

Accounting and Auditing Organization for Islamic
Financial Institutions (AAOIFI)

“AAOIFI-IsDB 15th Annual Conference”

Adaptability of Islamic finance post COVID-19: navigating
through unprecedented times

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Keynote address by

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Chairman, Board of Trustees, AAOIFI

بسم الله الرحمن الرحيم

والصلاة والسلام على أشرف المرسلين، نبينا محمد وعلى آله وصحبه
والتابعين، أما بعد

Your Excellency Dr. Bandar Hajjar, President Islamic
Development Bank

Your Excellency Mr. Khalid Hamad Al-Hamad, Executive
Director, Banking Supervision, Central Bank of Bahrain

Your Excellency Dr. Qais Issa Mohammed Al Yahyai, the
Executive Vice President, Central Bank of Oman

Distinguished guests, ladies and gentlemen

والسلام عليكم ورحمة الله وبركاته and a very good morning to all of
you

Let me—on behalf of the AAOIFI Board of Trustees, the
technical boards, and the secretariat—welcome all the
attendees to this 15th annual conference which is being jointly
organized by AAOIFI and the Islamic Development Bank (IsDB)

and conducted under the auspices of and with goodwill of the Central Bank of Bahrain.

We realize that our longstanding and time-honored partner of the conference—i.e. the World Bank—is being missed today. That is because we are given to understand that they have suspended their Islamic finance activities except minor engagement in Malaysia. Nevertheless, I feel inclined to acknowledge and appreciate their contribution over the last decade and more in furthering intellectual discussions and connections in Islamic finance.

At the same time, I'm pleased and honored to have one of the founding fathers of AAOIFI—the Islamic Development Bank Group—as the conference co-organizer starting from last year. This partnership allows us yet another opportunity to work closely with them towards the fulfillment of a common vision of seeing Islamic finance achieve sustainable prosperity and growth.

I'm equally indebted and thankful to the Central Bank of Bahrain for their continuing patronage, as well as, to all the

AAOIFI institutional members, conference dignitaries, the speakers, and the sponsors, for their cooperation, contribution, and commitment—both moral and financial— in making this major Islamic finance event possible, especially in such challenging times.

Your Excellencies,

Ladies and Gentlemen

The title of this year’s AAOIFI - IsDB annual conference is “Adaptability of Islamic finance post COVID-19: navigating through unprecedented times”, which is broken down into three key theme areas: the Covid-19 pandemic, social finance, and Maqasid Al Shari’ah. Within these three theme areas exist high-stake questions and pressing problems some of which are as follows:

1. Will the IFIs be able to survive the COVID-19 pandemic the way it weathered the global financial crisis storm of the 2007-2008? If so, then why and how?

2. Should the COVID-19 pandemic encourage the IFIs to modify their existing business models? Why and why not?
3. What specific measures should the IFIs take to sustain and strengthen the social dimension of Islamic financing which has been severely impacted by COVID-19 pandemic? In this regard, how can social finance institutions such as Waqf, in particular, be used to boost Islamic economics?
4. Is this the opportune time to rethink Islamic finance as we know given that it was developed within the dynamics of the global conventional financial system which is now fast changing and being replaced? Do we risk becoming obsolete by preserving the status-quo?
5. What is the role of IFIs in promoting Maqasid Al Shari'ah and to what extent? Which stakeholder shoulders the highest responsibility in this regard and what concrete steps can it take to deliver on the expectations?

6. What is the single most impediment in adopting Maqasid Al Shari'ah as the overarching framework for the operations of Islamic finance? How can we overcome it? And whether we can link Maqasid Al Shari'ah with Sustainable Development Goals (SDGs) to include a wider community of stakeholders? If so, then how?

7. Has ethics become a key agenda point of the global Islamic finance industry in its 50 years of existence? Why and why not? What can be done, and by whom, to mainstream ethics the way the conventional finance industry is doing especially since the event of the global financial crisis of 2007-2008?

These are some of the high-stake questions which will be dealt with today by some of the leading minds of the industry, and I'm most eager to hear what answers they give and solutions they propose. More so, because I'll get to hear multiple perspectives including those of the regulators, Shari'ah scholars, practitioners, researchers, and consultants, who have been hands-on involved in making Islamic finance work on different fronts for so many years.

**Your Excellencies,
Ladies and Gentlemen,**

The COVID-19 pandemic has had a telling impact not only on the industry but also on the institutions and the individuals, including that of AAOIFI and its staff—some of which have been positive while other negative.

In terms of the positives that came out of COVID-19 pandemic for AAOIFI, the most important was by far the confirmation of how robust, flexible, and resilient our standards are in catering to extraordinary and exceptional events—such as the COVID-19 pandemic—despite the fact that the standards were developed for normal situations. All AAOIFI standards i.e. Shari’ah, accounting, and governance set of standards, proved their worth in providing guidance where and when needed to a diverse set of stakeholders, which was promptly reinforced by AAOIFI by way of additional guidance notes.

However, in terms of the negative impact of COVID-19 on AAOIFI and especially on the employees, I’m particularly distressed to note that few members of the senior

management at the secretariat tested positive and also got hospitalized for treatment. Not only them, but the family members of the staff also suffered at the hands of the virus which not only broke the rhythm of work and intensified work pressure but more importantly, caused psychological stress and emotional damage.

This experience of ours reinforces the call of how important it is for IFIs—big and small—to look after the well-being of their workforce and other stakeholders such as the suppliers, customers, and society at large, which are equally impacted by the ongoing pandemic. I would personally appreciate if the speakers take few minutes to reflect on the impact of COVID-19 on Islamic finance workforce, how they dealt with the issue, and what more can be done to protect and facilitate their well-being?

**Your Excellencies,
Ladies and Gentlemen,**

Before I conclude my speech, I must take a moment to pay rich tribute and homage to all the luminaries of Islamic

finance who passed away in the year of 2020. Amongst those include:

- Sheikh Saleh Kamel – who was the deputy chairman of the AAOIFI Board of Trustees and founder of Dallah Al Barakah Group;
- Haj Saeed bin Ahmed Al Loota – who was the founder of the first Islamic commercial bank in the world – Dubai Islamic Bank;
- Sheikh Hussain Hamed Hasan – and
- Sheikh Dr. Abdul Sattar Abu Ghuddah – who were renowned Shari’ah scholars and members of the AAOIFI Shari’ah Board.

Their absence will always be felt by the entire industry, especially by AAOIFI, while we all continue to benefit from their incredible thoughts and works in the years to come.

It is now our responsibility to ensure that we continue to fulfill our roles and play our parts in realizing the Islamic finance

dream. This can only be possible if we all work together as a team and pool our resources for the greater good—which is now more critical than ever. I cannot emphasize enough that one of the value propositions of Islamic finance is its ability to forge and leverage collaboration and sharing—something which we must showcase in real-world for the world to see as well.

**Your Excellencies,
Ladies and Gentlemen,**

That is all I have to say. I thank you all once again—the Islamic development bank, the Central Bank of Bahrain, all the sponsors, the dignitaries, the speakers, and the attendees—for taking the time out, for being here, and for participating in this conference and making this event possible, and also for listening to me patiently.

I look forward to addressing you again soon, Insha Allah.

جزاك الله خيراً