



**Riphah Centre of Islamic Business**  
Riphah International University,  
Islamabad

# **5TH INTERNATIONAL CONFERENCE ON ISLAMIC BUSINESS (ICIB-2021)**

**Islamic Finance: The Need & Prospects of  
Moving to Social Finance**



## **BOOK ON ABSTRACTS AND KEYNOTE ADDRESSES**

**February 27th, 2021**

Book on Abstracts



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## Message

**From The Chancellor,  
Riphah International University  
Mr. Hassan Muhammad Khan**

Riphah Center of Islamic Business (RCIB) has been established by the Riphah International University to face the challenge of producing socially responsible and ethically & morally inspired managers and leaders to improve the business world. I am pleased to note that RCIB had been organizing very successful international conferences on Islamic Business (ICIBs), since 2011. It is holding the 5th conference, ICIB 2021, on the theme, *“Islamic Finance: The need and Prospects of Moving to Social Finance”* is particularly important as it plans to discuss the most strategic area that is how to realize the core objectives of Islamic economics, business and finance. This conference’s core objective is to strive to transform the Islamic financial institutions and the community so that they are transparent, support economic, social and environmental sustainability in the light of objectives of Islamic commercial law and distributive justice.

By organizing the series of international level conferences, we intend to provide a platform for discussing the vital issue of developing Islamic business, banking and finance and creating awareness about the essentials of Shariah-compliant businesses. In the wake of global financial crises since 2008 and the COVID, even the conventional finance is moving to social finance. UNDP’s SGDs – 2030 also emphasize all aspects of social finance like ‘Value-based Intermediation (VBI), socially responsible investment (SRI), Environmental, Social and Governance (ESG) issues. It’s more a requirement of the Islamic financial institutions as Islamic finance is intrinsically nearer to social finance.

So, the Islamic banking and finance should extend its focus to mobilize and provide the resources to society’s gross root level. The economy, business and growth must be associated with socio-economic objectives, and the values and ethics accepted globally and cherished by all revealed religions and civilized societies.

I am happy to note that eminent scholars in the moral economy, business finance experts and Islamic finance practitioners from all over the world have accepted

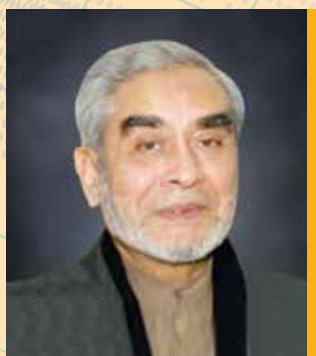
our invitation to address the conference. We welcome the keynote speakers and paper presenters from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Bahrain, Islamic Research and Training Institute (IRTI) Islamic Development Bank (IDB) Jeddah, International Shariah Research Academy for Islamic Finance (ISRA) Malaysia, Turkey and other parts of the world and from Pakistan. We are grateful to all of them, particularly AAOIFI’s Secretary General, Mr. Omar Mustafa Ansari, Executive Director of ISRA, Malaysia, Prof. Dr. Akram Laldin, Vice President IDB Jeddah Dr. Zamir Iqbal, Chair Professor of Economics University of New Orleans U.S., Prof. Dr. Kabir Hassan, Director, Durham Centre for Islamic Economics and Finance U.K., Prof. Dr. Mehmet Asutay and other worthy scholars.

I am glad to note that RCIB also took initiative to generate discussion from the practitioners’ perspective for deliberations on moving to Value-based Intermediation (VBI). I am grateful to senior Islamic banking practitioners from Islamic banking institutions like Meezan Bank, Askari Islamic, Silk Islamic, ZTBL Islamic, and Sindh Bank Islamic for accepting our invitation to discuss the potential role of Islamic banks in socio-economic development of our society and economy. Such efforts are critical for sustainable growth of Islamic business and finance and in accordance with the core objective of academia to provide future directions to academic research, policy makers and respective industries.

I hope that the conference deliberations would play an effective role in promoting Islamic banking and finance and formulating and implementing the relevant policies by various stakeholders, specifically the policymakers, regulators like the central banks, securities and exchange commissions and finance managers in the corporate sector. We are also grateful to academia from different countries like United States, United Kingdom, Turkey, Kingdom of Bahrain, Kingdom of Oman, Malaysia, and Kingdom of Saudi Arabia for their academic contributions and support.

I wish RCIB a marvelous success!





## Message

**From The Chancellor,  
Riphah International University  
Prof. Dr. Anis Ahmed**

Honorable Chancellor and honorable Deputy Vice Chancellor, Deans, Directors and Participants

Asalaamoalaikum wa rahmatullah wa barakatohu

I must say at the outset, I am extremely glad to see in this 5th conference, some of our former colleagues with whom I have worked for quite some time, I welcome all of them, and who our deliberations will lead us to some concrete policies. There was a time over a half a century back, then a discourse on Islamic economics, Islamic Finance, and Islamic banking was regarded as a fantasy and some of backward looking Islamized who were not aware of modern global economy, finance and business. In early 70s, International Conference on Islamic Economics organized at the king of the university, which I attended myself, brought Muslim economists, bankers and finance experts. And at an academic level, things started taking their shape. In the 70s, no one had an idea about the market behavior and global presence of Islamic institutions dealing with Islamic Finance, economy and banking, Alhamdulillah within our own lifetime, we have seen the maturing of an idea and its global recognition with total assets around US \$2.5 trillion.

Time has come when practitioners as well as academicians, develop a global strategy for internationalization of not only Islamic Finance, economy and banking, but social financing in their universities have to play a key role in materializing this dream. It might be appropriate to mention at this point, that the founding father of the country, Quaid e Azam Muhammad Ali Jinnah, in his address at the opening ceremony of the State Bank of Pakistan, on July 1, 1948 said, I shall watch with keenness the work of your research organization in evolving banking practices, compatible Islamic ideals of social and economic life, he was concerned about social life as well, not just economy. The economic system of the West has created almost insoluble problems for humanity. And to many of us, it appears that only a miracle can save from disaster that is now faced the world. It has failed to do justice between men and men, and to eradicate friction from the International

field. On the contrary, it was largely responsible, whether two world wars in the last half century. The western world, in spite of its advantages of mechanization, and industrial efficiency, is today in a worse mess than ever before in history. The adoption of Western economic theory and practice will not help us in achieving our goal of creating happy and contained people. We must work our destiny in our own way, and present to the world economic system based on true Islamic concept of equality of mankind and social justice. We will thereby be fulfilling our mission as Muslims and giving to humanity, the message of peace, which alone can save it and secure the welfare, happiness and prosperity of mankind. In this very provocative and thoughtful address, the Quaid referred to future directions to Islamic principles on which this system is to be developed. The Quaid touched on three important aspects first, that western economic system has failed in providing a fair and equitable economic system, which may benefit a common man. And by the way, capitalism was never made for common man. Second, we must have our own economic and banking system based on Islamic ideals in order to become a modern Islamic State, and share our experience with the world, which may help humanity to sustain. Thirdly, universities have to play their role in developing trained human resource needed for this paradigm shift. I think this assembly of committed Muslim economists, finance experts and practitioners with banking background have a prime responsibility to come up with a work plan for production of a required human resource, training materials and academic research translated into textbooks and case study is needed for exposing our university community to Islamic economics, Islamic Finance and banking and the system based on Quran and Sunnah. We also need to develop an ijma (consensus) of the academicians and practitioners on certain maqasid based strategies for building a holistic Islamic economic and financial framework with a focus on welfare and huqooq al-ebaad. Islamic financial institutions are gradually recognized globally, and are gaining confidence in their performance. However, I want to share my concern





about their image of Islamic content, the common images, that they have adopted a legal technical approach with fiqhi mindset. Therefore, Shariah compliance has not been able to satisfy the industry and offer an independent, sustainable Islamic alternative system. In my view, a Shariah based approach and not just compliant with the framework of maqasid can serve the purpose more appropriately, and can help in a stable socio economic development with Islamic principle of *adalah ijtimaiah*. This can lead to shared prosperity. It is also important to make use of best use of artificial intelligence and machine learning. In order to play our role in the fast growing global economies, we have to do more to change leaders, instead of keeping in front of us conventional financial and banking model with some Islamic adaptations. When I refer to maqasid approach, I simply mean that unfortunately, Muslim scholars, throughout past two centuries or more, have developed a feeling that Shariah is their possession, their monopoly, what we call maqasid al-Shariah, I interpret them as maqasid of *insaniah*, objectives of humanity who can deny that Islam wants to have a truthful, honest and fair person, not only as a Muslim, but also non-Muslim, maqasid begin with first and foremost emphasis on developing a unified personality.

I always refer to seven points of maqasid, not the conventional five forms. It begins with *towhid* and *towhid* means a unified personality, unified approach a unified humanity. Therefore, if we talk about objectives of Shariah in terms of objectives of humanity, and begin with, who would like to have a conflict personality, dual personality or single personality, then *towhid* can be better translated and understood by the world. We have been addressing Islam to Muslims, but it is time that our systems approach should be shared with the world. The second important aspect of maqasid in my view, is *adl*. And *adl* does not mean equality. It means equity and justice to a person what one deserves and therefore, if a poor person in the organization has a large family in the rich chief executive has just one or two children, then we have to develop an equitable approach in terms of sustainability his living style his medical health his housing and based on that, we can develop a system. Otherwise, we'll be falling in the trap of existing capitalist system and then definitely the conventional maqasid which all of you know come. So, I have modified the scheme of maqasid in my discussions with my fellow researchers in my writings. Therefore, I believe, if we take this maqasid approach, and based on that develop our products, then we will be serving humanity better than just looking for legal aspects from the fiqhi viewpoint. Remember, fiqhi viewpoint is a frozen viewpoint because it is dynamic, *usool* is dynamic, they have to take and *usooli* approach and not just a matter of by one way or the other trying to find out, does it fit in Islamic thought or not? Presently the model is capitalistic. We are trying to look into it with a fiqhi approach, not a maqasid approach. And that's where I

request this August gathering, to come up with a consensus or *ijma*, what should be the starting point of our research. Are we going to repeat what others have done? Or we want to develop an approach where we have not only a dynamic adaptive system, even a non-Muslim if we ask him, sir, would you like to play a role a personality in your office, and one in a conference and third in your home, or you want to have one and same honest, humble, sincere, fair person who is doing his duties in his office with devotion and with family with devotion. This is the meaning of *towhid* very simple words. Now, if these principles are applied, and translated in economic doctrines, in financial system, in banking, insurance, then we bring a paradigm shift is not a matter of just trying to compare incomparable commodities of capitalism and Islam and then feel happy about it. That's what I mean when I say we have to liberate ourselves from this fiqhi approach, and develop a dynamic approach of maqasid. And that requires a 25 year strategic planning, what kind of research material, what kind of manuals, what kind of textbooks, what kind of surveys and global surveys are needed for this kind of work. And that requires not only one, but all institutions like ISRA of Malaysia, like IRTI of Jeddah, like Riphah's RCIB. They have to work together and pool their resources and share their resources and only then this strategy can be materialized.

Before I end, I want to thank scholars, practitioners and policy planners who honor this by their presence in this August gathering. My special thanks to our overseas participants. Some of them are my former colleagues, Prof. M. Kabir Hassan, Prof. M. Akram Laldin, who worked with me in Malaysia, Dr. Zafar Iqbal, Prof. Mehmet Asutay, Prof. Necdet Sensoy, Mr. Omar Mustafa Ansari, Dr. Salman Syed Ali, Dr. Dawood Ashraf, Dr. Adel Sarea, Dr. Toseef Azid, Mr. Mughees Shaukat, Prof. Asad Zaman, Prof. Tahir Mansoori and Dr. Muhammad Qasim. I also appreciate the untiring efforts of Prof. Muhammad Ayub who put all his efforts at global level to make this conference a reality, and his team including Prof. Khurram Shahzad, Dr. Zeshan Ghafoor, Mr. Ikram Ullah, Mr. Nabeel Nasir and Hafiz Yasir Mahmood in making this conference a reality. I welcome all honorable paper presenters and pray to Allah for rewarding all of them for joining in this noble cause of developing a Shariah based holistic socio economic development strategy for the Muslim ummah.

May Allah bless you all and shukran walhamdolillah rab al-alameen.



## Welcome Address

**Dean FMS / Director RCIB**  
Riphah International University  
**Prof. Dr. Khuram Shahzad**

In the name of Allah, the most beneficent, the most merciful, Honorable Chancellor, RIU (Mr. Hassan Muhammad Khan), Worthy Vice Chancellor (Prof. Dr. Anis Ahmad), International and National Keynote speakers, Technical Session Chairs, Technical Session moderators, research paper presenters, faculty and students of Riphah and other universities and importantly professionals from Islamic business industry, I feel privileged to perform this duty of welcoming you all in this ICIB being organized by RCIB which is a constituent part of FMS of RIU.

The ICIB is a forum to deliberate on the opportunities, potential and challenges facing Islamic business and finance in developing models and processes for present day economies in line with the tenets of the *Shariah*, and to make them socially useful. This is the 5<sup>th</sup> conference of ICIB series and over the last approximate 10 years, ICIB has established itself as one of the authentic international

forum for generation, dissemination and publication of new knowledge and intellectual scholarship related to Islamic finance and banking.

Along with the efforts of RCIB team led by Prof. M. Ayub, it's all because of the commitment of you people who have been part of it over the years as keynote speakers and presenters that ICIB has reached to this point. With our vision that all organizations in this world should be run on Islamic principles, we still have a long way to go and with you alongside we are quite determined to achieve success in this journey *in sha Allah*.

I once again welcome and thank you all for being with us and hope that listening to today's keynote speeches and technical papers will be a very rich learning experience for all of us.

Thank you so much and may Allah be pleased with you!



## Organizing Team Members

### For 5<sup>th</sup> International Conferences on Islamic Business (ICIB)



**Prof. Muhammad Ayub**

Conference Secretary General - ICIB 5

Director Research & Editor JIBM

Riphah Centre of Islamic Business (RCIB)

Riphah International University, Islamabad, Pakistan



**Dr. Zeshan Ghafoor**

Chief Organizer – ICIB 5

Assistant Professor & Associate Editor, JIBM

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**Mr. Ikram Ullah**

Chief Coordinator – ICIB 5

Senior Lecturer & Editorial Assistant - JIBM

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## Conference Theme – ICIB 2021

### Islamic Finance: The Need and Prospects of Moving to Social Finance

The Riphah Centre of Islamic Business (RCIB) of the Riphah International University, Islamabad organized the 5<sup>th</sup> International Conferences on Islamic Business (ICIB) on 27 February 2021.

The International Conference on Islamic Business (ICIB) is a forum to discuss the potential and challenges in developing models and processes for present day business management in line with the tenets of the Shariah to make the institutions socially useful.

The Islamic Banking and Finance, invented almost half a century ago, primarily focused on the distributive justice by doing Value Based Intermediation (VBI). This system was expected to mobilize the resources throughout the hierarchy of a society, including the unprivileged ones. The resources are perceived as important to the entire society as blood is required to every organ of human body to function properly and if blood supply stops to any organ then it gets paralyzed and affects or stops the functioning of entire body. The main focus of VBI is to uplift the micro-businesses, SMEs and the projects related to welfare of a community by promoting the Ehsan culture.

On contrary, its counterpart, Conventional Banking and Finance was, at that time, focusing only on the maximization of return on assets and equity. However, almost from a decade ago the latter has, somehow, recognized the core spirit of former and introduced different terms like Sustainable, Responsible and Impact (SRI) investing, Environmental, Social and Governance (ESG), Value Based Intermediation (VBI), Social Finance, Ethical Finance, Community Investing, Impact Investing and so on. In-fact the SRI moves one step ahead by adding different negative screens such as it avoids investing in industries which deal with alcohol, tobacco, gambling, weapons, and so on, because such industries have potential to damage the humanity.

Interestingly, the market worth of SRI has exceeded US\$30 trillion by following a growth in double digits. On the other hand, the market of Islamic Banking and Finance is still around US\$2 trillion. This raises a concern that why the worth of very lately emerged field, SRI investing, is 10 times more than the worth of Islamic Banking and Finance. Although, the spirit of Islamic Banking and Finance is much more superior to that of SRI investing. As the Islamic banking and finance emphasizes on the preservation of Life, Progeny, Intellect, Wealth and religion which are mentioned by Islamic scholars as objective of Islamic law.

Although the Islamic Banking and Finance tries to achieve these objectives of Islamic law but due to its main efforts to achieve market share in investment finance, it could not significantly tap the potential of SMEs, micro-finance, social finance, community investing, venture capital and so on. As this segment has tremendous growth potential which can be valuable for both Islamic finance and community. The core benefit of this segment will be directly linked with the achievement of mentioned objectives of Islamic law and distributive justice. So, the Islamic banking and finance should extend its focus to mobilize the resources to the grass root level of the society.

Despite the amazing growth during last four decades, Islamic finance has faced with a number of weaknesses and challenges, the most striking of which is ignoring the most desirable socioeconomic aspects and objectives, and hence declining integrity. Its growth must be associated with socio-economic objectives and the values and ethics accepted globally and cherished by all revealed religions and civilized societies. The scope and range of both Islamic finance and business remains to be further explored and scrutinized to gear it with Islamic business practices and to strictly observe its original contours of Equity, Justice, and Transparency.



