Islamic Economy Award 2014
Dubai, 14 January 2015

Speech by

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It is my very great honour to receive the Lifetime Achievement Award for the global development of Islamic finance conferred under the patronage of His Highness Sheikh Mohammed bin Rashid Al Maktoum. I am most humbled to receive this award. It has been my privilege to contribute to the international efforts to create the foundations for a sustainable and resilient Islamic financial system in the global financial system. This recent decade has been highly challenging for the world of finance, yet the experience of confronting the challenges has been tremendously fulfilling. The overall progress and advancement of Islamic finance has continued to be accompanied by growth, dynamism and stability.

Islamic finance brings immense benefits to the overall economy. It is a form of financial intermediation that is well anchored to the real economy. With its internationalisation, that began at the turn of the millennium, it now serves to enhance and strengthen the interlinkages between economies, facilitating international trade and cross border investment activities. This trend has marked the beginning of intensified collective efforts to enhance the Islamic financial infrastructure to create a robust and resilient global Islamic financial system.

The focus has gradually shifted from strengthening intermediaries in the domestic Islamic financial industry to fortifying the regulatory, supervisory, Shariah and liquidity framework necessary for such a robust financial system. This has involved greater international cooperation and collaboration in this new environment. A further development has been the evolution of the domestic Islamic financial markets into international markets. This has manifested itself in the form of foreign participation in raising funds and in investment activities in these markets, thus generating increased cross border financial flows. This has drawn participation from both emerging and the developed world in Islamic and non-Islamic countries. Going forward, the Islamic financial system is envisaged to have an increasing important role in connecting the world economies – through the strengthening of financial linkages, it will in turn facilitate increased international trade and investment activities.

This internationalisation of Islamic finance will require the intensification of international collective efforts to establish the international Islamic financial architecture, and the development of mechanisms for more effective cross-border liquidity management. Central to achieving this next thrust of development is to develop a high caliber and competent talent base to cultivate financial innovation. Therein lies the investment needed in human capital development to support the industry.

While Malaysia's own experience and aspirations is to evolve into an international Islamic financial centre, we also continue to promote a more inclusive financial system to support a more balanced growth. On the international front, the aim is to enhance our international connectivity and thus establish greater economic linkages with other economies. In Dubai, the efforts by the authorities to create the Islamic economy initiative to further enhance the inter-linkages with other Islamic financial centres is also a step towards strengthening the international economic connectivity especially between our regions. The efforts will not only enhance Islamic finance as an effective financial intermediary but also as a binding force for the other segments of the Islamic economy, including with other parts of the world.

Our collective efforts in developing Islamic finance will provide an important platform to unlock the potential opportunities that lie therein to benefit every segment of the society and the business community that now extends beyond our domestic borders. In this highly dynamic and rapidly changing world environment, efforts will need to be unrelenting on developing further the enabling infrastructure, the foundations for stability and enhancing the internal capability. And with the greater international linkages, the greater will be the importance of working collectively for the common goals we aspire and for which the benefits will be mutually reinforcing.

Acronyms and Abbreviations

ABIF	ASEAN Banking Integration Framework
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
ALR	average lending rate
APN	Asian Payment Network
BI	Bank Indonesia
BIS	Bank for International Settlements
BLR	base lending rate
BNM	Bank Negara Malaysia
BNMN	Bank Negara Monetary Notes
BoE	Bank of England
BoJ	Bank of Japan
BR	Base Rate
CET1	common equity tier 1
CMP	Commodity Murabahah Programme
CoFC	consumption of fixed capital
CPI	Consumer Price Index
DIA	direct investment abroad
DOSM	Department of Statistics, Malaysia
DSR	debt service ratio
E&E	electronics and electrical
E&O	Errors and Omissions
ECB	European Central Bank
EOR	enhanced oil recovery
ETP	Economic Transformation Programme
EU	European Union
FBM KLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index
FD	fixed deposit
FDI	foreign direct investment
Fed	Federal Reserve
FOMC	Federal Open Market Committee
FSB	Financial Stability Board
FX	foreign exchange
GDP	Gross Domestic Product
GFCF	gross fixed capital formation
GFP	goods for processing
GIFF	Global Islamic Financial Forum
GII	Government Investment Issues
GNI	Gross National Income
GST	Goods and Services Tax

HoA	Heads of Agreement
HQLA	high-quality liquid asset
HSDPA	High-Speed Downlink Packet Access
ICR	interest coverage ratio
IDB	Islamic Development Bank
IILM	International Islamic Liquidity Management
IMF	International Monetary Fund
IT	information technology
JCC	Japanese Crude Cocktail
KLCI	Kuala Lumpur Composite Index
KLIBOR	Kuala Lumpur Interbank Offered Rate
LCR	Liquidity Coverage Ratio
LNG	liquefied natural gas
MGS	Malaysian Government Securities
MHPI	Malaysia House Price Index
MIDA	Malaysian Investment Development Authority
MIER	Malaysian Institute of Economic Research
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee
MSIC	Malaysia Standard Industrial Classifications
NBFI	non-bank financial institutions
OPEC	Organisation of the Petroleum Exporting Countries
OPR	Overnight Policy Rate
PBOC	People's Bank of China
PDS	private debt securities
PMI	Purchasing Managers' Index
PPI	Producer Price Index
PTP	Port of Tanjung Pelepas
QAB	Qualified ASEAN Banks
QE	quantitative easing
RBI	Reserve Bank of India
RM	Ringgit Malaysia
SDA	Special Deposit Account
SME	small and medium enterprise
SNA	System of National Accounts
SNB	Swiss National Bank
SRR	Statutory Reserve Requirement