. Additionally, short term transactions that are speculative or which entail high risk are to be avoided. These arrangements also limit the extent of leverage while placing emphasis on the appropriate due diligence and for transparency and disclosure.

The second element that is distinctive to Islamic finance is the oversight and review by the Shariah Boards or Committees at both the institutional and national levels. This provides a mechanism for ensuring that the financial product and service offerings are in accordance with the principles of Shariah. This process provides an additional safeguard against irresponsible and unethical practices. In addition, innovations are assessed against the Shariah parameters and tested against its objectives to ensure that ethical principles are not compromised and that it brings benefits to society. The requirements for a high degree of transparency and disclosure are also to preserve the rights and responsibilities of those involved in the financial transaction.

The third element that supports the resilience of Islamic finance is the adoption of the regulatory and supervisory regime that has been formulated for the operations of the different segments of the Islamic financial system. The IFSB which sets the international prudential standards contributes towards encouraging uniformity of regulatory expectations and strengthens the monitoring of risks in the Islamic financial systems across the different jurisdictions. The IFSB has now introduced wide ranging prudential standards in the areas of capital adequacy, risk management, corporate governance and Shariah governance. These standards are also reinforced by the accounting, auditing and governance standards for the financial industry by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). Cumulatively, this has not only contributed towards the uniformity of the application of these standards across jurisdictions but it has supported the resilience and sustainability of Islamic finance.

WITH THE INTERNATIONALISATION OF ISLAMIC FINANCE, THE EFFORTS TO PROMOTE HARMONISATION OF SHARIAH FRAMEWORK AND MUTUAL RESPECT IN THE APPLICATION OF SHARIAH INTERPRETATIONS AND RULINGS HAVE INTENSIFIED. FOR ISLAMIC FINANCE, MUTUAL RESPECT IN SHARIAH RULINGS IS KEY TO PROVIDING CLARITY AND CONSISTENCY TO CONSUMERS, BUSINESSES AND THE MARKET.

THIS IS ALSO IMPORTANT FOR THE INTEGRATION OF THE SHARIAH RULINGS, AND THE NATIONAL LAWS AND THE GLOBAL STANDARDS. EFFORT TOWARDS PROMOTING THIS HARMONISATION AND MUTUAL RESPECT HAS TAKEN PLACE AT MULTI-DIMENSIONAL LEVELS.

Platforms were created for greater engagement among Shariah scholars providing the opportunity for enhanced intellectual discourse. Regional Muzakarah, and international Shariah Scholar Forums garnered greater appreciation on the basis of the Shariah rulings thereby promoting mutual respect in Islamic finance practices. These intellectual discourse also spurred research activities to support the development of Shariah practices in Islamic finance. The International Shariah Research Academy for Islamic Finance (ISRA) has had a leading role in these efforts.

To further contribute to mutual respect and harmonisation on a global dimension, Bank Negara Malaysia has, two days ago, initiated an inaugural Roundtable Meeting of Shariah Advisory Authorities thereby providing a platform to further streamline the framework for Shariah resolutions across jurisdictions. Several jurisdictions have now established such a central Shariah entity. This will indeed further strengthen the strategic network for engagement and foster greater understanding on Shariah interpretations among the Centralised Shariah Authorities. A further step in promoting harmonisation has been through the issuance of Shariah Standards together with its Operational requirements. This includes the practical aspects of implementation such as documentation, disclosure and governance. Other initiatives have been the greater international representation in the Shariah governance structures. Finally, research collaborations and publications have also contributed towards narrowing the differences in Shariah interpretation. While differences in interpretations of Shari'ah may still remain, of significance is the greater harmonisation and mutual respect in Shariah interpretations and rulings across jurisdictions.

The third enabling factor has been the infrastructure that has been put in place for capacity building and talent development in most jurisdictions. It was recognised that to excel and produce results in a highly challenging globalised environment, practitioners and stakeholders in the Islamic financial services industry need to be highly qualified and equipped with the requisite technical knowledge and skills. This includes the combined skills and knowledge in Islamic finance and in finance. The efforts have been not only to enlarge and expand the human capital pool but to meet the need of keeping pace with the dynamic and evolutionary changes in finance.