## Keynote Addresses for ICIB-2021



Prof. Dr. Mohamad Akram Laldin

*Prof. Dr. Mohamad Akram is currently the Executive Director of International Shari'ah Research Academy for Islamic Finance (ISRA) and Professor at International Centre for Education in Islamic Finance (INCEIF). Prior to joining ISRA he was an Assistant Professor at the Kulliyah of Islamic Revealed Knowledge and Human Sciences, International Islamic University, Malaysia (IIUM). At present, he is the Member of Bank Negara Malaysia Shari'ah Advisory Council, Chairman of Shari'ah Board of Employees Provident Fund Malaysia (EPF), Member of Shariah Supervisory Council of Labuan Financial Services Authority (FSA), Member of Shariah Advisory Board ZI Shariah Advisory, Member of Shariah Advisor of Dar Al Takaful, Dubai, Member of Shariah Advisory Board, Eco Islamic Bank, Republic of Kyrgstan, Member of Shariah Advisory Council International Islamic Financial Market (IIFM), Bahrain, Member of Shariah Advisor of National Takaful Company PSC, Watania, Abu Dhabi, Member Financial Regulation Advisory Council of Experts (FRACE), Central Bank of Nigeria, Member of The Panel of Recognized International Market Experts in Finance ("P.R.I.M.E. Finance") and other Boards locally and internationally.*

### Abstract of Keynote Address

#### Value Based Intermediation (VBI)

Islamic finance has been criticized for being focusing more on the legal compliance aspect of the products and overlooking the philosophical foundation of Islamic economics which emphasizes on social justice, ethical finance, human well-being and sustainability. In response to this concern, the Central Bank of Malaysia developed a strategy paper on Value Based Intermediation (VBI) in 2018. The VBI initiative encourages Islamic Finance Institutions (IFIs) in Malaysia to adopt relevant practices, offerings and conduct that generate positive and sustainable impact on the economy, community and environment without compromising financial returns to shareholders. The intended outcomes of VBI are broadly similar to the objectives of well-established concepts such as Environmental, Social and Corporate Governance (ESG), Socially Responsible Investing (SRI), impact investing, and ethical finance. However, the key difference between VBI and these concepts is that VBI is rooted in Shariah, which determines its underlying values, moral compass and priorities. VBI has four underpinning themes: entrepreneurial mind-set, community empowerment, good self-governance and best conduct. Entrepreneurial mindset facilitates entrepreneurial activities through holistic offerings by IFIs; empowering community is achieved through funding and implementation of effective solutions for issues faced by communities; good self-governance ensures meaningful participation of all stakeholders in the governance framework; and best conduct improves IFIs' offerings, processes and treatment of their stakeholders. By incorporating these principles in the business of IFIs, there will be greater socio-economic development, and this will ultimately create value for stakeholders. In addition, the adoption of VBI will further strengthen the current banking offerings and practices by introducing innovative products and techniques such as offtake agreement or supply chain 2 finance, which enable industry players to mitigate the risks arising from serving high-impact areas. Further, it will enhance collaboration with strategic partners, encourage the creation of new business opportunities, and contribute to more sustainable returns for IFIs in the long term. It is expected that these measures will enhance the roles and impact of IFIs, strengthen the sustainability of the financial ecosystem, and transform the landscape of the Islamic finance industry in Malaysia. If the current paradigm can be shifted to extend beyond compliance, more business opportunities could be created not only for all financial consumers but for the wider stakeholders within the society and the economy at large. In other words, by pursuing the noble objectives of VBI and Shariah compliance hand-in-hand, the Islamic finance industry is expected to become more proactive and would benefit from a larger investor base and gain broader mainstream relevance.

**Keywords:** VBI, Islamic Finance, Sustainability, Malaysia.



## Omar Mustafa Ansari

*Mr. Omar Mustafa Ansari is currently serving as “Secretary General” of “Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)”, Kingdom of Bahrain, since 7 April 2019. Mr. Omar Mustafa Ansari is a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP). In his previous role he was Partner – Assurance & Head of Islamic Finance (Pakistan & Afghanistan) at Ernst & Young Ford Rhodes Sidat Hyder – a member firm of Ernst & Young. At AAOIFI, he has been responsible primarily for leading the process of development of accounting, auditing, and governance and ethics standards for the global Islamic finance industry, besides managing the overall affairs of the institution as the Acting Secretary General.*

### Abstract of Keynote Address

#### Islamic Social Finance – The Way Forward:

##### Islamic Commercial Finance:

- Is commercial – not only for capital provider, but also for depositor / investment account holders and the customer
- Is not aimed towards broader objectives of social and economic development – and it will not happen unless the society changes itself
- Does not have means and tools for the achievement of social objectives
- Is working in a difficult regulatory regime, which is primarily developed for conventional financial services
- Has a different mindset, has a different business model and also has no tools to work towards economic parity and avoidance of concentration of wealth

#### Understanding Social Finance: Certain Key Considerations

- Ideally, a sustainable model – like Waqf
- Social finance can also aim for commercial capital and investors’ returns, unlike philanthropy
- Conceptually unique as an approach to solving social problems while creating economic value
- Collaborate with community at large for socially beneficial initiatives
- Addresses challenges in areas of social and environmental issues.





## Dr. Zamir Iqbal

*Dr. Zamir Iqbal is Vice President, Finance, and Chief Financial Officer at the Islamic Development Bank. Previously, he headed World Bank's Global Islamic Finance Development Center in Istanbul, with earlier assignments in the World Bank Treasury and the Finance and Markets Global Practice. His experience spans the capital markets, asset management and risk management. Islamic finance has been his research focus, and he has co-authored articles and books on Islamic finance on the topics of banking risk, financial inclusion, economic development, financial stability and risk-sharing. He played a central role in the World Bank's and IDB's first global reporting on Islamic finance. He earned his Ph.D. in international finance from the George Washington University and served as professional faculty at the Carey Business School of Johns Hopkins University.*

### Keynote Address

#### Islamic Finance: The Need and Prospects of Moving to Social Finance

1. The COVID-19 pandemic has derailed the progress towards Sustainable Development Goals (SDGs). In fact, not only the progress has been derailed, we are witnessing increased poverty levels erasing the achievements made in alleviating poverty in the last decade. This trend is indeed very worrisome. The COVID-19 crisis was essentially a health crisis but it has spilled over to become a global economic crisis. The economic crisis has also spilled over to become a financial crisis whereby the financial institutions and markets are facing uncertain situations and loan defaults resulting in credit, liquidity and funding shortages.
2. IsDB is showing leadership at an individual and global level as we know that addressing the ongoing devastation caused by the Pandemic requires global solidarity and concerted efforts by the multilateral development system. We believe that international collaborations will be vital to improve social development of Member Countries, to control the Pandemic and to rebuild the resilience of the countries.
3. Given the serious economic impact of the crisis on the global economy and on our Member Countries, the IsDB Group acted swiftly to launch a '**Strategic Preparedness and Response Package (SPRP)**' to support our member countries mitigate the impact of the COVID-19. IsDB Group Response Package exceeded US\$ 3.5 billion and adopted a holistic approach focusing on short, medium, and long-term needs in addressing health emergencies, sustaining and reviving economic and social sectors and building resilience of member countries in responding to outbreaks and pandemics in the future.
4. We believe in long-term solution to the problems and therefore, are committed to investing in research and development and providing technical assistance for development of innovative solutions to prevent and contain the Pandemic.
5. The rescue efforts by the sovereign governments have put additional burden on their fiscal and borrowing capacity leaving little or no room for development.



At the same time, exposing them to further debt vulnerabilities. Given the magnitude of challenges in rebuilding the economies and to get SDGs back on track, it is very important that we need to bring all the stakeholder on the table and particularly convince the private sector to become a serious partner in development as MDBs and the public sector cannot meet the challenges of sustainable development alone. The private sector needs to play its part in alleviating poverty and in promoting sustainable development.

6. It may be noted that even before the pandemic the global debt had touched unprecedented and unsustainable heights. According to Institute of International Finance there was, in Q3 2020, \$275 trillion of global debt which included government, corporate and household debt. This was 3 times the global GDP.
7. Given the grave situation with debt vulnerabilities and debt sustainabilities, non-conventional measures are needed which are adequately found in core tenets of Islamic economic and financial system. Alternative solution could come through its (i) prohibition of risk-transfer and creation of debt and leverage; and other rules that control dichotomic growth of finance separated from economic activity; (ii) provision of safety nets, inculcation of cooperation and risk sharing that provide support during the economic down turns; and exploiting the potential of Islamic social finance which offers wide-range of products.
8. Whereas Islamic finance advocates risk sharing solutions to put the economy on track, it also offers social finance for developing strong social safety nets to alleviate poverty. Furthermore, Islamic ethics and morals appeal to human compassion and cooperation to play important roles in meeting the challenges. However, the results would not come just by wishful thinking but by formalizing and creating strong institutions for each aspect mentioned here of market, non-market and moral dimensions.
9. Post-COVID economic landscape in Islamic countries offer an opportunity for Islamic Finance to offer viable solutions to wide range of challenges. For example, risk-sharing based Sukuk could provide much needed financing for rebuilding infrastructure in health and education sector. Hybrid financing using regular financing and Islamic social financing could provide solutions for uplifting of Small and Medium Enterprises (SMEs) which could propel the economic engine. Finally, Islamic redistributive instruments could fill the gap in providing subsistence to people below or close to poverty line.
10. The Post-COVID world will be very different. We have to understand, adjust ourselves and adapt to new conditions and realities, which will soon become the new norm. We have no choice but to change. We must be ready and rise as leaders for tomorrow to make even bigger difference in the lives of our people.
11. The IsDB Group will continue to show our leadership and work together with the global development community to devise and implement solutions to support our countries, especially the ones that are suffering the most.







## Prof. Dr. Mehmet Asutay

*Prof. Dr. Mehmet Asutay is Professor in Middle Eastern & Islamic Political Economy and Finance, and Director, Durham Centre for Islamic Economics and Finance, Durham University Business School, Durham University, UK. His research, publication, teaching and supervision of research is all on Islamic moral economy, Islamic banking and finance, the Middle Eastern economies, and the political economy of Middle East political economies including Turkish and Kurdish political economies. He is the Honorary Treasurer of the BRISMES (British Society for Middle Eastern Studies); and of the IAIE (International Association for Islamic Economics).*

### Keynote Address

#### Islamic Moral Economy Turn:

#### Reconstituting Theory and Practice through *Iqtisadi* Frame

Islamic economics movement emerged as a post-colonial counterhegemonic movement to constitute the economy as an embedded institutionalization of the Islamic social formation in economic life. In its emergence, it has made direct reference to the constitution of a system-based paradigm based on the Islamic ontological world.

In its theoretical formulation, *tawhidi* methodology's complementarity and unitarily nature constitute the objective function that is the emancipation and empowerment of human beings in a rubaiyat based development objective. Thus, the Islamic moral economy is the articulation of the *iqtisadi* paradigm in a post-modern meaning indicating justice, giving right of everything, and directing towards an objective that is *tawhid*. Hence, in articulating its moral economy nature, *iqtisad* represents an essential departure from economics, as the latter relates to efficiency and optionality in resource allocation. The ethical and norm-based nature of Islamic moral economy or *iqtisad* is articulated through Islamic methodology of knowledge (axioms) and is expected to be practiced as an embedded institutional form leading to a sharing economy, solidarity and mutuality, non-fictitiousness and non-commodification, distribution, and reciprocity. Thus, in its system appeal, the Islamic moral economy opposes accumulation led hegemony (which is the nature of capitalism). This suggests a particular value theory, modes of production and distribution theory that distinguishes it from other political economies.

The Islamic moral economy, hence, aims to respond to the nature of the initial equation rather than accepting capitalism as given and providing a patch to moderate the consequences of capitalistic failures. Islamic moral economy also opposes financialisation and hegemony of finance capital over the objectives of *iqtisad*. Hence, it aims at Islam's transformative power in changing the societies, including its economic constitutions in line with the ontological base of Islam. In such a system, for example, poor are not left to the generosity of rich, while well-off individuals in the society are not expected to accumulate to prevent domination and hegemony of capital. Islamic financing is hence expected to work within such a system, rather than to get occupied with capital movements with Islamic metaphors and producing similar results, in the end, with capitalism. At this juncture of the world history, where failures of capitalism are formally accepted by international agencies such as UN developing SDGs, and social failures of Islamic finance being acknowledge by the Bank Negara through its value-based intermediation, Islamic finance will not be able to make the world better and safer by following the growth trajectory of capitalism and efficiency based financial system. An Islamic moral economy formulated institutional development will, however, lead to the re-emergence of *ihsani*/sharing society so that the good society can be established in line with equilibrium or *mizan* based norms of Islamic worldview.



## **Prof. Dr. M. Kabir Hassan**

*Professor Dr. Mohammad Kabir Hassan is Professor of Finance in the Department of Economics and Finance in the University of New Orleans. He currently holds three endowed Chairs-Hibernia Professor of Economics and Finance, Hancock Whitney Chair Professor in Business, and Bank One Professor in Business- in the University of New Orleans. Professor Hassan is the winner of the 2016 Islamic Development Bank (IDB) Prize in Islamic Banking and Finance.*

### **Keynote Address**

#### **An Islamic Finance Perspective of Crowd funding and Peer to Peer Lending**

The emergence of disruptive technologies like Fintech has changed the whole dimension of the finance world. Consumer trust in Fintech companies has increased to manifold and more and more companies are adopting these technologies. Crowd funding and P2P lending refers to the getting funds from the individuals without intermediation from banks and financial institutions using technology. Crowd funding and P2P lending has exposed the whole new set of sources of finance for the new, young and innovative entrepreneurs. Given the growth in the Fintech world, P2P lending is already trending as the NextGen medium of finance and it has transformed the entire finance industry. It has provided hope to the startups and young entrepreneurs to start their own innovative and risky business and succeed without worrying about the fund. It also provides an opportunity for the Islamic financial institutions to exploit this opportunity and create a niche for itself. The study critically analyses the sharia compliance perspective of Crowd funding and P2P lending. The study also explores the sharia compliance of different crowd funding methods and type of financial services that can be used for respective crowd funding methods. The study concludes that between Crowd funding and P2P lending, given the basic nature of Crowd funding, it looks closer to the sharia compliance as compare to the P2P lending. It is further concluded that crowd funding and P2P lending is going to be the future medium of finance in Islamic finance.

**Keywords:** Fintech; Sharia compliance; Crowd funding; P2P lending; SME.

JEL Classification: D47, D82, G21, G24, Z11





## Prof. Dr. Necdet Sensoy

*Prof. Dr. Necdet Sensoy received his Ph.D. degree from Marmara University and worked from 1978 to 2006 there ( as Professor from year 2002 to 2006 ) until he is elected as Board Member to the Central Bank of Turkey. His term in Central Bank ended on April 30, 2018. Currently works at Business Faculty of Istanbul Commerce University. He is Director of the Research Center on Islamic Economics and Economic Systems in Istanbul Commerce University. He taught "Accounting for Islamic Banks", 1994 to 1996 at International Islamic University Malaysia. He has served as member of the Board of Trustees of AAOIFI in between years 1993 and 1997. In November 2014 he is reelected and his service continues. He was chairman of the Audit Committee of the International Islamic Liquidity Management Corporation 2010 to 2017. His academic field is accounting and finance. Interest areas are International Financial Reporting Standards, Accounting Theory and Islamic Finance.*

### Keynote Address

### Responsible Finance

#### Meeting Point between Islamic Finance and Conventional Finance

Economic Paradoxes :

- Growth versus Environmental Sensitivity
- Greed versus Conscience
- Profit maximization versus Social Responsibility
- Requires Trade off.

#### Finance – Evolution

Capitalism

- Wild Capitalism
- Moral Capitalism
- Ethical Finance
- Green Finance
- 

Islamic Economics and Finance

- Elimination of Riba
- Refrain from non-halal business
- Sensivity to environment
- Respect to human resources

Responsible Investment (RI) incorporates an active consideration of environmental, social and corporate governance (ESG) factors within investment decision making and ownership practices.

ESG is an acronym, used globally, describing the so-called corporate governance triple bottom line, namely environment, social matters and governance.

The objective of the UN PRI is to implement a set of global principles that facilitates the integration of environmental, social and governance (ESG) factors into mainstream investment decision-making and ownership practices.



## Dr. Salman Syed Ali

*Dr. Salman Syed Ali is Lead Economist at Islamic Research and Training Institute (IRTI), Islamic Development Bank (IsDB). His work focuses on multiple areas of Islamic finance and Islamic economics. Currently, he is leading the Research Division in Smart Economy Initiative using technology for economics and financial development, directed the cluster on Maqasid al-Shariah based Socio- economic Development at IRTI. He is also contributing to Community of Practice and training in the area of Islamic Financial Development. He is the editor of the journal, Islamic Economic Studies.*

*He was Visiting Fellow in Islamic Finance at OCIS, Oxford University (2016-17). Prior to joining IsDB, he served as the Director of Research & Director of Training in the International Institute of Islamic Economics (IIIE) at International Islamic University Islamabad (IIUI). Salman holds B.Sc. (Hons) in Economics from International Islamic University, Islamabad, Pakistan and Ph.D. from University of Pennsylvania, U.S.A. His areas of interest are Islamic finance, capital markets and game theory. He has a number of research articles and publications to his credit. Organized and moderated sessions of major international conferences. Represented IsDB in the Technical Committee and various Working Groups of the Islamic Financial Services Board. Led many research projects for IsDB and for other international organizations, and contributed in key development initiatives and policy reports for the progress of Islamic economics and finance.*

### Abstract of Keynote Address

#### Solving Social and Economic Dilemmas using Islamic Principles

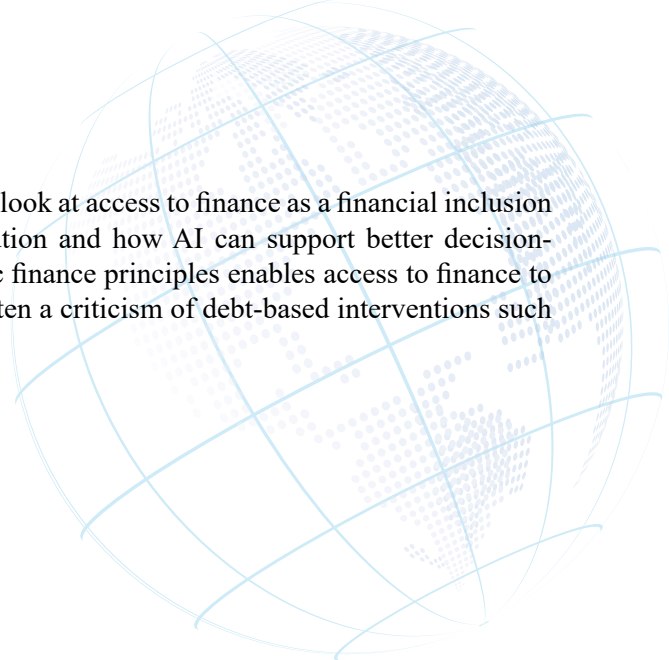
Islamic economics and finance has so far not been clearly defined in their purpose, methods and distinction. The approach followed so far has been of introducing Islamic elements within the conventional system and institutions. The resulting low level of development of some key Islamic economic concepts, and weak articulation of the distinction of Islamic economics and finance has led to re-evaluation of the existing approach. In this regard, different people find fault with different aspects of the approach and advocate rectification in various areas sometimes suggesting new approaches. Some of these suggestions are as under:

1. Work on institutional change because Islamic system calls for different institutions.
2. Work on Social Finance instead of commercial finance.
3. Work on Environmental issues and Circular Economy, because this is closer to Islamic finance.
4. Create new paradigm by rejecting everything conventional and build on different mind-set developed on the teachings of Quran and Hadith for Muslim individual and Muslim society.
5. Introduce Islamic elements within the conventional system and institutions.
6. Focus on ways to address social and economic challenges of people and society using Islamic principles. The real distinction is in the principles that have potential to generate multiple solutions and multiple theories compatible with Islam.

We describe these approaches with pros and cons of each to show each have some weight but none is comprehensive. We advocate approach 6 (solving socio-economic dilemmas) and provide an example to address the problem of access to finance through use of Islamic principles and artificial intelligence (AI).



The suggested solution is based on a forthcoming report in which we look at access to finance as a financial inclusion problem with the lens of Islamic finance as a comprehensive solution and how AI can support better decision-making using alternate data. The policy framework based on Islamic finance principles enables access to finance to all segments of society without increasing indebtedness, which is often a criticism of debt-based interventions such as microcredit.







## Dr. Dawood Ashraf

*Dr. Dawood Ashraf is a Senior Research Economist at Islamic Development Bank (IsDB) based in Jeddah, Saudi Arabia. He holds a Ph.D. in Banking and Finance from the University of Wales (Now the University of Bangor). He is also a charter holder and member of the CFA Institute. Dr. Ashraf has a combined experience of more than 20 years working in multilateral development finance, commercial banking and academia. Before joining the IsDB, Dr. Ashraf has worked with Prince Mohammad Bin Fahad University in Saudi Arabia and TD Bank Financial Group in Canada.*

*Dr. Ashraf's research interests are ethical finance, sustainable development, portfolio management, digital finance, and corporate governance. Dr. Ashraf's research is published in several international journals, and he has presented his research work at various international conferences. On the policy side, He has led teams to produce the first two editions of the Global Report on Islamic Finance, focusing on enhancing shared prosperity and reducing the funding gap for the long-term investments.*

### Keynote Address

#### Covid-19 MSMEs Capital Shock: Need for an Islamic Finance Framework

MSMEs constitutes 80 to 90% of Global firms. 60% of Global population is employed by the MSMEs. During Covid-19 75% of all jobs are in the most effective sectors. So, the decline of MSMEs would be the decline of whole economy.

Impact of Covid-19 on MSMEs were Challenges of liquidity, sustainability and access to resources, which led to:

1. Complete Shut Down (travel, tourism, entertainment)
2. Enterprises continued but faced logistic crises (difficulty in procuring inputs for their products)
3. Enterprises went down with reduced operations (restaurants, manufacturing)

To overcome the challenge of liquidity, MSMEs were given financial support in form of:

- Debt Moratorium
- Working capital loans
- New small businesses loans to keep the employee.
- New small businesses loans for rent payment
- Support for payment of salaries.





## Prof. Dr. Toseef Azid

*Prof. Dr. Toseef Azid has 32 years' experience in teaching at university level in different parts of the world and research experience in forecasting models, development economics and Islamic economics. His professional career began as a research associate in the Gallup Pole of Pakistan. He then served as a lecturer, assistant professor, associate professor and professor in universities in Pakistan (University of Baluchistan, International Islamic University, BZ University), as a research associate in the University of Wales, Aberystwyth, as a visiting professor at MIHE, as a Professor at the University Sultan Sharif Ali, Brunei, as a scholar in residence at El Camino Community College, Los Angeles, USA and as a professor of Economics at Taibah University, Madinah, Kingdom of Saudi Arabia. He has published one book and more than 50 articles in refereed international journals besides contributing numerous conference papers in different international conferences held in Canada, Australia, Iran, Bahrain, Indonesia, China, Malaysia, Pakistan and Saudi Arabia. One of his papers entitled "**The Role of Technology Spillovers in Convergence**" won Emerald Literati Network 2011 Awards for Excellence.*

### Keynote Address

#### **Social Innovations in Islamic Finance: Mobilizing Capital for Maximum Impact on Poverty**

##### ***Social Innovation and Index***

- Target of social innovation is the whole society rather than a particular individual.
- Producing profit for the investors along with delivering the social goods
- Nippon foundation in 2016 constructed a social innovation index
- Only seven Muslim countries are included which are significantly focusing on the social innovation, i.e. Saudi Arab (33.5) Turkey (40.9), Malaysia (49.5), Indonesia (39.5), Nigeria (33.2) and Bangladesh (32.6).
- Based on four pillars, i.e. "institutional and policy framework", "the availability of financing "their level of entrepreneurialism" and "the depth of their civil society networks"
- Poor performance of the Muslim countries, particularly those are putting some significant efforts in this area
- Bottom up approach instead of top down approach
- Lacking about the awareness of social innovation, funding and overall cohesive strategies.
- Policies around the data transparency is the main tool for the social innovation especially when it is related to the delivery of the social goods
- Examples: Canada Community and College Social Innovation Fund, Ontario's Social Enterprise Demonstration Fund and Nova Scotia's Community Economic Development Investment Funds.
- Participatory approach is more suitable for the social innovation.
- Islam is giving the more importance to the delivery of social services and appreciating the social innovations. However, it is not an automatic phenomenon, it needs a media through social services will deliver. In the current scenario, one can conclude that for developing the "social innovations" IFIs are more suitable and public has the trust on them.



## Associate Professor, Dr. Aishath Muneeza

*Dr. Aishath Muneeza is an Associate Professor at INCEIF, Malaysia which is known as the global University of Islamic Finance. She has practical experience in the Islamic finance industry for more than ten years. She has served as the first female Deputy Minister of Ministry of Islamic Affairs in Maldives; Deputy Minister of Ministry of Finance and Treasury in Maldives; Head of Islamic Finance of Capital Market Development Authority of Maldives; member of Islamic Fiqh Academy (National Fatawa Council of Maldives); first chairman of Hajj pilgrimage fund, Maldives Hajj Corporation Limited; chairman of Maldives Center for Islamic Finance Limited which was set by government of Maldives to strategize Maldives as the hub of Islamic finance in South Asia; Islamic Finance consultant who developed the first shariah compliant Islamic microfinance scheme offered in Maldives, "Faseyha Madadhu"; the Shariah Advisor who structured all the corporate sukuku offered in Maldives; Shariah Adviser who structured the private sukuk and Islamic treasury instruments for the government of Maldives; and the consultant who drafted the Islamic capital market legal framework for the country.*

### Keynote Address

#### Islamic Social Finance to Assist Poor in Communities in the Midst of COVID-19

Islamic social finance though is a relatively a new term compared to Islamic commercial finance, some types of Islamic social finance has been practiced in Muslim societies at all times. For instance, as a form of 'ibadah (worship) activity zakat is being implemented as it is the third pillar of Islam. The types of Islamic social financial instruments include zakat, sadaqat and infaq, waqf, takaful and microfinance. Using technology the challenges facing the effective collection, management and distribution of the modes of Islamic social finance can be resolved. However, to adopt technology in this regard, some initial investments will be required and proper technology governance mechanisms ought to be adopted to the shariah governance and corporate governance mechanisms applied in the respective organization. The presentation will cover some approaches that could be used via Islamic social finance to assist the poor in the midst of the pandemic. Below provided are the main points of the presentation.

#### 1) Approach to boost funds received for distribution to poor

Prior to the pandemic, the way to collect zakat and other charity funds from the public is normally via by physical presence of the payer. However, the pandemic has made us realise that physical presence might not be an option to contribute funds for the purpose and as such, switching to online payment instant transfer modes could be the most convenient mode available depending on the availability of such option in the respective location.

#### 1) Adopting an effective way to make the distribution to poor

2)

In distributing the financial assistance to poor, a comprehensive framework that would not only enable the most deserved recipients to be identified and verified, but it is imperative to put in place the mechanisms to distribute the financial assistance to the poor in a fast and convenient manner without their physical presence. One way of doing this could be via online money transfer mechanisms if the receiver is able to have a bank account or via agents who could be shops or businesses run near the recipient's geographical location who could be the distribution agents of the Islamic social finance providers. Via a crypto charity platform, the platform manager could enable the poor to be registered and enable to have a digital wallet that would enable the charity payer to directly pay to the poor selected by the payer.



### **1) Introducing a technology based mechanism to locate poor**

Internet of Things (IoT) has enabled to use an intelligent device to collect data and use it for a specific purpose. This is a technology that could be used by the Islamic social finance providers to collect data about the poor and also to locate them geographically using GPS feature.

### **2) Implementing a ihsan based approach to cross-verify the poor**

Verification process of a poor is a normal process that is followed by the Islamic social finance providers. There is no uniform process for this. Some Islamic social finance providers open poor to register via an online portal or by completing a complex form that would be submitted online or physically.

### **3) Eliminating unnecessary registration processes required for poor to receive help**

Using IoT technology, using sensors in a smart gadget could assist in determining the poverty level of household and the yardstick that could be used for this could be easily formulated. As such, instead of every time to receive financial aid, registration will not be required and from the data collected, the Islamic social finance provider can easily determine whether poverty is still prevailing in the household or not.

### **4) Formulating financial assistance programs that will turn the poor into entrepreneurs and becomes future contributors to help poor**

### **5) Run social media campaigns to help poor**

Islamic social finance is definitely a mercy to the mankind and what is required is to implement it in an effective manner to assist societies to alleviate poverty. The beauty of Islamic social finance is that it is not a requirement to have an institution to implement it, each and every member of society; individually or collectively has the ability to implement it. As such, the ideas proposed here could be adopted by an individual or an institution and Islamic finance provider in this article could be an individual or an institution.







## Mr. Mughees Shaukat

*Mr. Mughees Shaukat is the pioneer Head of Islamic Finance in the College of Banking & Financial Studies, an entity under the Central Bank of Oman, Muscat, Sultanate of Oman. He is a Fintech specialist from MIT, USA, PhD Scholar in Islamic Economics and Finance with Entrepreneurship and Risk Sharing finance as areas of interest. Mughees is Vice Chairman Education Board, AAOIFI, Bahrain; Member, Society of Advancement of Socio-Economics (SASE), France; Member of The Western Economic Association International (WEAI), USA, Member, High level International, select, Expert Panel, the Central Bank of Bahrain, For creating Profit Rate Benchmark, Bahrain, Member of the BLOCKCHAIN Society, Oman; Certified Shariah Advisor and Auditor, AAOIFI; Vice Chairman Advisory Board of Fingel Global Inc. Toronto, Canada; Member of the The Research Council, Oman, Board Member of the Fintech Start-ups Confederation; 'Expert Panel' member, at AYS, Halal Finance, Malaysia; Board Member, Brand Ambassador, The Halal Chain (HLC), UAE/China, and expert contributor the Rubicon Global Group, USA, The Institute of Halal Investing, USA. He is an editorial board member and international reviewer member for multiple prestigious journals. Mughees Shaukat has published over 50 articles and research papers, created, and delivered over 15 international high-level events, and has so far delivered over 100 policy talks, Keynotes, expert sessions, high level presentations, and executive lectures, globally. Moreover, Head of Islamic finance in Oman, he has designed & delivered 40 different trainings in Islamic Banking and Finance in core and novel areas, including Islamic Finance and Venture Capital; Micro Finance; Islamic Finance, Fintech and Bigtechs, Marketing and Media for Islamic Finance, The Islamic Banking Regulatory Framework, Oman, Islamic Finance and Environmental Economics, Leadership in Islamic Finance for intermediate to executive levels, The significance of Islamic Social Finance and technology and many more.*

### Keynote Address

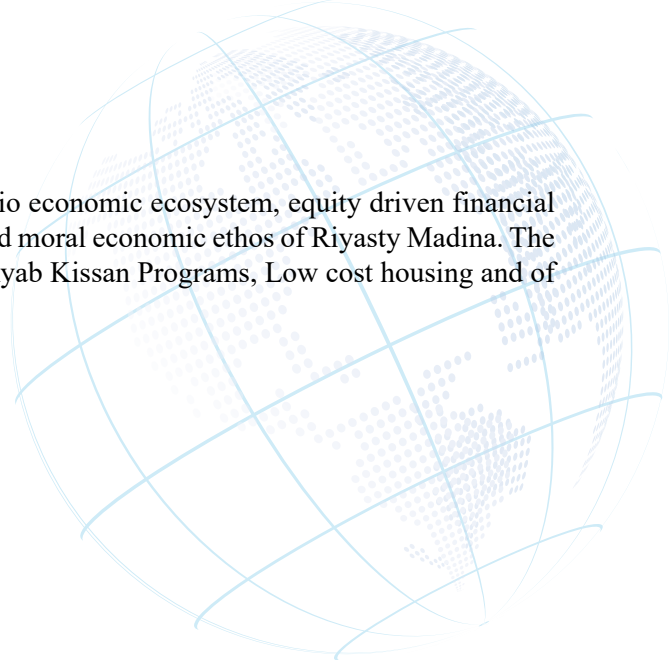
#### **The Role of Islamic Finance, for an Anti-Fragile Multi-Polar Economy, in the age of CPEC, Technological Disruptions & Green Swans**

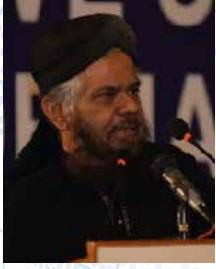
In times where the world is facing twin hazards: health and exacerbated economic uncertainties, desperation is surging to either come out or adjust to the new normals. The occurrence of 'black and green swan events, in times of technological disruptions, in an intensely globalized multipolar world, is fast transforming uncertainties into 'ambiguities'. For optimists, this has risen an opportunity for another new normal, this time for amplified unity, with the world working as one nation. The magic sauce lies in the collective modeling of financial risk taking and management. The same shall decide for either a fragile or an 'anti fragile' economic fate. The Islamic financial paradigm of "AlBay/Risk Sharing", as provided in Al Quran Chapter 2:275, appears to suffice the right credentials. It appears that the current practices of Islamic banking and finance has missed the over 40 years old opportunity for branding and asserting itself via its main essence of risk sharing. Consequently, labeled often as 'religiosity' or 'Petro-dollars' driven, the same continue to face criticism. The present unforeseen dynamics, however, appear to have rekindled the opportunity for Islamic banking to fine tune its practices, viz-a-viz its true spirit of risk sharing. Consequently, as compared to a replicated, 'risk transfer' and 'risk shifting' model, the 'version 2.0' of Islamic finance, oriented via technology, shall live more to its potency, fulfilling its Maqasid Al Shariah mandate. What however shall necessarily enable to meet the desired ends is a simultaneous approach that renews itself by going beyond the traditional banking solutions be it is better risk sharing driven. The same should involve the focus on resortion to the newage application of social financial schemes as well as redistributive wealth management tools, including Ushr. All this to be configured and delivered upon





the institutional scaffolding of supportive islamic rules, the right socio economic ecosystem, equity driven financial inclusion, enshired on the side by side developing Islamic political and moral economic ethos of Riyasty Madina. The same to be well targeted to Ehsas Program, Kamyab Jawan and Kamyab Kissan Programs, Low cost housing and of course the CPEC and Climate Change issues facing Pakistan.





## **Prof. Dr. Asad Zaman**

*Prof. Dr. Asad Zaman (born 1953) is a Pakistani professor, economist and social scientist. He is currently serving on the Economic Advisory Committee of Prime Minister of Pakistan and as a member of Monetary Policy Committee of State Bank of Pakistan. Previously he has served vice chancellor of the Pakistan Institute of Development Economics, Islamabad and director general of International Institute of Islamic Economics, International Islamic University, Islamabad. He earned his PhD in economics from Stanford University in 1978, MS in statistics from Stanford University in 1976 and BS in mathematics from MIT in 1974. He is also a member of Monetary Policy Committee of State Bank of Pakistan and editor of International Econometric Review.*

### **Keynote Address**

#### **A New Vision for Islamic Banking**

The first generation of Islamic Economists listed the evils of the capitalist system which exploits the poor, enriches the wealthy, and concentrates wealth and power in the hands of a few. Islamic Banking and Finance was launched as an antidote, with the potential to create equitable and just outcomes on the basis of Islamic principles. It is accepted by friends and foes that modern Islamic Financial Institutions have not, to a great extent, been able to fulfill this promise. In this paper/talk, we plan to provide a diagnosis as to why this problem occurred. The paper outlines a new approach to banking, based on social finance principles, which can lead to the fulfillment of the original vision underlying Islamic Banking.





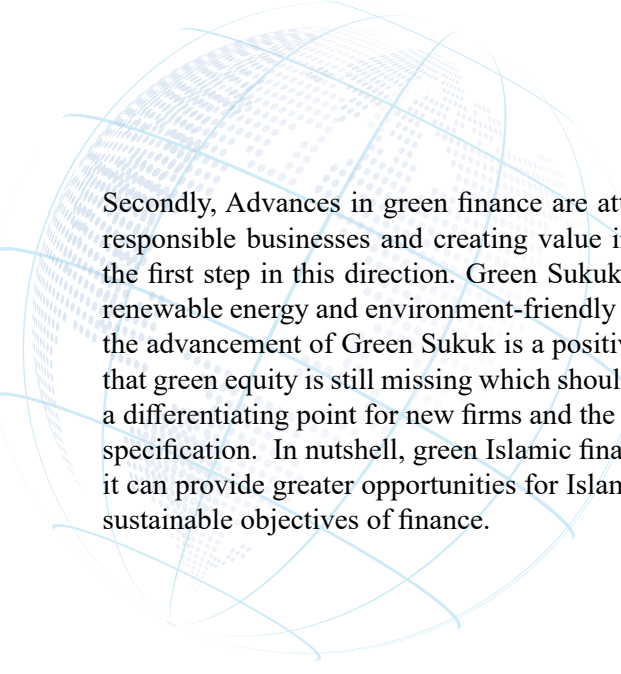
## **Prof. Dr. Arshad Hassan**

*Prof. Dr. Arshad Hassan is Professor and Dean Faculty of Management and Social Sciences Capital University of Science and Technology (CUST), Islamabad. Dr. Arshad Hassan is Associate professor of finance with consulting, research and teaching experiences in corporate reporting, corporate finance, portfolio management and financial risk management. Dr. Hassan is certified cost and management accountant and has 10 years of experience of working as professional accountant / auditor in public as well as private sector. He also holds membership of various professional bodies in accounting and finance. He is member of faculty board/Research Board of many prestigious institutions. Dr. Hassan's research and writings covers a variety of topics ranging from asset pricing to Islamic Finance. He has more than 20 papers published in refereed academic journals to his credit. He has also presented number of research paper at academic /professional conferences in Pakistan, Turkey and USA. He is on editorial boards of various local and international indexed journals.*

### **Keynote Address**

#### **Islamic Green Finance- A Way Forward**

Islam demands comprehensive development of an economy and emphasizes social welfare. Its teachings stress translating shariah principles into practice and integrate them into individual and collective human life. The concept of the maqasid al sharia supports the principle of serving the public interest of maximizing benefit and reducing harm to the society. Therefore, firms have a dual objective of generating economic gains along with a positive impact on society. There is a strong nexus between Islamic finance and green finance. In Shariah, there is an emphasis on conservation, preservation, and responsible use of resources. There is a discouragement for excessiveness, and wastefulness in the use of resources. The realization of the value of the environment even if it is in no one's private ownership is vital for fostering a culture of care and responsibility towards the environment. The steps towards preserving and conserving the climate are fundamental to promote environmental sustainability. The first step in this dimension recognition of climate as an asset endowment by Allah and its use responsible use. The financing of green projects or firms is a challenging issue. The acceptability and growth in green finance require work in two domains i.e. creating a conducive environment for mobilizing capital for financing climate-friendly projects and/or firms and developing environment-friendly innovative financial instruments. The conducive environment means the development of a green finance ecosystem involving stakeholders that encourage the green businesses through regulatory frameworks and ensure the availability of financial instruments along with financing and an advisory mechanism. A green finance ecosystem may be composed of four major stakeholders including green finance promoters, green finance providers, green ecosystem coordinators, and ultimate users of green finance. Each of these parties may play a well-defined role in the conception, implementation, and financing of the whole scheme. The promoters may include governments, international agencies, and organizations. The green finance providers may be financial institutions in general and Islamic financial institutions in particular. Islamic green finance may include grants and investments. The creation of social finance ecosystems requires coordination between the green finance promoters and green finance providers and users. In addition, product development centers, and advisory firms, are necessary to create and maintain sustainable ecosystems. This will help to provide a framework, guidelines, and best practices to achieve the desired objectives.