In Malaysia, a comprehensive talent development eco-system for Islamic finance has been developed. The focus has been for the development for the professional expertise from the entry level to the leadership level, including at the level of board of directors. It has also covered the different substantive segments across the financial industry.

The International Centre for Education in Islamic Finance (INCEIF) established as a specialised institution of higher learning for Islamic finance has an enrollment of more than 2000 students from 80 countries and has produced more than 1000 graduates including that with professional and academic qualifications.

Of importance in this endeavor is the need for more collaborative efforts by the various training and research institutions from the different jurisdictions to design and offer capacity building modules in key areas of Islamic finance. The opportunity can be drawn from the comparative advantage and expertise that resides in the different jurisdictions. Collaboration across multiple jurisdictions that also draw from industry expertise will also contribute towards the development and adoption of best practices and standards, the harmonisation of Shariah practices and in the policy development for this form of finance.

IN TAKING THE ASPIRATIONS FOR ISLAMIC FINANCE FORWARD THERE NEEDS TO BE THE RECOGNITION THAT FINANCE DELIVERS VALUE WHEN IT FOCUSES ON ITS ULTIMATE OUTCOMES RATHER THAN ITS IMMEDIATE RETURNS. FINANCE IS ESSENTIALLY A MEANS TO AN END. THE FINANCIAL CRISIS IN 2008 WHICH HAD GLOBAL REPERCUSSIONS SHOWED THAT WHEN FINANCE BECAME AN END IN ITSELF AND WHEN THERE WAS AN EROSION OF THE LINKAGE BETWEEN FINANCE AND THE REAL ECONOMY, IT BECAME INHERENTLY UNSTABLE AND HAD A DESTRUCTIVE RATHER THAN A CONSTRUCTIVE INFLUENCE ON THE FINANCIAL SYSTEM AND THE ECONOMY. FINANCE HAD SHIFTED FROM BEING AN ENABLER OF GROWTH TO AN ENGINE OF GROWTH IN ITS OWN RIGHT.

Innovations that had contributed to the crisis had become removed from its service to the economy and to society. The returns from such excessive risk taking have generally generated financial gains to a few, while the losses were in turn socialised among the many that ultimately bore the consequences of the risks. Following the consequent financial turmoil, there has emerged greater interest in responsible forms of finance that focus on the ultimate goals of finance. The broad strategies adopted by these forms of finance have been to develop financial products, funds, markets and institutions that adhere to the principles, practices and objectives of providing value to the economy, society and the environment.

Investment activities under the category of ethical finance include financial schemes and funds that have been established for their dedicated purposes that meet their specified criteria. Globally funds under sustainable investment schemes is estimated to have reached USD22.9 trillion in 2016. Additionally, funds that have applied United Nations 'Principles for Responsible Investing (PRI), guided by the environmental, social and governance (ESG) considerations and where the investment analysis, decision making process, the ownership and policies and practices has been incorporated, is now estimated to be USD68 trillion of assets under its management in 2017 from just USD4 trillion in 2006.

The development of capital market indices and the issuance of bonds and sukuk for investment activities that adopt the ESG considerations are further evidence of the growing significance of this form of finance. The Dow Jones Sustainability Indices (DJSI) is based on an analysis of the corporate, economic, environmental and social performance while taking into consideration governance and risk management practices and standards. Companies that do not operate in a sustainable and ethical manner are excluded. The FTSE4 Good Index is another index that include companies that meet the criteria requirements of the ESG issues. Specific indicators for performance are specifically assessed against the environmental, social and governance criteria.

There is also the Change the World list developed by Fortune which identifies companies that address major societal problems, that work to reduce damage to the environment, work to strengthen communities and serve the underserved.

There is also the Global Alliance for Banking on Values that was founded in 2009 which is a network of banking leaders from around the world with the goal to change the banking system so that it would be more transparent, and supports economic, social and environmental sustainability.

Islamic finance now operates in more than 50 countries and its total assets in 2017 is estimated to surpass the USD2 trillion mark. Islamic finance already has embedded in it the key elements that would bring a positive impact on the economy. This linkage to the economy is explicit and its emphasis on risk sharing strengthens further the incentives for a robust risk management framework to ensure economic viability. Then there is the duty to preserve for future generations by focussing on the longer term orientation of the financing and investment activites.