Secondly, Advances in green finance are attracting global attention for finding alternative ways to finance socially responsible businesses and creating value in the society and Islamic Finance is not an exception. Green Sukuk is the first step in this direction. Green Sukuk are asset-based financial instruments structured to provide funding for renewable energy and environment-friendly projects and helps in achieving sustainable development goals. Although the advancement of Green Sukuk is a positive step its small market size poses numerous challenges. It is interesting that green equity is still missing which should be an integral part of sustainable climate finance. The green equity may be a differentiating point for new firms and the existing firms may issue tracker stocks with the shariah-compliant green specification. In nutshell, green Islamic finance can be a catalyst for the growth of environment-friendly growth and it can provide greater opportunities for Islamic finance to attract a wider investor base and expand its role to support sustainable objectives of finance.





## **Prof. Dr. Abdul Rashid**

*Prof. Dr. Abdul Rashid has been appointed as Professor in International Institute of Islamic Economics (IIIE), International Islamic University Islamabad, Pakistan. Prof. Dr. Abdul Rashid is currently working as Director General and Chairman, Research at International Institute of Islamic Economics (IIIE), International Islamic University Islamabad, Pakistan.*

*He possesses vast experience of research, teaching, and project leadership in economics, finance, and Islamic banking & finance. He carries a wealth of published research (more than 140 papers) earning an impact factor of greater than 30.*

*Having received PhD Economics degree from the University of Sheffield UK in 2012, Dr. Rashid is actively involved in research in Applied Econometrics, International Finance, Corporate Finance, and Islamic Finance and related disciplines. He has published his work in Economic Inquiry, Empirical Economics, Small Business Economics, Energy, Energy Policy, Risk Management, Baltic Journal of Economics, Emerging Market Finance and Trade, Managerial Finance, Eurasian Business Review, International Journal of Finance & Economics, Portuguese Economic Journal, Journal of Economic Studies, Managerial Finance, Management Decision, Romanian Journal of Economic Forecasting, Economic Research-Ekonomska Istraživanja, Research in International Business and Finance, International Journal of Emerging Markets, Journal of Islamic Business and Management, Pakistan Development Review, Pakistan Business Review, The Lahore Journal of Economics; Business Review, and several other well-reputed national and international journals.*

## **Keynote Address**

### **Sustainable Development: Discoursing the Role of Islamic Finance**

Despite the large amount of hits on the concepts of Circular Economy (CE), Green Economy (GE), and Sustainable Development (SD), there is a dearth of coherent understanding of the interconnections between these concepts. Although the academicians, practitioners, and policymakers at both national and global levels as key sustainability avenues are currently considering the three concepts, there is a dire need to understand the interconnections between them. Knowing and identifying the integral role of Islamic finance in promoting and enabling the operationalization of the concepts is also indispensable for policymakers, businesses, and financial institutions. Therefore, the aim of this paper is to link the principles, responsibilities, objectives and business models of Islamic finance with social, economic, and environmental sustainability. Further, the paper aimed at pointing out potential dimensions, scopes, and in-built characteristics of Islamic finance that may facilitate the process of the realization of the SD targets and objectives. The paper indicates that the role of Islamic finance is essential in harvesting the benefits associated with all three concepts. The Shariah-compliant business models and products of Islamic finance provide an edge to Islamic banks over their conventional counterparts to provide financing at all stages to promote the SD activities. Finally, the paper proposes a business model based on Musharakah cum Ijarah for enhancing the transformation of linear economy towards CE.





## Dr. Irum Saba

*Dr. Irum Saba is working as Assistant Professor, Department of Finance, Institute of Business Administration-Karachi, Pakistan. She is Member of Federation of Pakistan Chamber of Commerce and Industry (FPCCI) Standing Committee on "Islamic Banking" 2019. Grand Councilor, Chartered Institute of Islamic Finance Professionals (CIIF), Malaysia. Currently she is Coordinator, (Academics and Research) Centre for Excellence in Islamic Finance (CEIF), IBA-Karachi, Pakistan as well as Program Director, MS Islamic Banking and Finance, IBA-Karachi, Pakistan. She has more than 15 years of progressive regulatory, research, training and teaching experience with organizations of international repute. Currently, she is on deputation from State Bank of Pakistan (central bank) to IBA-Karachi. She is Assistant Professor in the Department of Finance and Program Director of MS Islamic Banking and Finance at IBA-Karachi Pakistan.*

### Abstract

#### Islamic Corporate Governance for Social Development

The prime focus of the businesses is to earn profit. Companies do foul play not only with the customers, suppliers but also with the stakeholders at large. Concept of corporate governance came into public eye after the financial frauds happened in 1980s. The good corporate governance lies on the shoulders of the board of directors or on all the stakeholders. The institutions should not only focus on their own growth and profits rather must work for the social development. Islamic corporate governance brings greater responsibility and accountability as the institutions must ensure the shariah compliance in all the transactions but also focus on the social development of the stakeholders. An Islamic financial institution must comply not only with Islamic principles but also with the regulatory requirements and achieve Maqasid al Shariah. Islamic corporate governance focuses on social development henceforward emphasize on elimination of poverty, improving the well-being of the stakeholders, equality and improvement of health and education sector.

The terminologies ESG, SDG, Islamic corporate governance, social development and Shariah compliance have much in common and the ultimate objective of all is to bring the best for the society.

This research focuses on providing the conceptual clarity of the complex ideas and analyze the overlapping of these topics to achieve the one outcome that is social development. The paper provides guidelines for the Islamic financial institutions for fulfilling the objectives of Shariah and bring economic prosperity in society.

**Key words:** Shariah compliance, social





## Dr. Karimullah

*Karim Ullah has a PhD on designing Islamic Financial Services, from Brunel University, London, UK. Currently he is the founding Head of the Centre for Excellence in Islamic Finance (CEIF) at Institute of Management Sciences, Pakistan. Karim has two gold medals for being the top most student in his sessions for graduate and post-graduated programmes. In 2015, Karim lead a team of faculty who won the prestigious financial innovation challenge fund, to establish the CEIF, with the support the State Bank of Pakistan and UK's Department for International Development. Karim Ullah has scholarly international books, papers authorships, and conference presentations on Islamic Financial Services including a book on Islamic financial services with the KoganPage: London, New York, and New Delhi, opinion articles with various publishers including Thomson Reuters, and a recent book on Takaful (Islamic Insurance) that just that won the HEC's outstanding book of the year award 2015/16.*

### Abstract

#### **The identity of Islamic finance and powers of Jurisprudence, Economics, and Service Paradigms**

In recent past there seems to be two poles of thoughts emerging to drag Islamic finance into either making it a full Fiqhi concern or a full economic concern, as accepted two forms of a truth. On one pole, Islamic finance is emerging as a set of various contractual forms and interpretations of partnerships, sale, agency, as prescribe in the Fiqhi interpretation to create a fiqhi power through its constrains. On the other pole, Islamic finance is prescribed to an ethical production, distribution, and exchange functions thus creating new forms of constraints to establish an economic power.

As a result of these two divergent thoughts and consequent powers, Islamic finance is now evolving into its new form of existence and searching for its identify, causing a visible power grouping, to interpret Islamic finance being an instance of Islamic jurisprudence, economic science, or service science that I and Wafi-Al-Karaghoulis have proposed in our Book in 2017.

These divergent thoughts are now entering into a more power play that impacting the future course and discourse of Islamic finance. For example, the recent case of Sukuk, when the federal cabinet in Pakistan has rejected the Ministry of Finance summary for placement of F-9 Park Islamabad as asset for issuance of Sukuk to fetch \$750 million to \$1 billion and subsequent plan of raising funds through bonds, seems to be the power-show of the said schools. We, therefore, need to go back into the key assumptions of these schools to point the areas of convergence and thus identify and agree upon an emergent identify for Islamic finance. I therefore, propose to evaluate this issue by using the Foucault notion of power/knowledge, which is constituted through the accepted forms of truths, in fiqhi and economic interpretations is Islamic finance and thus require a re-identification of Islamic finance as Islamic finance implications or otherwise we termed it Islamic financial services in our recent Book.

Note: These thoughts are inspired from our Book: Ullah, K & Al-Karaghoulis, and W (2017) Understanding Islamic Financial Services. London. KoganPage.



## Dr. Muhammad Qaseem

*Dr. Muhammad Qaseem is Chairman Shariah Board, Silkbank. Dr Muhammad Qaseem is an experienced individual in teaching Islamic disciplines for the past 18 years. Dr Qaseem serves as a Shariah Advisor to numerous boards including Dubai Islamic Bank and Deutsche Bank Malaysia.*

### Keynote Address

#### 7 GIFTS OF ISLAM TO A POST COVID-19 WORLD

The Covid-19 pandemic is raging like a wildfire, impacting human life in ways that we may not fully comprehend today; and humanity is at a loss to find a way out. Every nook and corner of the world has been affected, with the developed nations having been hit the hardest. Those who loved to lord it over the rest of humanity have been brought to their knees, and their healthcare systems are crumbling before their eyes like houses of cards. People are dying by the thousands every day, and the living are scared to death, deeply worried about their survival and the future challenges.

The virus doesn't seem to go away anytime soon; and we have to learn how best we can cope with the situation. Our success or failure in the future depends on the choices that we make today, and the path that we select for our journey onwards. Mankind is, therefore, at a crossroads. Our choices must be well thought out and based on an in- depth and collective analysis of our past, as they will have serious repercussions for the entire humanity. We are doomed if we don't join hands globally to face this challenge and to tackle the bigger economic, social and moral issues that it would entail. United we shall stand; and divided we shall fall. Therefore, there is a pressing need for serious efforts to engage in a global dialogue in order to prepare mankind for a substantially different post Covid-19 world.

Lockdowns have, apart from saving lives, brought many a blessing in disguise. Suddenly, we have plenty of time for reflection; most of the polluted cities of the world are fit again for human life, and people have realized that they can comfortably live without most of the 'essentials' in their lives. Health care, personal development and other important issues, constantly pushed to the backburner in the mayhem of life, have come to the fore. People have started reflecting on their worldviews and the fundamental questions of life which they had ignored for so long. They are pondering on their futures as individuals, families, communities and nations, a future in which many of the restrictions of today may become the new normal.







*Extended Abstracts*  
for the Research Articles  
*Authors*



## ISLAMIC BANKING

Session Chair: **Mr. Mughees Shaukat**

Moderator: **Dr. Abdul Qayyum**

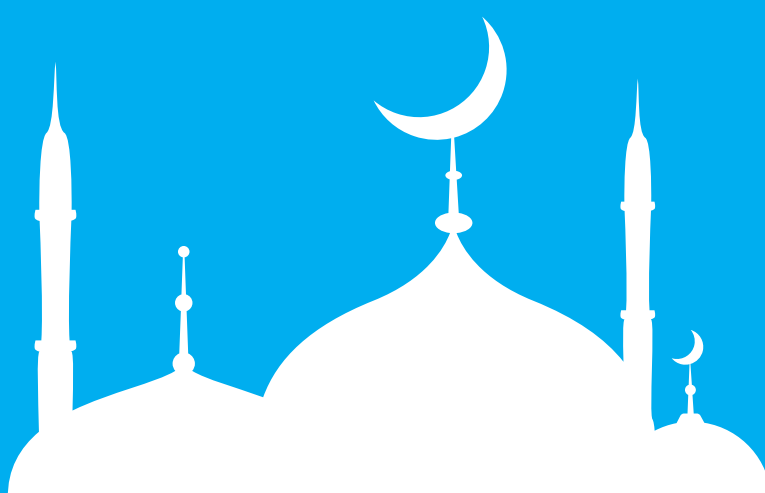
### Room 2 (Session 1)

Join Zoom Meeting:

<https://zoom.us/j/8351321883?pwd=RG40Skd4TERTV25nZTRQRWNyc0pTUT09>

**Meeting ID:** 835 132 1883

1	2:00-2:15	Islamic banking Support to Business Functions of SMEs	<b>Mr. Zubair Ahmed</b>
2	2:15-2:30	Determinants of Earning Management between Two Ideologically Different Banking Systems: A Theoretical Study from Pakistan	<b>Dr. Muhammad Akhtar</b>
3	2:30-2:45	The Role of Mediation in improving justice system in a Moral economy: The Case of Islamic Banking and Finance	<b>Mr. Foyassal Khan</b>
4	2:45-3:00	A Comparative Study for Determinants Of Financial Performance Across Non-Banking and Conventional Banking Institutions In Pakistan	<b>Dr. Ayaz ul Haq</b>
5	3:00-3:15	Moving Toward Islamic Banking ...	<b>Ms. Sadaf Ali</b>
3:15-3:30		<b>Session wind-up by Session Chair</b>	
	3:30-4:00	Break	



**Presentation Title****Islamic Banking Support to Business Functions of SMEs****Zubair Ahmed Naseem****Purpose of Research**

The purpose of the study is to discover and explain the Islamic banking support to business functions of SMEs in Pakistan. The more specific objectives of the study are as follows:

1. To explain the Islamic banks' support to the business functions of SMEs in Pakistan.
2. To find the ways that how banks can be more supportive of improving SMEs in Pakistan.

**Main Idea/Theme**

SMEs play an essential role in sustaining developing and developed economies (Yang et al., 2019). Globally, SMEs are up to 90% of total enterprises, contribute around 50% of GDPs and provide 60-70% employment (Elasrag, 2016). These are also very important for Pakistan's fulfilment of assets-backed economy where about 90% of enterprises are SMEs, which provides employment to 80% non-agriculture labor force and contributes approximately 40% towards Gross Domestic Production (GDP) according to official website of according to Small Medium Enterprise Development Authority (SMEDA), Pakistan.

Besides the importance of SMEs in economies, most of them have issues in access to external finance (Yang et al., 2019). In developing countries, 68 - 55% of SMEs are unserved or underserved. Due to assets backed and risk-sharing financing nature, Islamic Banking can support to fulfil the financing gap (*Leveraging Islamic Finance for Small and Medium Enterprises (SMEs)*, 2015). SMEs in Pakistan also have financial and other constraints to grow (Small Medium Enterprise Development Authority, Pakistan). SMEs financing from the banking sector, especially from Islamic Banking is very low, less than 4 % from Islamic banking financing portfolio has been provided to SMEs (also including Agriculture) in Pakistan as mentioned in table 1.

The information is about the Islamic Banking Financing distribution amount the different segments of the economy. The SME and Agriculture sectors significantly less ratio of financing rather than the corporate sector, although the SME sector's importance has been discussed above. The earlier year (2014) SME Finance ratio was only 3.6 % which consistently remain between 3 to 4% throughout the five years during 2014-2018. The Average was 3.42 % and if the Agriculture sector also included due to mostly small-sized so it will remain less than 4%.

SMEs have difficulty to get external finance due to Information symmetry, Inexperienced Management and Lack of Collateral (Shaban et al., 2016). Practical business functions can be described by supply chain major drives as Hugos, (2018) in current era terminology. According to Yang et al. (2019), Supply Chain transactions, information can improve SMEs' ability to access finance by reducing the information asymmetry.

**Methodology**

Case Studies are the principal methodology of this study. This mostly followed case study methodologist, Yin's (2018) case study approach especially considered.



## Presentation Title

# Determinants of Earning Management between Two Ideologically Different Banking Systems: A Theoretical Study from Pakistan

**Amna Farooqui Arsalan**

Assistant Professor, FAST School of Management,  
National University of computer & Emerging Sciences, Islamabad

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## Abstract:

**Purpose of Research:** Despite the presence of ideological differences between Islamic and conventional banks, the two banking systems form a competitive market. The purpose of current study is to compares the practices of earnings management between these two banking systems and proposes factors that may influence them.

**Main Idea:** These factors provide insight into how issues of corporate governance, compliance with financial reporting standards, peer performance and earnings expectations are used at varying levels to manage earnings. Therefore, the current study aims to highlight the determinants of earnings management between two ideologically different yet parallel banking systems.

**Methodology:** The first step in writing this theoretical paper was to do a background study of the main issues in the field of earnings management between two ideologically different banking systems. This involved scanning the abstracts of past and recent published research on this topic in various databases. Once an overview was developed, some main factors were highlighted that seemed repetitive and important in past literature. Review articles and journal editorials were also included to gain insight into the relevant issues in this field, especially for future focus in research. An attempt was made to select journals that were peer reviewed and impact factor journals. The articles were selected by the keywords, such as earnings management, financial reporting, AAOIFI, Islamic banks, sharia laws, peer performance and audit committees.

**Findings:** The study finds that though Islamic banks are expected to exhibit ethical values yet earnings management has been practiced by them, as per previous research. Though, their earnings management practices are found to be higher due to non-compliance with AAOIFI standards. The presence of the Sharia advisory board and audit committees serve as control mechanism to control earnings management practices to an extent. Conventional banks feel pressured due the growing performance and market share of Islamic banks and hence resort to earnings management. Islamic banks themselves feel pressure of their own earnings forecasts and practice earnings management. The adoption of IFRS, however, restricts conventional banks from earnings management as compared to their counterparts.

**Practical Implications:** Current study presents a basis for empirical research and provides insight into the dual banking industry earnings management practices. Further, the factors of competitive pressures and earnings expectations are seen to force both conventional and Islamic banks towards earnings management.

**Originality/value:** The current study puts forward several factors that play a determining role on the level of earnings management practiced by the two banking systems. With its propositions, the current study highlights the possible causes of financial misreporting. To gain further insight, future empirical research with multi period data can build strong comparisons regarding earning management practices among the ideologically different yet parallel banking systems.

**Keywords:** determinants of earnings management, Islamic and conventional banks, accounting standards.

**Presentation Title****The Role of Mediation in Improving Justice System in a Moral Economy: The Case of Islamic Banking and Finance****Foyasal Khan**

Independent Researcher, Dhaka, Bangladesh

**Hanna Ambaras Khan**Senior Lecturer, School of Business and Economics  
Universiti Putra Malaysia**Abstract**

**Purpose of Research** – This paper aims to examine between moral economy and Islamic banking and finance; to study the current dispute resolution method of Islamic banking and finance. And how mediation could assist for consumer to get justice in resolving dispute in cases involving Islamic banking and finance.

**Main Idea/Theme** – In this paper, we have suggested to apply Alternative Dispute Resolution (ADR) or mediation for the countries that have Islamic Banking and Finance and have problems with resolving disputes in business dealings. This is because mediation is cheaper and faster. So, clients can get justice faster without having spent too much money and time that adjudication system requires in the court for arbitration.

**Methodology, Design or approach** – This is mainly a desk review of academic, peer-reviewed literature as well as reports published by international organizations and information provided online by governments and non-government organizations.

**Findings** – IBF has been established to provide socially responsible banking and finance facilities in accordance with Shariah. Therefore, IBF is the outcome of IME. Islam covers all areas of life including dispute resolution. Therefore, in resolving the disputes arising from the practices of IBF, Islamic dispute resolution must be utilized. Data collected from the secondary sources shows that the Banking Mohtasib Pakistan (BMP) works well and only certain cases being adjudicated through the formal system. However, in Malaysia, the cases are referred to the court directly. Even though, there is a way for the parties can go for mediation, they have lack of awareness on this matter.

**Practical Implications** – It is suggested for countries that have yet to adopt Islamic ADR to give priority to the mechanism to be applied as the dispute resolution method in IBF cases. In case of Malaysia, it is suggested for mediation to be given a chance due to many years of suggestion from the scholars regarding this matter.

**Originality/Value** – In recent years, the discussion about the social failures of IBF in terms of delivering banking and financial services that conforms to the higher objectives of Islamic law and is beneficial to the greater wellbeing of a Muslim community. In this case, we feel that mediation can be one of the Muslim value-based public and social policies to resolve so many disputes in amicable manner. Thus, mediation has emerged as one of the important topics. However, no research has been produced on the potentials of mediation in resolving disputes in IBF to the best of the researchers' knowledge.

**Keywords** – Alternative Dispute Resolution (ADR), Mediation, Islamic Moral Economy, Islamic Banking and Finance

**Paper type** – Research paper



## **A Comparative Study for Determinants of Financial Performance Across Non-Banking And Conventional Banking Institutions In Pakistan**

**Dr. Ayaz Ul Haq**

### **Abstract**

#### **Purpose of Research**

Previous studies investigated the factors contributing towards financial performance of conventional and Islamic banks, but scant literature is available on the determinants of performance of non-banking financial institutions especially in comparison to banking institutions. The present study provides detailed insight of internal determinants for the performance of Non-banking financial institutions in Pakistan.

#### **Main Idea/Theme**

In the light of arguments for the importance of Non-Banking Financial Institutions, the scholar believe that its necessary to go into the causes and factor of slow and negative growth of this sector in Pakistan in contrast to Banking institutions. Factors or determinants and comparative studies of performance of banking institutions have been researched in a variety of dimensions. But, the factors contributing towards slow and negative growth of non-banking financial institutions have not been analyzed as much as it should be done. It is novelty of this work is to recognize problematic areas of non-banking financial institutions of country.

#### **Methodology**

Secondary data was extracted from financial statement analysis of SBP and annual reports of selected conventional banks, Islamic bank, modaraba and leasing companies for the period of 2007 to 2016. Size (Sz), Capital Adequacy (CA), Credit Risk (CR), Efficiency (Eff) and Liquidity Risk (LR) have been taken as independent variables and financial performance of FIs was measured through dependent variables of Return on Assets (ROA) and Return on Equity (ROE). Ratio analysis was done and statistical techniques of correlation, regression were applied to identify relationship among variable. Analysis was done for all sample institutions as a whole and separately for each type as well. This research is based on the quantitative approach which includes a collection of the data and statistical descriptive analysis with the assistance of statistic software of Excel Sheet in Microsoft office. Data was analyzed appropriate applicable statistical software of E-Views. Regression Model has been designed for empirical analysis of performance as dependent variable and internal factors affecting the performance as independent variables.

Secondary data was collected from the financial statements of sample financial institutions (conventional banks, Modaraba companies and Leasing Companies) for a period of 10 years, 2007-2016 which was used in this research. Performance (Dependent Variable) measured in terms of Return on Assets (ROA) = Net Profit/Average Assets, Return on Equity (ROE) = Net Profit/Average Equity

#### **Determinants of Performance (Independent Variables)**

1. Institute Size (SZ) = Log of Total Assets,
2. Capital Adequacy (CA) = Equity/Total Assets
3. Credit Risk (CR) = Non Performing Loans/Gross Loans
4. Efficiency (EF) = Cost/Income
5. Liquidity Risk (LR) = Loans/Total Assets

Descriptive statistics are used to explain the central and core features of huge data set. To summarize the large amount of data descriptive statistics are used. Numerical representation of data is done by using descriptive. The



table below shows the main features of selected variables. The descriptive statistics tends to provide the nature of data utilized in the study.

### **Findings**

The Conventional banks, Islamic banks, Modaraba companies and Leasing Companies are suffering due to Credit Risk and Liquidity Risk. Although CB are having positive LR on ROA, but their performance is hampered by Size. Which is having positive impact on performance all other FIs. Efficiency is a factor which is positively or insignificantly influencing performance of FIs. It is due to the fact that non-banking institutions are having lesser operating costs and taxation as compare to banking institutions. Major source of finance for Non-Banking institutions is Capital, which is later used to lend fund for earnings. Hence, it has fruitful impact on their performance. On the other hand CB and IB are allowed to accept deposits which are later used as a source of financing. These banking institutions do not rely on capital only. History tells that Conventional banks in Pakistan are growing in numbers and size, while all other types of financial institutions are shrinking and dying.

### **Practical Implications**

NBFIs in particular are shrinking in size and numbers, majority of them is suffering losses. This study tried to identify determinants of slow or negative growth of NBFIs as compared to banks. It is first effort of its kind and explored a new avenue of research.

### **Originality/Value**

This study is based on the analysis of data of 16 sample financial institutions, 4 each from Conventional banks, Islamic banks, Modaraba Companies and Leasing Companies. There are 160 observations are considered from the year 2007 to 2016 from each type. It is first attempt of its kind to compare performance of Banking and Non-Banking institutions.



## Moving toward Islamic Banking

Sadaf Zahid

### Purpose of Research

The main objective of this paper is to review the Islamic nature of the Islamic banks. For this purpose the literature available on the subject matter will be reviewed. Comparative analysis of the standards passed by AAOIFI with Conventional bank standard of IASC will be conducted. In addition the survey of the Islamic bank customers would be conducted to measure their satisfaction level. This paper is designed to create awareness among the people about the actual fundamentals of the Islamic banking and Islamic products, its practices followed by the development made in the legislation of banking according to the teaching of the Islam and Hadith by AAOIFI.

### Main Idea Theme

Islamic Banking is the practice of the commandments of the teaching of the Hazrat Muhammad (PBUH) based on the principles of Quran Majeed, which is a clear cut prohibition of the interest and equal sharing of the loss and profit. This must not be mixed with the concept that Islam is against return in any form, but the profit and loss sharing (PLS) must be on the equal basis and there must not be any ambiguity between both the parties regarding it (Leon & Weill, 2018). Under this scenario, it can be said that the most crucial point of difference between the conventional and Islamic finance, the paradigm of equal sharing of profit and loss (Chong & Liu, 2009). However the distributive justice, mercy and positivity of life and the society which are the important aspects of Islamic society and economic system actually generated the trust and loyalty in the customers of Islamic society and a very valid reason for shifting from conventional to Islamic based system (Usmani, 2002).

Different studies have been conducted in the past to unveil the positive aspects of the Islamic banks. An empirical analysis of 421 banks concluded Islamic banks has less default risk than conventional banking system (See for example Pappas et al, 2016; Baele et al, 2014 & Narayan, & Phan, 2019).

Globally the Islamic banking is one of the fast growing off shoot working in the emerging countries, based on the policies of the equal risk sharing, boosting the economy and more sustainable during the period of the financial crises as compared to the conventional side (Imam, & Kpodar, 2016).

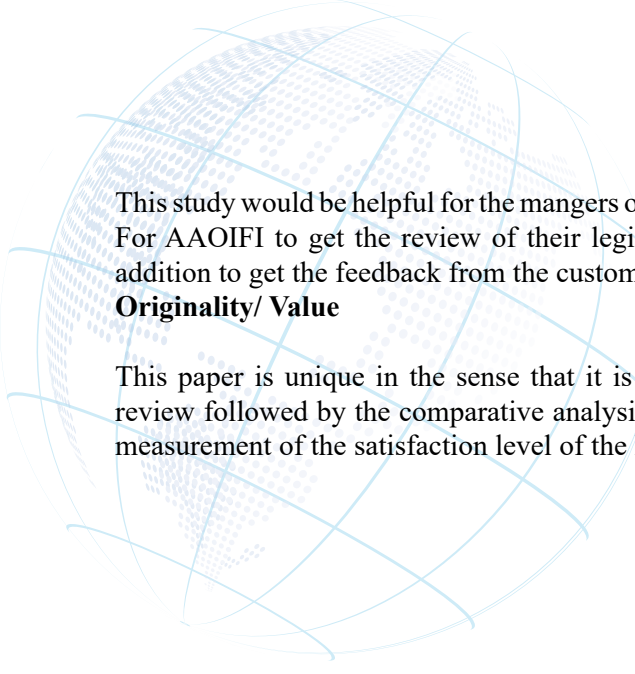
Although AAOIFI is making changes in the already making standards of IASC, making them Shriah compliant. The major focus of AAOIFI is on the implementation of Zakat and prohibition of Riba (El-gamal, 2006). AAOIFI is completely involved in it for designing the Islamic products and designing the rules and the regulations of the Islamic banks. We being Muslims should clearly understand that Quran and Hadith teaching are the paths of success for us in this world and in the next. This is the first step taken by the AAOIFI towards Islamization with success and there are many more to be taken in future.

### Methodology/ Design)

This study would be conducted in three phases.

1. Review of the past literature of last ten years available on the working of the Islamic banking.
2. Comparative analysis of the legislations and standards passed by AAOIFI with conventional banking standards.
3. The survey of the Islamic banking customers would be conducted to measure their satisfaction with the Islamic products offered by the Islamic Banks in Pakistan.

### Practical implication



This study would be helpful for the managers of the Islamic banks, policy makers, researchers and the nonprofessionals. For AAOIFI to get the review of their legislations and loopholes in the Islamic framework of their standards in addition to get the feedback from the customers of the Islamic banks and to measure their satisfaction level.

**Originality/ Value**

This paper is unique in the sense that it is analyzing the Islamic banking performance in three folds. Literature review followed by the comparative analysis of the standards of Islamic and conventional banking system and the measurement of the satisfaction level of the Islamic bank customers.



## Role of Human Resource Management In Socio-Economic Development

Session Chair: **Prof. Dr. Khurram Shahzad**

Moderator: **Dr. Muhammad Sarmad**

### Room 3 (Session 1)

Join Zoom Meeting:

<https://us02web.zoom.us/j/6368262051?pwd=QXAYRDBwRGE3UTZPWmVuUllEaW03dz09>

**Meeting ID:** 636 826 2051

1	2:00-2:15	Impact of Islamic Work Ethics and Project Governance on Project Success with Moderating Role of High Performance Work Practices	<b>Mr. Shehryar Ahmed Dr. Ajid ur Rehman</b>
2	2:15-2:30	Entrepreneurial Norms for Muslim Women in the Light of Shar'ah: An Analytical Study	<b>Dr. Muhammad Asghar Shahzad</b>
3	2:30-2:45	Impact of Abusive Supervision on Organizational commitment, Project Success and Counterproductive Work Behavior with moderating role of Islamic Work Ethics	<b>Mr. Bilal Ahmed Mr. Naeem Ahmed Tahir</b>
4	2:45-3:00	Linking Project Citizenship Behavior to Project Success: The Moderating Role of Work Meaningfulness & Mediating Role of Islamic Work Ethics	<b>Muhammad Umair</b>
5	3:00-3:15	Abusive Supervision Fosters Employees' Silence: An Islamic Perspective	<b>Ms. Aqsa Jalil</b>
6	3:15-3:30	Impact of Ethical Leadership on Project Citizenship Behavior (PCB): Testing Mediating and Moderating Mechanism	<b>Ms. Iqra Yousuf</b>
	3:30-3:40	<b>Session wind-up by Session Chair</b>	
	3:40-4:00	Break	



# Impact of Islamic Work Ethics & Project Governance On Project Success With Moderating Role Of High-Performance Work Practices

Shehryar Ahmed

Ajid Ur Rehman

## Abstract

### Purpose of the Study

This study explores how Islamic work ethics, project governance & project success are linked. This study also discusses the moderating role of high-performance work practices in the partnership between Islamic work ethics, project governance and project success. The vital focal point of this examination is to assess the impact of Muslimism hard working attitudes (IWE) on venture achievement (PS). This exploration moreover clarified the moderating impact of High-performance work practices on the partnership between ethics, governance and success.

### Data and Methodology

To select subjects for study purpose from specific population of interest is called sampling (Leary, 2004). In this study, researcher used purposive sampling technique for data collection. 300 (three hundred) questionnaires were distributed, 256 returned among them 239 was usable. The concept of sampling is associated with respect to survey questionnaires. Such questionnaires have been distributed to employees working in different public sector HEIs. For data collection purposeful sampling method is used. Information was gathered from employees to perform their duties and responsibilities well in public sector HEIs of Pakistan. The data was collected from different HEIs of Pakistan. Researchers used primary information source in this study for the collection of data. The main source of information is including questionnaire instrument. These survey questionnaires were adopted. For this survey questionnaire, the main variables are Islamic Work Ethics Abbas (2012), project governance Lecoivre (2014), High performance work

This research further adds a great knowledge to current literature as there is insufficient focus on Islamic work ethics as an independent variable. Five theories are being explored in this analysis in the sense of HEIs in Pakistan. The hypotheses H1, H3, H4 and H5 are supported and H2 in the sense of Pakistan's HEIs is not supported.

Data has been collected through questionnaire and distributed in public sector HEIs in Pakistan. In total 300 questionnaires were distributed and out of received questionnaires, 239 were usable. This study concludes that moderating effect of High-performance work practices in project success is vital and project governance and Islamic work ethics boost up the possibility of project success.

### Implications of the study

Executives will follow the strategic strategy according to Islamic work ethics that helps to decrease the ethical biasness among employees and ultimately increase the index of success. Managers ought to explain the idea of project success to representatives for viably actualizing the HR practices while rehearsing the golden standard of Islam in the context of Islamic work ethics. Culture plays a crucial part in determining the performance of the company (Hofstede, 2006). Instead of emphasizing on project governance, executives in project-based organization can rely on Pakistani culture for maximizing the project performance. Manager must not have all the emphasize on project governance as it is evident from this study that governance do not have significant effect on project success. The moderating function of High-performance work practices is supported between the relationship of Project governance and Project success, managers should implement the HR practices while improving governing process to ensure the success of a project.

### Limitations, Strengths, and Recommendations for future research





There are few drawbacks to this analysis like small sample size. This sample size will never depict the mind setup of overall project base organization, as data were collected from public sector HEIs in Pakistan, hence the results might be different if data is collected from private HEIs, different developing and under develop countries, but it is still a drop which make the river. Many of the employees in HEIs do not have enough time or were not interested to filling the questionnaires so it was very difficult to convince them. Also, the study was directed in limited capacity of time. The scholastic schedule and the timetable of the semester at MS level don't allow sufficient opportunity and assets to lead the investigation at an expansive level by contemplating various sorts of venture-based associations over the globe however the examination was confined to the effectively reachable associations in Pakistan. Furthermore, this study may also be debate via qualitative technique such as interviews or case studies.

The importance of the study is that it offers valuable perspectives into the study area of project management. For the first time in the analysis, Islamic work ethics is used as an independent variable, thereby providing management and researchers new insights.

More project-based organizations from different countries would be chosen (longitudinally data) in future to see the moderated effect of High-performance work practices between Islamic work ethics and project success as well as between project governance and project success progress over time. Secondly, this study focusses on presumed variables. There are many other factors like culture, organizational politics that could affect the success of the project along with Islamic working ethics. Future studies may be carried in different project and sectors i.e. private/public/corporate organizations and in under develop and in developing countries by expanding the large sample size with same variables to verify the moderated relationship of Strong value job activities (HPWP) between project governance & Muslimism hard working attitudes (IWE) on venture achievement (PS) and to strengthen the concepts in this study. Same analysis for public, private and corporate organizations may be performed independently, which will lead the researchers to several new results.



# Entrepreneurial Norms for Muslim Women in the Light of Shari'ah: Analytical Study

Dr. Muhammad Asghar Shahzad

## 1. Purpose of Research

Islam has given a status to the women, in many societies, woman is still regarded as a second-class citizen and deprived of various basic rights enjoyed by the male population. The West has often regarded Islamic women as being backward in a male-dominated world, whereas Islam is the first religion formally to grant the women a status never known before, when sometimes new born girls were buried alive. The Objective of this research is to highlight the role of Muslim women in the field of Trade and Finance from Muslim History.