Grounded in such principles, Islamic finance already generates a model for a sustainable financial intermediation that supports economic growth and development. It also emphasises disclosure and transparency to be applied consistently with the Shar'iah rulings that are supported by a strong governance process. However, the ultimate impact of Islamic finance on the economy is less clear. The next stage for the development of Islamic finance is to provide a framework that allows for an assessment of its impact on the economy.

It is thus being proposed that future finance should be both value adding and value based. Value adding in that it contributes to facilitating and supporting economic activity and value based, in that it benefits society. Such a value adding and value based forms of finance gives purpose to the role of finance to bring benefit to the economy and the community. In taking this catalytic role and in focusing on the ultimate outcomes, Islamic finance can achieve its role in driving growth and development.

Similarly, the role of finance is also increasingly re-examined to enhance its positive impact on bringing meaningful value to society and to securing the economic prospects for every segment of society. There is indeed a compelling need for finance to focus on the end outcome of bringing benefit to society. Also important is to advance the goals of a progressive society which in turn is integral to achieving sustainable development. However, aligning financial practices to such goals that includes societal aspects is less clearly defined as compared with the economic aspects.

Bring value to society involves achieving both social good in terms of providing goods and services that are aimed at benefitting society and also in terms of 'doing social good' which is a behavioral outcome that benefits society. This would require the formulation of a set of performance parameters or matrices that would measure these desired results. It also encompasses addressing the wider societal problem such as reducing the carbon footprint, strengthening the surrounding communities with economic empowerment and inclusion as well as improving lives by bringing basic amenities to the community. A further societal objective is for the financial intermediation to be simple and easy to understand and transparent so as to reduce the prospect for complex and opaque financial engineering.

The consideration of the social dimension in investment and business practices can be assessed in terms of three distinct aspects of a corporation's business – its supply chain, its workforce and the impact or contribution to the community. Long before these developments became prominent, religious prescriptions have considered the impact of individual investment decisions for centuries.

For Islam, financial activities must directly assist individuals or society to enhance their living or environmental conditions. The Islamic economy has tools which enable the provision of such social goods through the use of waqaf, zakat and sadaqa funds where the governance and administration processes are clear and transparent.

Islamic finance needs to pass a diligent screening process where permissibility and compliance with social and ethical responsibilities are verified according to the basic principles of this form of finance. Moreover, doing greater good is strongly encouraged in Islam. Societal responsibility from the perspective of Islam is that the activities must directly assist individuals or societies to enhance their living or environmental conditions. In Islam, mankind is entrusted with the responsibility for doing good for all living things and that includes both society and the environment.

The final impact of finance to be considered here is its impact on the environment. It essentially examines the role of finance in contributing towards achieving environmental sustainability. The manner in which this objective has been achieved by the different forms of finance has been through the alignment of certain defined principles and adopting strategies that include certain screening processes and practices. It is also achieved by the creation of markets, institutions, product offering and instruments in addition to financial arrangements and schemes with similar aspirations. In certain jurisdictions the regulatory authorities have had an increasing role in driving this agenda.

For environment sustainability, there must be greater clarity on the stated corporate value intent. Several banks now issue Sustainability Reports in which their stance and efforts in contributing to environment

THERE ARE THEREFORE SEVERAL COMMONALITIES BETWEEN OTHER FORMS RESPONSIBLE FINANCE AND ISLAMIC FINANCE IN BRINGING VALUE TO SOCIETY. THE FIRST IS THE FOCUS ON LONG TERM EFFECTS WHICH PROPOGATES BRINGING VALUE TO NOT ONLY THE PRESENT GENERATION BUT ALSO FUTURE GENERATIONS. THE SECOND CONSIDERATION IS PROMOTING INCLUSION WHERE THERE IS A DUTY TO DO GREATER GOOD TO SOCIETY AT LARGE, BE IT BY DOING SOCIAL GOOD OR PROVIDING SOCIAL GOODS. THEN THERE IS THE FOCUS ON VALUES AND HAVING A HIGHER MORAL PURPOSE. THERE IS ALSO THE PURSUIT OF SOCIAL INCLUSION TO AVOID EXCLUSION IN THE FORMAL FINANCIAL SYSTEM. THE CHALLENGE IS ALSO BALANCING BETWEEN DOING SOCIAL GOOD AND ECONOMIC VIABILITY.

sustainability is articulated with the criteria used to assess, monitor and report the green impact of investments undertaken has become more transparent. There are also international market indexes that have been developed where their stated intent specifies the environmental criteria used to evaluate climate change and environmental management. Companies included in the index are essentially assessed against these environmental consideration.

This includes the Dow Jones Sustainable Indices (DJSI) for which companies are assessed according to specified environmental sustainability criteria. The FTSE4 Good Index also includes companies that have met the stated criteria and requirements for addressing ESG issues that include the environmental criteria. Finally, there are the targeted or impact investments that are generally made in private markets where capital is specifically channeled to clearly defined purposes aimed at solving specific environmental issues and problems. Such impact investments are defined as funds deployed with the aim of having a measurable environmental impact while also generating a desired financial return.

For Islamic finance, the specific intent on the environmental considerations is expounded in the broad requirement of duty of care as stated in the Noble Qur'an. More specifically, it is derived from the foundational principles of vicegerency of mankind on earth. The Almighty states in the Qur'an ...."Verily I am going to place (mankind) generations after generations on earth ...." And a famous saying attributed to the Messenger (SAW) in which he says on the importance of doing good for mankind and the environment even if you have a few moments ... "if the hour erupts (judgement day begins) and one of you is holding a shoot and he is able to plant it before he moves, then he should (narrated by Ahmed). The principle of custodianship and trust further states that the earth and all its contents are entrusted to mankind so that it can be protected from harm for future generations.

WHILE FINANCIAL INSTITUTIONS CAN DISCLOSE THEIR CORPORATE VALUE-INTENT AND PROVIDE A PERFORMANCE MEASURE OF THE COMMITMENT TO THE CAUSE, ALSO IMPORTANT IS DEVELOPING A FRAMEWORK FOR THE ANALYSIS OF THE ECONOMIC AND BROADER IMPACTS OF SUCH FINANCING IN PARTICULAR THE IMPACT ON ENVIRONMENTAL SUSTAINABILITY. GROWING IN SIGNIFICANCE IS THE APPROACH OF DEVELOPING DEDICATED MARKETS OR FINANCIAL INSTRUMENTS FOR SUPPORTING

ENVIRONMENT SUSTAINABILITY. THE RECENT FEW YEARS HAVE SEEN THE GROWING ISSUANCE OF CLIMATE ALIGNED BONDS, WHEREBY THE PROCEEDS SUPPORT ENVIRONMENTAL SUSTAINABILITY.

While there has been an accelerated increase in the issuance of green sukuk and bonds, following strong demand by institutional investors, the challenge is ensuring that the entire sukuk and bond proceeds are segregated for the specific purpose of environmental related activities.

For sukuk, it must have built in mechanism and due diligence process by Shariah Boards or committees that approve such issuance. This increases the level of certainty of the utilisation of the proceeds of such issuance. Malaysia has in July 2017 adopted the SRI framework to reinforce the built in mechanism to ensure the utilisation of the funds raised is effectively met.

A further break through was also when 10 South East Asian economies of ASEAN built a consensus on the standards for Green bond/sukuk issuance. Its four components include standards relating to the use of the proceeds, the project evaluation and selection and the management of proceeds and reporting.

This will certainly facilitate the assessment of the impact of finance on environmental sustainability.

In concluding let me again state that for finance to deliver value it needs to focus on the ultimate outcomes rather than just on its immediate returns. Finance need to strive to serve the wider objectives that are consistent with but goes beyond the predominant objective of enhancing shareholder value. In essence, finance needs to focus on its potential impact on the economy, on the well being of society and on the environment.

IN ASSESSING THE IMPACT THAT FINANCE HAS ON THE ECONOMY, IT BRINGS INTO FOCUS THE ACTIVITIES THAT GENERATES GROWTH AND DEVELOPMENT. IN ASSESSING THE IMPACT ON SOCIETY, THE FOCUS WILL BE ON THOSE ACTIVITIES THAT WILL UPLIFT SOCIAL WELL BEING AND THAT WILL GENERATE TRUST AND CONFIDENCE IN THE FINANCIAL SYSTEM. FINALLY IS THE FOCUS OF THOSE ACTIVITIES THAT WILL CONTINUE TO ENVIRONMENTAL SUSTAINABILITY.


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