## 2. Main Idea/Theme

The contribution of women has been addressed in Islamic history in different prominent fields. In respect of Trade and Finance we can find the examples of five women in Islamic history; Hazrat Khadija bint Khuwailid (R.A.), Hazrat Hind bint 'Uqba (R.A.), Hazrat Zaynab (R.A.), Hazrat Shifa' (R.A.) and Hazrat Ijliyah (R.A.). Hazrat Khadija bint Khuwailid, Khadija is often proudly pointed out as the first Muslim and one of the Prophet's greatest spiritual, emotional and material supporters. Hazrat Shifa' we know about Hazrat Shifa' that she taught the Prophet's (PBUH) wife Hazrat Hafsa reading and writing and that the Caliph 'Umar employed her as a market inspector, i.e. she had to enforce the rules concerning measures, weights and business transactions. There are numerous examples of Muslim women who have contributed in the field of Trade and Finance.

## 3. Methodology

The Study will be divided into two parts, the first part focuses on the historical perspective however the second part has been devoted to the role of women who have contributed in Industry as leader, worker, or researcher. The obstacles and issues of women in the field of Islamic Banking has been addressed in this study. In the Second part of the study we have collected data through research survey and collected data of 52 working women's (12 women having their own business and 40 working in government and private sector) in Islamabad, Rawalpindi, Lahore and Karachi. The data was analyzed using Microsoft Excel.

## 4. Findings

The study concludes that according *Shari'ah* the man has the major financial responsibility for his family. The Prophet said: "Every one of you is a shepherd and is responsible for his flock. The leader of people is a guardian and is responsible for his subjects. A man is the guardian of his family and he is responsible for them. A woman is the guardian of her husband's home and his children and she is responsible for them." [Muslim/Bukhari] But in case of want to support her family; she can work with some restrictions i.e. proper dress should be used in workplace, secondly her responsibilities should not be against the teachings of Islam etc. The study also concludes that the working women's having their own business are not aware about the entrepreneurial norms of Islam. However the women's having their own business are more satisfied than serving women's in government and private sector.

## 5. Practical Implications

Useful for academic researchers and also for policy makers, potentially saving both time and money by pointing out issues facing by the working women's in the society.

## 6. Originality/value

Believed to be the first papers of its kind in English, this conceptual paper provides role of women in Muslim history as well as social challenges in the modern world.

**Keywords:** Religion, Women, Culture, Entrepreneurial Norms, Muslim Women, Shari'ah=



## **Impact of Abusive Supervision on Organizational commitment, Project Success and Counterproductive Work Behavior with Moderating Role of Islamic Work Ethics**

**Bilal Ahmad**

**Naeem Tahir**

Abusive supervision is a negative leadership behavior that not only affects the employees in the organization or in working area but also has some consequences on organizations. The present research is based on social exchange theory and conservation of resource theory, also focused on to study and collects more data on the negative impacts of abusive supervision in the organizations.

In every development country, most organizations are left with difficult and unmanageable situations. Because of which organizations take hard decisions to continue their struggle for survival. These decisions include downsizing, mergers and other cost cutting actions (Fourie 2005). Employees are on the front line because of these decisions. They face difficult time by threats like salary deduction or reduction and job termination when they stand against any unfavorable decision. They feel insecurity in the organization with negative outcomes (Schumacher et al., 2015). In organizations, bad and unethical behavior cause stress and it has a devastating impact on the intellectual behavior of workers (Chi & Liang, 2013). It also raises adverse organizational related outcomes in case of project completion and financial loss in terms of counter productive work behavior and lack of organizational commitment (Tepper et al, 2006). As a common form of negative leadership style (Krasikova et al., 2013), bad behavior of supervisors exerts negative possessions on employees and organizations (Martinko et al., 2013; Tepper, 2007). Present revisions have proved and noted that bad behavior of supervisor leads to emotional and mental suffering (Harvey et al., 2007), little commitments for organizations and counterproductive work behavior (Tepper, 2000). Such negative effects annually yield billions of loss in projects (Tepper et al., 2006). Logically, supervisor's bad behavior is major social issue, and this behavior is in practice everywhere in the organizations and generates negative consequences for employees and project based organizations. Research investigated on negatively associated consequences of abusive supervision, job satisfaction (Tepper, 2000) and employee's commitment (Duffy et al., 2002). Bad behaviors usually harass employees for not completing their assigned tasks and failures, which force employees towards low job satisfaction and decreases organizational commitments. Workers regard their supervisors as main pillars of the organization and employees misbehave to their supervisors which indirectly effect the whole organization. Bad behavior reduces organizational commitment, organizational identification and some time they quit their job.

Abusive supervision regularly happens in Asian countries as compared to European countries (Mackey et al, 2013). Taking conditions of Pakistani organizations in view, its importance cannot be overlooked. Very few studies on abusive supervision and its impact on employee's outcome have been studied. But, moderating effect of IWE is not recognized yet. Abusive supervision is increasing in many organizations and its result can be seen in their employee's performance. If this issue is explored in a proper manner it would deliver that workers in private organizations who experience abusive behavior go against the organizations through negative consequences. This study aims to explore experimental studies in testing the abusive supervision with moderating effect of Islamic Work Ethics (IWE) in Pakistani organizations.

IWE has deep roots in Quran and Sunnah of Prophet Muhammad (PBUH). In the course of recent decades, analysts have taken a prime interest in understanding administration style from an Islamic view for a few details. Islam is the 2nd most followed religion on the planet and the world has become a commercial center where business trades can include collaborations between people of various backgrounds whether they are religious or cultural backgrounds. Islam is the only religion that teaches its disciples in all spheres of life (Rice, 1999).



## Methodology

This study research was conducted for academic purpose and is based on the field study. Private sectors in Pakistan have high level of professional deficiencies and behavioral skills. For this purpose our target was these organizations. Information is collected by means of questionnaire. Questionnaires were distributed in private organizations where participation of participants was voluntary and their privacy was maintained.

## Findings:

1. By testing hypothesis 1, abusive supervision was entered as an independent variable to see its effect on dependent variable which was project success (PS). Output result shows that, there is a significant negative effect of abusive supervision on project success (PS) ( $p < .01$ ,  $\beta = -.217$ ). One unit increase in abusive supervision decreases the project success (PS) by -0.217 units. This results in the acceptance of hypothesis 1.
2. To test the hypothesis 2, abusive supervision were entered as an independent variable to see its effect on dependent variable which was counterproductive work behavior. Results shows that, there is a significant positive effect of abusive supervision on counterproductive work behavior ( $p < .01$ ,  $\beta = .307$ ). One unit increase in abusive supervision will increase the counterproductive work behavior by 0.307 units. This results in the acceptance of hypothesis 2.
3. To test the hypothesis 3, abusive supervision were entered as an independent variable to see its effect on dependent variable which was organizational commitment. Results shows that, there is a significant negative effect of abusive supervision on organizational commitment ( $p < .01$ ,  $\beta = -.190$ ). One unit increase in abusive supervision will increase the counterproductive work behavior by 0.190 units. This results in the acceptance of hypothesis 3.
4. Level of IWE influence effect of abusive supervision on project success with more practice of Islamic work ethics rate of project success will be high. By significant moderation effect of IWE, the magnitude of moderation effect is more at one level than at another, hence the given phenomena results in the support and acceptance of hypothesis No. 4.
5. Level of IWE influence effect of abusive supervision on counterproductive work behavior (CWB) with more practice of Islamic work ethics rate of counterproductive work behavior will be low. By significant moderation effect of IWE, the magnitude of moderation effect is more at one level than at another, hence the given phenomena results in the support and acceptance of hypothesis No. 5.
6. Level of IWE influence effect of abusive supervision on organizational commitment (OC) with more practice of Islamic work ethics rate of organizational commitment will be high. By significant moderation effect of IWE, the magnitude of moderation effect is more at one level than at another, hence the given phenomena results in the support and acceptance of hypothesis No. 6.

## Practical Implications:

Organization success demands from all the participants to work in a collaborative way to increases the overall value and decreases the waste of the outcome due to abusive supervision. It is recommended to provide their workers a supportive environment. Most importantly, considering employees training, meetings to know their problems, and workshops to focus on benefits of positive improvement in the organization.



## **Linking Project Citizenship Behavior to Project Success: The Moderating Role of Work Meaningfulness and mediating role of Islamic work ethics**

**Muhammad Umair**

**Qaiser Shafi**

### **Abstract**

The purpose of this paper is to investigate the linkage of project citizenship behavior's dimensions to project success through the moderating role of work meaningfulness and mediating role of Islamic work ethics. The issue of work ethics and value systems associated with work has captured the attention of scholars from past 70 years. The Islamic view of work and ethical considerations have either been not explored in project based organizations so in this research it is playing as a mediator between Project Citizenship Behavior and project success. It is clear that in Islam, work is not only important, but necessary. Islam emphasis on work in many places in the Quran & Hadith, it has been made clear that time should not be wasted. Also one should be loyal to their work and should also take initiatives in work. Islam also emphasis on helping behavior in work so Islamic work ethics do complement the PCB and leads to Project success. Project Citizenship Behavior takes into account the social and interpretation of a study by analyzing what this behavior means for not just project related problems yet additionally future freedoms past the end of the quick project. Its dimensions are playing important role in project success and this has been the focus of the study. Also meaning of the work has been studied as it says when and individual perceives an authentic connection between their work and a broader transcendent life purpose beyond self. If someone has the meaning to their work then it will lead to project success and that is the theme of study and also its moderation effect on Project citizenship behavior and project success. This study is quantitative. The context was project-based organizations in Pakistan. Using a convenient sampling technique, data has been collected from 262 employees working in IT project-based organizations, based in Rawalpindi and Islamabad, Pakistan. The data has been analyzed using Smart PLS and SPSS. As a result of the findings, the results indicate that project citizenship behavior is positively and significantly associated with project success. The results reveal that work meaningfulness strengthens the relationship between project citizenship behavior's dimensions and project success. Also it was found out that Islamic work ethics is mediating between dimensions of Project citizenship behavior and project success. Furthermore, the limitations, future directions, and practical implications have been discussed.

**Keywords:** Project Citizenship Behavior, Work Meaningfulness, Islamic Work Ethics and Project Success.





# Abusive Supervision Fosters Employees' Silence: An Islamic Perspective

Aqsa Jalil

## Abstract

### Purpose

The aim of. This research study investigates the mediating role of avoidance orientation between the association of abusive supervision and employees 'silence. It also aims to make a detailed examination of moderating role of leader-member exchange between abusive supervision and avoidance orientation.

### Design/methodology/approach

The data was gathered in time lags to avoid common method bias and self-serving bias. The latest statistical techniques were executed through SPSS and AMOS to analyze the data.

### Findings

The results of the present research mainly support the proposed hypotheses that abusive supervision predicts employee silence; (2) avoidance orientation mediates the association between abusive supervision and employee silence. Leader-member exchange moderates the association between abusive supervision and avoidance orientation.

### Originality/value

This study provide evidence for relationship between abusive supervision and employee silence under psychological mediating mechanics of avoidance orientation. Moreover, the moderating role of leader member exchange in the abusive supervisor and avoidance orientation across from employees of the hospitality sector, Pakistan. The conservation of resource theory is utilized to predict the hypothetical relationships.

### Keywords

Abusive supervision, avoidance orientation, employees 'silence, leader-member exchange

### Paper Type

Research paper.



## Impact of Ethical Leadership on Project Citizenship Behavior (PCB): Testing Mediating and Moderating Mechanism

Iqra Yousuf  
Shoaib Shafique

**Research Purpose-** Aiming at understanding the effectiveness of ethical leadership in the context of project management, this study investigates the impact of ethical leadership on project citizenship behavior (PCB) under the mediation and moderation mechanism of communal orientation and harmonious work passion respectively.

**Research Theme-** Present study is a quantitative and deductive study aimed to empirically test, analyze and explain the hypothesized relationships between ethical leadership, project citizenship behavior, communal orientation and harmonious work passion.

**Methodology-** Present study is cross-sectional in nature, aimed to examine the relationships between ethical leadership and project citizenship behavior under the mediation role of communal orientation and moderation of harmonious work passion among the employees of project organizations operating within the IT sector of Pakistan. This sector of Pakistan is highly project oriented with more casual culture (Kanwal, Zafar & Bashir, 2017) which makes it more appropriate population for this study. A detailed data collection procedure was undertaken to collect fair and accurate data from target population. For this purpose, survey questionnaires were distributed among the employees working in largest four IT companies through convenient sampling. First, respective management of the IT companies were approached to pronounce our research objectives. Second, respondent's participation in active projects were assured. Lastly, respondents were provided with a cover letter to inform that data will be treated confidentially throughout our research exercise. Moreover, data about ethical leadership, communal orientation and harmonious work passion were collected from employees, while data about employee's engagement in project citizenship behavior was collected from project managers. A total of 500 questionnaires were distributed among target population, out of which 350 were returned with total response rate of 70% which is considered high for Asian context, such as Pakistan. Final sample comprised of 300 questionnaires, in which 50 were dropped as incomplete questionnaires.

**Findings-**Results indicate that ethical leadership has positive and significant association with employee's project citizenship behavior (PCB). Furthermore, communal orientation positively mediates the association between ethical leadership and project citizenship behavior. Harmonious work passion moderated the link between ethical leadership and project citizenship behavior such that higher harmonious work passion strengthens the effectiveness of ethical leadership.

**Practical Implications-** Findings imply that project managers can improve employee's project citizenship behaviors through the demonstration of ethical leadership behaviors. The study suggests that ethical leadership is proved to be useful tool to improve employee's project citizenship behavior which interns helps them to achieve their overall organizational performance such as project success.

**Originality/Value-**This study addressed two main research questions that have been left unanswered in the literature. The first research question is "how ethical leadership influences project citizenship behavior (PCB)?", and this study found that ethical leadership improved project citizenship behavior among project employees. The second research question is "what are the suggested mechanisms for ethical leadership to promote project citizenship behavior?" This study has proven that ethical leadership enhanced project citizenship behavior through two important mediating and moderating mechanisms of communal orientation and harmonious work passion respectively.

**Keywords-** Ethical leadership, Project citizenship behavior, Communal orientation, Harmonious work passion.



## ISLAMIC SOCIAL FINANCE

Session Chair: **Prof. Dr. Arshad Hassan**

Moderator: **Dr. Ajid ur Rehman**

### Room 2 (Session 2)

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**Meeting ID: 835 132 1883**

1	4:00-4:15	Human Resources and Islamic Microfinance Sustainability: A Case Study of Baitul Maal wat Tamwil in Indonesia	<b>Dr. Dzuljastri Abdul Razak</b>
2	4:15-4:30	The Potential of Bai Salam in Islamic Social Finance: A case of Pakistan	<b>Mr. Salman Ali Mr. Ikram Ullah Dr. Muhammad Asghar Shahzad</b>
3	4:30-4:45	Affordable financing for Micro-enterprises in Pakistan: Role of Islamic Social Finance Instruments	<b>Ms. Sumaira Ghafoor</b>
4	4:45-5:00	Covid-19 Outbreak and the Role of Islamic Social Finance for Economic Revival, A study from Shariah perspective	<b>Mr. Muhammad Raheel Khan Dr. Shehla Riaz</b>
	5:00-5:20	<b>Session wind-up by Session Chair</b>	



## **Human Resources and Islamic Microfinance Sustainability: A Case Study of Baitul Maal wat Tamwil in Indonesia**

**Dzuljastri Abdul Razak**

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International Islamic University Malaysia

**Qosdan Dawami**

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**Hamdino Hamdan**

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### **Abstract**

#### **Purpose**

Baitul Maal wat Tamwil (BMT) contributes an important role in the development of Islamic microfinance in Indonesia. It is established in 1990 to assist micro entrepreneurs in business by providing financing and support. BMT is categorized under Indonesia's Micro, Small and Medium enterprises (MSMEs) which contributed to 98.9% of the country's total enterprises. The purpose of this study is to investigate the adequacy of the human resource on the sustainability of BMT as a leading Islamic microfinance institution in Indonesia. According to Haneef, Pramanik, Mohammed, Amin, & Muhammad (2015), The development and sustainability of Islamic microfinance was constrained by three main issues such as high cost of operation, high interest rate and inadequate human resources. This study used mixed methodology by means of survey and interviews. The result indicated the significant need to provide quality and trained human resources to enable BMT carry out its important role in supporting the growth of micro entrepreneurs in Indonesia.

#### **Main Idea/Theme**

There are about 5,000 BMTs in the whole of Indonesia. However, some of them failed and become bankrupt due to their inability to resolve the issues that they currently faced in the operation. One of the main issues was the lack of human resources which has affected its capital structure, governance, product innovation and poor financing repayment. Several studies have been conducted to investigate the issues mentioned but lack empirical justification. Moreover, Nasutio & Ahmed (2015) further emphasized that lack of capital funding and inadequate human resources were considered the major determinants of the sustainability and outreach of the BMTs in Indonesia. Hamzah *et al.* (2013) also highlighted two primary problems faced by the BMT, namely internal and external factors. Hence it is critical to investigate the adequacy of human resources that is hampering the sustainability of the BMT in Indonesia. Furthermore, BMT also experienced a lack technology support, managerial skill and innovation of marketing products. Chourides, Longbottom, & Murphy (2003) lamented that the quality of human resources is the pivotal factor that affect sustainability and competitiveness of business which cannot be neglected. In addition, the human resource adequacy also influences tremendously on the successful performance of a business institution and achievement of the institution's goals. No matter how good the technology and system aspects are used, it will be very difficult to achieve if it is not supported by qualified human resources needed for businesses to meet their goals. Hence, this paper will also provide recommendations how human resources can be utilized effectively in achieving BMTs' goals and targets.

### **Design/methodology/approach**

This study adopted a mixed method research design by triangulating quantitative and qualitative collected. The quantitative data were collected by distribution of questionnaire to 285 staffs. Out of a total 285 responses, only 205 responses were completed and usable for statistical analysis using SPSS version 24.0 the qualitative data were collected by means of three semi-structured interviews with managers of the BMTs. The empirical tests conducted for the analysis are reliability, validity, classical assumption test, simple linear regression and T-test.

### **Findings**

The findings of this study indicated that human resource adequacy has positive and significant impact on the sustainability of the BMTs. Hence, it should have a systematic recruitment of manpower that has the essential skills in financial literacy to be effective in its operations. In addition, BMTs should also provide training in marketing and product innovations. Systematic recruitment and training are very important to ensure the quality of staff and sufficient to be in operations and meet the needs for the micro entrepreneurs. The study also revealed that quality human resources are significant to address issues on lack of governance.

### **Practical implications**

The result of this study will assist managers of BMTs and government to further improve human resources needed on the sustainability of Islamic microfinance. Moreover, the study assists future studies on similar topic in other regions.

### **Originality/value**

This study has revealed the impact of human resources on the sustainability of BMT, which to the authors' knowledge lack empirical justification. In addition, the study examined the relationship between human resource and the sustainability of the BMTs in Indonesia, which add up to body of knowledge in Islamic microfinance.





# The Potential of *Bai Salam* in Islamic Social Finance: A case of Pakistan

Salman Ali

Ikram Ullah  
Muhammad Asghar Shahzad

## 1. Purpose of Research

The main purpose of this research is to review the use of *Bai Salam* (*Salam* Financing) by Islamic banks as a means to finance the social sector in Pakistan. This study will highlight the issues in *Salam* financing not only to farmers & agriculture sector but to small and medium enterprises at the same time. The main objective of this study is to focus on the potentials of *Salam* financing in agriculture financing in Pakistan, its problems and the study will also address the pragmatic solution to the hurdles face by Islamic banking institutions.

## 2. Main Idea/Theme

Pakistan is an agrarian country and the agriculture sector of Pakistan contributes 22% in GDP with 39% of labor force employed in this sector (Pakistan Economic Survey, 2019-20). More than 64% of rural population is directly or indirectly connected with agriculture sector (GOP 2007). Since the literacy level of this 64% population is very negligible, and most of the villages have even no schools and colleges. Due to the absence of basic education/literacy which is a main hindrance in getting finance from financial institutions because the farmers are unable to comprehend the typical terms and conditions laid on the financing documents. Further financial institutions provide finance to those who already have access to these resources and have sufficient collateral for getting bank loans. On the other hand, small farmer does not have knowledge and also have small holdings of agriculture land which does not attract the banks to provide finance to these farmers, consequently the small farmer's turns to Arhties to get finance at a very exorbitant rate. These interest-based loans always keep the farmer indebted and farmer never become financially well off. The farmers believe that they can save up to 25% cost of production if they purchase the inputs on cash (Bhutto & Bazmi, 2007). This vulnerability of farmers is not new, from thousands of years ago they are facing the same issue, and their main activity of cultivation depends on loans.

Islam is not only a religion but is a "complete code of life (Deen)". Soon after *hijrah*, when the rules about *riba* were revealed, which forbade loans with interest. This made the farmers to come to Holy Prophet (ﷺ) and explained their problem, and Holy Prophet (ﷺ) advised them to sell their crop in advance on cash. This advance sale gets popular as *Bai Salam* (also known as *salaf*). According to contemporary Jurists/*Shari'ah* scholars, beside agriculture *Salam* can be used in industries where conditions of *Salam* can be fulfilled (AAOIFI 2005).

Majority of Pakistan's population comprises of youth from 18 to 40 years, they have talent to work but lacked capital to start business ventures. Social finance can help them to earn their livelihood in halal manner. Islamic social finance therefore refers to the provision of financial services to the vulnerable members of the society to achieve socio-economic welfare. The Islamic social finance sector broadly comprises of the traditional Islamic institutions based on philanthropy e.g., *zakāh*, *sadaqah* and *awqāf*; those based on cooperation e.g. *qard* and *kafālah*; and the contemporary Islamic microfinance institutions that aim at making a dent in poverty (IRTI 2020). *Salam* was introduced to solve the problem of farmers originally, to achieve socio-economic welfare. Since *Salam* can be used in industries as explained above. Therefore, this gives us an opportunity to explore further that how *Salam* can be used as a tool of social finance.

## 3. Methodology

The study will be using quantitative as well as qualitative approach simultaneously. A detailed data collection procedure will be undertaken to collect fair and accurate data from target population from Rawalpindi, Lahore, Gujrat, Gujranwala, Sialkot, Faisalabad, Sahiwal, Multan, Sakkhar, Rohri, Hyderabad and Karachi through convenient

sampling and descriptive analysis will be done.

#### **4. Findings**

It is expected that this research will be able to propose that *Salam* can be used as one of the instruments of Islamic social finance to uplift the deprived community this will also help in decreasing unemployment and unjustly distribution of wealth.

#### **5. Practical Implications**

This study will be helpful for agro based industry, small & medium enterprises, microfinance institutions and policy makers and can also be useful for financial institutions having abundant liquidity. Among the many practical implications, one of the significant impacts will be that the recipients of Islamic social finance will actually become payers of *zakāh*, *sadaqah*, *awqāf* and *qard* after getting self-sufficient.

#### **6. Originality/Value**

This paper will contribute in enhancing the Islamic social finance outreach as well as the effectiveness of Islamic social finance instruments.



## **Affordable financing for Micro-enterprises in Pakistan: Role of Islamic Social Finance Instruments**

**Sumaira Ghafoor**

Institute of Business Administration (IBA), Karachi

**Siddiqua Alibhai**

### **Abstract**

#### **Purpose of Research:**

The aim of this research is to review the present structure of Islamic social finance in Pakistan since it supports socio-economic empowerment, progress, and the development of society. Moreover, it aims to explore the contribution of social finance instruments, like Zakat (almsgiving), Waqf (endowments), Qard al Hassan, and Sadaqah (charity), in the establishment and growth of lower-income micro-enterprises. This paper also aims to propose a FinTech based platform to channelize the funds of zakat, Waqf, Sadaqah, and other social finance instruments to the deserving micro-enterprises. This is important to ensure the efficiency in the collection, administration, and distribution of these funds for financing deserving micro-enterprises in Pakistan. This is the wealth-creating channel that enables them to create more wealth and employment after getting self-sustainable. Consequently, the outreach of Islamic social finance could be increased.

#### **Main Idea/Theme:**

There is a sharp rise in poverty level in the wake of the COVID-19 pandemic; up to 40 percent of the population is living below the poverty line in Pakistan. In addition, deprivation of work has become a serious issue in an ongoing situation of global health crises. According to the ILO Monitor COVID-19 and the world of work, the employment losses are equal to 144 million in 2020. It is also estimated that the loss of labor income is 8.3 percent due to the reduction of working hours. Therefore, in the current situation, effective social finance especially in the context of financing microenterprises is the need of the hour. Because many people in Pakistan are not aware of the financing products of the (Islamic) banks and do not have access to financial products of the banks.

At present, on the government level, Pakistan poverty alleviation fund and Pakistan Bait ul Mal are operating to alleviate poverty. In the context of microfinance, services are provided in Pakistan by Akhuwat, Wasil Foundation, Kashf Foundation, Naymet Trust, Muslim Aid Pakistan, Islamic Relief Pakistan, Kawish Welfare Trust and Esaar Foundation. Where Akhuwat is the only Shariah-compliant microfinance institution. Besides, NRSP Islamic Microfinance Bank and MCB Islamic bank also providing Islamic microfinance services in the country.

One of the major reason for Muslims being poor is that the collection, administration and distribution of Islamic social finance instruments to the deserving has not been done efficiently. As most Muslim countries are poor or have a high poverty rate, Waqf fund is a useful instrument to utilise in providing micro-finance to the deserving. Waqf fund has flexible rulings in Shariah, that beneficiaries may be facilitated directly or through micro-finance institutions.

The Covid-19 pandemic which started end of December 2019/January 2020 has affected economies all over the world. Due to lockdown many businesses either cut scale of production or went bust. As a result many blue collar and white collar labor lost their livelihoods in the wake of this pandemic. Unemployment and poverty rates have gone up in developing and poor countries. The Islamic social finance instruments Zakat, Waqf, Sadaqah, and Qard al Hassan can be the much needed stimulus package for sustainable micro-financing. Waqf, Sadaqah and Qard al Hassan are meant for assisting those in need. The donors share their fortunes in a spirit of compassion and moral obligation while the dignity of the beneficiaries is not compromised.

So along with the COVID-19 responsive cash financial relief program and support funds for businesses, there is a dire need to focus on the Islamic social finance instruments in order to finance the micro-enterprises of lower income

group. So economic stability and social change can be achieved. This solution is more sustainable due to the income and job creation.

### **Methodology:**

This paper reviews literature on Islamic social finance. It will also be based on the review of annual reports to evaluate the functioning of different social finance instruments in Pakistan. In addition, a primary survey will also be conducted. Data will be collected through a well-structured questionnaire and descriptive analysis will be done.

### **Findings:**

It is expected that the social finance outreach will increase since there is a positive relationship between social finance instruments and social returns in the context of microfinance, in particular, in terms of job and wealth creation. Based on the primary research, we'll be able to propose the FinTech based product using the traditional instruments of Islamic social finance. Because that can address the challenges and increase the efficiency of distribution networks.

### **Practical Implications:**

Among the many practical implications, one of the significant impact will be that the recipients of Islamic social finance will actually become payers of Zakat, Waqf, Sadaqah, and Qard al Hassan after getting self-sufficient. Once these small entrepreneurs developed their business, they'll have enough wealth that they actually give back to the institution that provide them financing. Akhuwat is experiencing the same. Thereby, using Islamic social finance for financing microenterprises is to impact a large number of people. Hence, the reinforcement of Islamic social finance can uplift humanity as a whole.

### **Policy Implications:**

Policy measures will also be suggested to enhance the access of affordable financing for micro-entrepreneurs in Pakistan by ensuring sustainable funding, proper management and administration of Islamic social finance instruments. For instance, the existing institutions that already achieve trust such as full-fledged Islamic banks to contemplate how they can support the structures of Islamic social finance instruments. At present, only one full-fledged Islamic bank (MCB Islamic Bank) is providing Islamic microfinance services in the country. Then devising the Islamic social finance framework ensuring that they facilitate microenterprises through Block chain technology or any smart app. The existing specialized microfinance institutions should also implement the FinTech based product to ensure the affordable financing for micro businesses in Pakistan.

### **Originality/Value:**

This paper will contribute in enhancing the Islamic social finance outreach as well as the effectiveness of Islamic social finance instruments. Moreover, it will add to the literature available on micro-financing in Pakistan in the Islamic context.



# **Covid-19 Outbreak and the Role of Islamic Social Finance for Economic Revival**

## **A study from Shariah perspective**

**Muhammad Raheel**

**Shehla Riaz**

### **Abstract**

#### **Purpose of Research**

The paper first intends to shed light on the impact of COVID-19 on human life, business, and economy. In responding to the Covid19 pandemic crisis Islamic finance can be a affective part and the paper specially focuses on the role of Islamic social instruments like Zakat, Sadaqat (donation/crowd funding), Waqaf, Sakuk etc., how they help the society and the government in supporting those affected by the pandemic crises. It also highlights the effective role of Islamic social finance in revival of economy.

#### **Main Idea/Theme**

The outbreak of COVID-19 has severely affected national and global economies. The paper attempts to highlight the COVID-19 outbreak evolving into a pandemic crisis which has created the drastic situation of poverty and negatively impacted the businesses/ economy all over the world. The virus led to a human crisis and slowdown of the economy by creating unemployment due to lockdown of cities, travel ban, suspension of all airlines, labor mobility restrictions which creates poverty (Mohsin Shafi and Junrong Liu, Wenju Ren. 2020). One of the major effects of COVID-19 is the increase in poverty in the world which becomes like a pandemic and the people affected by it are living a hard life and waiting for financial relief to be provided for their basic necessities and find some sources to sustain their livelihood. A more recent report of ILO shows that lockdowns (full or partial) measures are influencing 81% of the total global workers (ILO, 2020b). This situation needs to have some strong social financial mechanisms on urgent basis to provide relief to the affected in this regard. Islamic social finance consists of tools and instruments as zakat, sadaqaat, waqf, cooperation like loan and takaful (insurance) could be used to alleviate poverty. The concept of Islamic finance is not merely a mode of commercial financing but is an interest free, responsible, ethical system aims to offer a range of financing instruments that can have positive impact and provide social justice to society.

Zakat meaning purification and growth plays an important role in promoting equitable distribution of wealth along with creating a sense of solidarity amongst Muslims. It is mentioned in the Quran regarding Zakaat:

“Take alms out of their riches and thereby cleanse them and bring about their growth (in righteousness)” (Al-Taubah: 103)

The role of zakat becomes more important to help the nation to overcome this pandemic. zakat institutions should optimize the zakat fund to help communities to survive (Haji-Othman & Nayan, 2019).

Sukuk refers to certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services. The Council of the Islamic Fiqh Academy of the Organization of Islamic Conference (OIC. 1988) legitimized the concept of Sukuk, which paved the way for an alternative source of financing to meet the needs of Islamic issuers and investors who are not allowed under the Shariah principles to invest in conventional bonds. (Khiyar & Al Galfy, 2014)

Sukuk is a good way to access large scale financing by structuring instruments for governments and companies engaged in the COVID response and recovery. The sukuk funds could be channeled to develop projects for the benefits of society such as a renewable energy project, vaccination, educational project, or low-cost housing (Rahman et al., 2020). Social Sukuk can play a central role in the recovery. Crowd funding is another useful way of raising capital through the collective efforts via social media and other means (Pierrakis & Collins, 2014).



### 3. Methodology

The research follows the qualitative (descriptive and analytical) research method to identify the role of Islamic social finance in the revival of economy and alleviating the poverty and issue of unemployment in this regard.

### 4. Findings

The paper concludes by examine that Islamic Social Finance plays a vital role in the revival of Economics which would surely help to reduce the unemployment created in the pandemic situation. Therefore, there is need to utilized and mobilized the instrument of Islamic Social Finance in their true sprit to cope with the crisis of covid 19 and to increase the economy. *Zakat, Saqadat*, waqf would play pivotal role in revival of the economic activities.

### 5. Practical Implications

This study will be helpful for Baitul-mal institution, Welfare Organizations, and policy makers and can also be useful for financial institutions to meet up with the requirement of needy and deserved people. It will also be helpful in decreasing the issues of unemployment due to pandemic situation.

### 6. Originality/Value

This paper will contribute in enhancing and highlighting the importance of the concept and effectiveness of Islamic social finance instruments.



## FINANCE

Session Chair: **Dr. Abdul Rashid**

Moderator: **Mr. Naeem Ahmed Tahir**

### **Room 3 (Session 2)**

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**Meeting ID: 636 826 2051**

1	4:00-4:15	Financial Styles and Strategic Financial Decision: A Comparative study on Shariah Vs. Non Shariah compliant firms	<b>Dr. Irum Naz</b>
2	4:15-4:30	Islamic finance development and stock price informativeness	<b>Mr. Irfan Ahmed Mr. Mutiullah Farooqi</b>
3	4:30-4:45	Does Religiosity Affect the Relationship between Brand Consciousness and Consumer Purchase Intention?	<b>Mr. Sadaqat Aziz Dr. Abdul Qayyum</b>
4	4:45-5:00	The role of Corporate Governance and Transparency in the generation of financial performance in socially responsible companies	<b>Mr. Muhammad Umair</b>
	5:00-5:20	<b>Session wind-up by Session Chair</b>	



## **Financial Styles and Strategic Financial Decisions: A comparative Study on Sharia vs. Non Sharia Compliant Firms**

**Iram Naz**

Assistant Professor

Riphah International University Islamabad

Top executives/managers are important for success/failure of the organizations because they influence firms operations through financial and non-financial decisions. Literature suggests that managers are not identical and that the idiosyncratic differences among managers exist because of the differences in personal values and cognitive styles, which lead managers to make different decisions mostly in complex situations. Literature provides enough evidence on significant role of managerial style in different corporate policies such as investing, financing, voluntary corporate disclosure and corporate tax avoidance and find significant role of managers styles for these policies. However, the literature is limited in scope with respect to geographic and economic context, the subject matter and nature of business conduct. This study addresses this gap in literature by examining the role of top managers in financial decisions, performance and idiosyncratic risk of sharia and non-sharia compliant firms in Pakistan and the UK. The sample of the study comprises of Pakistani and UK firms. The data period ranges from 1999 to 2014 for Pakistani firms and 2001 to 2014 for UK firms. Following (Bertrand & Schoar, 2003), a manager firm matched panel is constructed; the study tracks individual top managers of sharia-compliant firms across different firms over time.

This includes tracking the observed variation in firm's financial decisions, the performance and the idiosyncratic risk that can be ascribed to fixed effects of managers, while controlling for observable and unobservable differences across firms. The study also compares the financial decisions, the performance and the risk across sharia and non-sharia firms. Moreover, the differences in the styles of managers who move between sharia and non-sharia firms are also examined. The results of this study show that the managers exercise significant effect over the financial decisions of the firms, the performance and the idiosyncratic risk of both sharia and non-sharia firms.

The decisions of managers who come from non-sharia-compliant firms are significantly different from those who come from sharia-compliant firms. Moreover, the policies of sharia firms with respect to the leverage, the dividend payouts, the working capital, the performance and the idiosyncratic risk differ significantly from those at non-sharia-compliant firms. The results of study have important policy implications for shareholders who elect the directors, institutional investors who invest massive amounts in the shares of listed companies, and creditors who advance huge loans to large companies. Discerning the differences between the importance of managerial financial styles of top officials in sharia and NSC companies helps them make strategic plans in terms of their financial decisions.



# Islamic and Conventional Finance Development and Stock Price Informativeness: Evidence from Pakistan

Irfan Ahmed

Matti Ullah Farooqi

## Purpose of Research

The purpose of this study is to explore the impact of Islamic and conventional finance development on stock price Informativeness.

## Theme

### Islamic Finance Development

Islamic finance development includes; Islamic bank development and Sukuk market development. Likewise, conventional finance development involves; conventional bank development and stock market development. The relationship between lender (Islamic bank) and borrower (firm/individual) based upon profit and loss sharing principle which fundamental principle of Islamic. The financial contracts offered by the Islamic banks like, “mudharaba (profit sharing), musharakah (joint venture) and ijarah (leasing)” reduce the agency conflict and information asymmetry.

### Conventional Finance Development

Raising debt through capital market requires firm to comply with comprehensive disclosure policy and other capital market regulations. The literature of financial intermediation explains the role banks as “Information Producer” by arguing that bank as a lender enjoys privilege benefit over other financial intermediaries by generating new information about the firm (borrower). On the basis of these evidences, this study expects that stock market development should have a positive impact on stock price Informativeness and bank development should have a negative impact on stock price Informativeness.

### Stock Price Informativeness

Stock price Informativeness depended upon the incorporation of firm and market level information in to the stock prices. Stock price Informativeness will be low when prices reflect market-level information more than the firm-level information and the stock price Informativeness is high when revelation of firm-level information into the stock prices is more than the market-level information. To compute stock price Informativeness, we regress daily stock on market returns for firm  $i$  and day  $t$ , by estimating the following expanded market model which is based on prior literature;

$$\text{Total Variance} = \text{Systematic Variance} + \text{Unsystematic Variance}$$

$$\sigma_{i,t}^2 = \beta_i^2 \times \sigma_{m,t}^2 + \sigma^2 \varepsilon_{i,t} \quad (4)$$

Where;

$\beta_i^2 \times \sigma_{m,t}^2$  Is systematic portion of volatility  
 $\sigma^2 \varepsilon_{i,t}$  represents volatility associated with individual stock

The value of  $R^2$  lies between 0 to 1, so the logistic transformation of  $R^2$  is required for converting it to a continuous variable. Finally, stock price Informativeness is calculated as:

$$SYNCH = \left( \frac{R^2}{1 - R^2} \right) \quad (5)$$

## Design/Methodology

We extract annual data over the period 2007 to 2017. After excluding financial firms, the final sample thus comprises 3553 firm-year observations 325 firms listed in Pakistan Stock Exchange (PSE). We use pooled 2SLS to estimate the impact of Islamic and conventional finance development on stock price Informativeness. The data for firm-level variables has been collected from annual reports and business recorder and data for macro-economic variables has been collected from World Bank and economic survey of Pakistan. The detailed description of variables have been given in the in the Appendix.

## Findings

The findings of this study state that Islamic bank development and Sukuk market development and Islamic finance development are positively associated with stock price Informativeness. Regarding conventional finance development, stock market development has also a positive impact of stock price Informativeness. However, conventional bank development is negatively associated with stock price Informativeness.

## Implications

The presented evidences of this study provide some implications for investors, regulators and stock market in developed and developing economies. First, the findings of this study based upon the prominent role of “partnership-based intermediation” of Islamic finance reduces agency conflicts and information asymmetry and hence improve the stock price Informativeness. These findings suggests that government should encourage the development of Islamic finance in Pakistan. Regarding stock market development, our study find that stock market development improves stock price Informativeness and bank development deteriorates stock price Informativeness. Secondly, bank requires no strict regulations for disclosure instead they are required to allow the lending bank to keep close watch over the activities of the firm. In such way, the bank has monopoly of information over the firm and firm is not free to take any project which server its interest unless it is not allowed by the lending bank.

## Originality

First, we provide a unique focus on the role of Islamic and conventional finance development in in the improvement stock price Informativeness in Pakistan. Second, our study is first one, to analyze the impact of conventional finance development on stock price Informativeness.





## **Does Religiosity Affect the Relationship between Brand Consciousness and Consumer Purchase Intention?**

**Dr. Abdul Qayyum**

*Faculty of Management Sciences, Riphah International University, Islamabad*

**Sadaqat Aziz**

*Faculty of Management Sciences, Riphah International University, Islamabad*

### **Purpose of Research**

The purpose of this study was to investigate the impact of brand consciousness on consumer purchase intention with moderating effects of religiosity.

### **Main Idea/Theme**

Religion is defined as “the degree to which a particular set of religious beliefs and ideas is maintained and practiced by a person” (Delener 1990, p. 27). Religion is a worldwide acceptable concept. The world contains so many religions like Islam, Christianity, Jewish etc. and people are following different religions which shape their beliefs, knowledge and attitudes. These beliefs and religious commitments also shape the consumption and purchasing behavior of the consumer. But the real difference in the consumption is due to internalization and how firmly people hold the beliefs and religious principles (Mokhlis, 2009). Behavior of a person is shaped by his religious role and expectations of religion to him as well as religious language and cognitive schemas which in turn shape the perception and judgments (Weaver & Agle, 2002). Researchers assert that religiosity has a strong impact on the behavior of consumer in comparison to affiliation (McDaniel & Burnett 1990; Essoo & Dibb 2004; Choi, 2010). Due to differences in religions, people have different attitudes and behaviors towards different stimuli. In societal context, these beliefs cannot be avoided. Consumption behavior of a Muslim is different from a British because both are committed towards their own religions (Lindridge, 2005).

### **Methodology, Design, or approach**

The data were collected by using self-administered questionnaires from 250 male and female university students of Rawalpindi and Islamabad. The respondents were asked about clothing brands of their choice. From these questionnaires, 221 were returned back and 205 were found to be accurately and completely filled. So, the sample size of the study was 205.

### **Findings**

The results of the study showed that brand consciousness have a significant and positive effect on consumer purchase intention. However, the moderation effect of religiosity was not found significant on the relationship between brand consciousness and consumer purchase intention.

### **Practical Implications**

This study is helpful for the marketing managers, brand developers and advertisers to formulate their marketing strategies according to religious preferences of consumers and dynamics of the market.

### **Originality/Value**

There is limited research in the area of Religion-Consumer effects; that is how the religion impacts the consumption behavior in the light of religious beliefs and thoughts. The marketing literature needs a more documented and comprehensive literature in the area of consumer and religion to add some valuable contribution to the existing literature.

# Impact of Corporate Governance on Financial Performance of Socially Responsible Companies

Muhammad Umair

Zeeshan Ghaffoor

## Abstract

### 1. Purpose of the research

The objective of this proposed empirical study is to investigate the impact of corporate governance on financial performance of socially responsible companies, while keeping transparency and CSR disclosure as mediators. This evidence will be part of the on-going research and debate involving cost and benefit analysis of the firms who promulgate active engagement in ethical practices and exhibit voluntary adoption good governance mechanisms.

### 2. Main Idea/Theme

Corporate social responsibility and corporate governance mechanisms have gained importance among management sciences researchers in recent years. These have financial implications and have the potential to impact how the organizations are operated, managed and governed, and more importantly perceived by the stakeholders. Such financial and perceptual significance has led to a probe in cost and benefit analysis associated with socially responsible companies. The mediating role of transparency is also included in the investigation.

### Significance of Study

The study tries to address the gap found in literature about the mixed nature of results obtained by previous studies that explored the relationship of corporate governance and financial performance. The study also attempts to further debate of mediating role of disclosure and transparency while controlling for firm specific variables. The study also extends the country specific debate of apply good governance mechanism, and how they translate or fail to translate into earning potential of the firms.

### Objective of the Study

1. To find the impact of corporate governance on financial performance of socially responsible companies
2. To find the impact of corporate governance on financial performance of socially responsible companies, taking impact of disclosure and transparency as a mediator.
3. To find how conventional companies differ from socially and ethically responsible companies when it comes to financial performance based on good corporate governance under the mediating role of transparency and disclosure.

### Transparency and disclosure

Transparency and disclosure, in this study's context means timely, accurate, relevant and sufficient disclosures of qualitative and quantitative information that enables users to make proper assessment of the institution's activities and risk profile. The disclosure of "corporate governance" practices not only provides investors, or as Parker (2007) states the "general community", with information about corporations' ownership structure, management structure, management composition and auditing and internal control but also enables the managers of the corporations to release information about how they execute their responsibilities or, as Wei et al. (2008) state, "discharge their accountability" to their stakeholders.

### Financial Performance

Financial performance of the firms comprises of the publicly available information related to their accounting year. This information can be in the form of statements (financial statements), as well as ratios that either accompany the statements or are easily calculated from the figures obtained in the financial statements.

### 3. Methodology, Design and Approach

The research methodology followed by this study is an adaptation from previous studies. For example, the empirical qualitative nature of this study is influenced by the methodology adopted by Moneva et al. (2017).

#### Corporate Governance

To measure corporate governance two approaches are prevalent. Relying either on pre-filled questionnaires or sift information from public information. Because of bias of selection, and unreliability of answers the study chose the measure involving public information instead. Once again, two choices were there; variable scales (Goncharov et al., 2006) and dichotomous variables (Gompers et al., 2003). This study proposed to choose dichotomous (20 items) because of its ability to prevent issue of residual correlation in statistical analysis. From these 20 items, a general indicator of corporate governance was developed.

#### CSR disclosure

CSR disclosure was measured by two indicators following the measures proposed by Bushman et al. (2004); accessibility of information and the other as quality and intensity of corporate reporting. For easy access of information the measure was developed by Moneva et al. (2017), as number of clicks from generic search engine, later reflected on a Likert scale (1-7); 1 for worst access (9 clicks or more for worst access on scale gaining scale score of 1 and 3 clicks for best access, hence gaining scale score of 7). Later an indicator was developed to highlight and capture the distance between user and the information, hence the quantitative figure capturing the accessibility of information.

#### Financial Performance

For financial performance measurement, two popular options were available. Either market valuation or measurements based on company's book value. This study proposes to consolidate both approaches by developing an indicator in-line with De Andres and Vallelado (2008), Tobin-q. For accounting measurement, ROE was adopted; the ratio of Net Benefit over Equity for individual firm. This use of both market and book value indicators benefits the investigation by keeping both accounting measurement as internal decision-making efficiency assessment through book value as well as having external perception in financial markets through market value.

Control variables were also adopted from Moneva et al. (2017), where the authors had proposed other influencers on CSR disclosure levels. These were size (Patten, 1991), leverage (Ahmed and Courtis, 1999) and activity or impact on environment (Prado et al., 2003). To test the proposed hypothesis two simultaneous equation models were proposed to be specified. Model 1 was used for testing the direct effect between CG and financial performance, while Model 2 was proposed to assess the mediating role of CSR disclosure.

The methodological approach of models of simultaneous equations will enable estimation based on robust statistics with multivariate non-normality. EQS 6.2 software (Bentler 1994-2013) was proposed to be used, with estimation method ML with Robust Standard Errors. For global fit  $\chi^2$  was used as robust statistic, as well as RMSEA (Root Mean Square Error for Approximation), SRMR (Standardized RMS Residual) and CFI (Comparative Fit Index). The defined control sample was proposed to consist of conventional companies.

### 4. Practical Implications

The research will be an addition to the on-going debate on cost and benefit analysis of self-proclaimed socially responsible companies versus the rest of listed companies, in chosen sectors and countries. This will give a comparison basis for financial performance of SRI vs non-SRI companies, while keeping control variables and robustness measures forming the overarching set of parameters. Countries and emerging economies are constantly going through revision and reformation of corporate governance mechanisms (e.g. India, Pakistan), and voluntary ethical standpoints are being solidified into stringent laws. So, this study might pave way for legal implications. This study might also provide potential investors an evidential support for investing in socially responsible firms or not. The study can also highlight some useful practices, which our religion has also been the proponent of, in realm of ethics and morality.

## Socio-Economic Development in Islamic Perspective

Session Chair: **Dr. Atiq uz Zafar Khan**

Moderator: **Dr. Mubashar Hassan Zia**

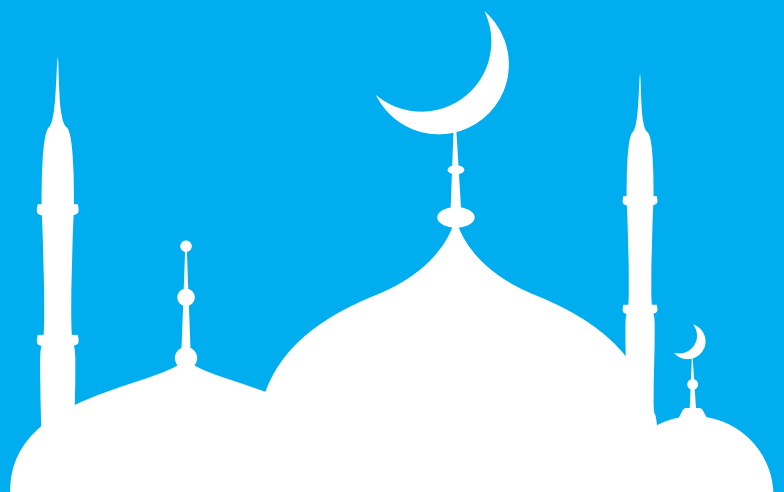
### Room 4 (Session 1)

Join Zoom Meeting:

<https://zoom.us/j/3335443527>

**Meeting ID:** 333 544 3527

<b>1</b>	4:00-4:15	Hindrances and Risks in Mudaraba and Musharaka and Possible Solutions	<b>Dr. Imamuddin Mr. Muhammad Zeeshan Farrukh</b>
<b>2</b>	4:15-4:30	Holy Prophet's Strategy to Improve Socioeconomic Status of Muslims: The Case of the State of Medina	<b>Dr. Abdur Rehman Shah</b>
<b>3</b>	4:30-4:45	Impact of Perceived Materialism on Satisfaction with Life with mediating role of stress and moderating role of consumer emotional Intelligence: A case of Muslim Consumers a Moderated Mediation Model	<b>Dr. Ali Raza Dr. Mubashar Hassan Zia Dr. Ali Haider</b>
<b>4</b>	4:45-5:00	Macro Factors, Micro Factors, Current Pandemic and Firm's Default Risk: Evidence from Pakistan, India and China	<b>Ms. Kashmasil Gul</b>
<b>5</b>	5:00-5:20	<b>Session wind-up by Session Chair</b>	



## **Hindrances and Risks in *Mudaraba* and *Musharaka* and Possible Solutions**

**Imamuddin**

*Associate Professor, Institute of Business Management, Karachi*

**Muhammad Zeeshan Farrukh**

*National Bank of Pakistan*

### **Introduction**

The Islamic Banking and Finance practices are running and growing at the rapid pace and has been proved itself as a viable financial system before the conventional economic and banking system. The present day Islamic banking practices are Shariah compliant as these are being governed and supervised by the eminent Shariah scholars throughout the world but the socio-economic objectives could not be achieved with these practices. What was the objective to start Islamic finance? The objective was to start a financial system that could lead to Islamic socio-economic welfare system. The reason for transforming banking and finance system was that this sector is the engine of the present day economic vehicle of the society. There was not the objective to merely establish the Islamic banking system but to effect upon the overall socio-economic structure.

At this point of time when the Islamic financial practices has been gained a suitable momentum and growth, we must consider about the achievement of Islamic socio-economic goals and objectives which can only be achieved through the serious and effective implementation of the partnership modes i.e. *Mudaraba* and *Musharaka* but this is the fact that there are serious hindrances in this respect.

### **Objective**

Despite the fact that *Mudaraba* and *Musharaka* are the ideal modes of transaction, the practices of *Mudaraba* and *Musharaka* exist in the Islamic financial industry in a very limited manner as compared to other prevalent modes like *Murabaha*, *Ijarah*, *Diminishing Musharaka*, *Salam* and *Istisna* etc. The objective of this paper is to find out the hindrances and risks that are the reasons of hesitation for Islamic financial industry to enter into the partnership transactions and try to provide suitable solutions in this respect.

### **Methodology**

To evaluate the hindrances and risks in this respect, the prevalent transactions including partnership based transactions have been analyzed through literature present day activities of Islamic financial institutions. After that, the prospective ideal transactions and procedures have been analyzed with potential risks through literature and problems being faced by Islamic financial institutions in this respect. In the light of the evaluation, the suitable mitigations and solutions, for the implementation of partnership in an ideal manner, have been proposed.

### **Findings**

The mode of *Mudaraba* is being used for the liability side of the bank but not for the asset side and the mode of *Musharaka* is being used on the asset side as *Diminishing Musharaka* and *Running Musharaka* transactions but unfortunately, these transactions do not show the real essence of *Musharaka*.

If the partnership modes i.e. *Mudaraba* and *Musharaka* would be implemented and practiced in an ideal manner, both parties share the profit with certain ratio. In this respect, no cost of funds or cost of financing is involved. In this case, both the parties will bear their own risk and earn their own reward according to certain pre-agreed ratio. Consequently, the cost of fund or cost of financing that is paid to conventional or Islamic banks would be eliminated and the burden of this additional cost upon the final consumer would be abolished.



At present, it is a fact that the practices of Mudaraba and Musharaka on the financing side are not very easy due to various factors. There is a less risk factor in the prevalent modes of Murabaha, Ijarah, Diminishing Musharaka, Salam and Istisna' etc. Therefore, Islamic banks do not consider about partnership modes. The prevalent modes are sale and rental based modes which give fixed income for the banks but on the contrary, the ideal partnership transactions have investment risks which may cause loss and less profit as compared to speculated profit for the bank which may disturb the regular profit distribution to the depositors.

### Recommendations

The important recommendations are:

- The monetary management, in a present era, is controlled mainly through discount rate policy. To abolish this system, there is a need to promote Islamic banking and finance system with special focus on practice of participatory modes due to which monetary management through interest based benchmark may be abolished.
- When the bank will be entered into partnership with the customer, the status of the bank-customer partnership must be defined according to law.
- For the promotion of partnership within the society, there is a need to provide economic, taxation and business incentives to businesses and Islamic Banks.
- There is a need to equip employees of Islamic banks with the sufficient knowledge of modes of Mudaraba and Musharaka in order to develop products and services and to operate the transactions in the best possible manner. Besides this, the awareness campaigns and sessions must also be conducted for the customers.

### Conclusion

It is evident that the practices of Mudaraba and Musharaka are crucial for attaining the objective of Islamic banking in a true sense. Although there are many hindrances and risk in this respect due to conventional economic and banking system and other socio-economic circumstances, there is a need of proper coordination and collaboration of Islamic financial institutions and regulatory authorities in order to take serious steps and long term effective strategy for the ideal practice of Mudaraba and Musharaka. No doubt, the practices of Mudaraba and Musharaka can lead to the implementation of Islamic socio-economic welfare system and bring harmony and equality in the society.



## Holy Prophet's Strategy to Improve Socioeconomic Status of Muslims: The Case of the State of Madina

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University of Engineering & Technology Taxila, Pakistan

### Abstract

**Introduction:** Holy Prophet (ﷺ) appeared to improve humanity at all including socioeconomic status (SES) of them. SES is a combined measure of an individual's or a family's economic and social position as compared to others. In modern world, SES is assessed by any or all of the three variables (the household income, earners' education, and occupation). In early Islamic state, Holy Prophet (ﷺ) assessed socioeconomic problems of Muslims and took important steps to settle them down. He worked on different socioeconomic perspectives of peoples' life and uplifted them conceptually and practically. He used to live in poor people and improved their literacy level, social status, income position, and essentials of lives. All these steps led to socioeconomic revolution in the state of Medina.

**Research Gap:** Overall, the applications of monotheistic economic and social theories to meet contemporary issues are less explored. Yet, until now, there is not found any study on topic which explores Islamic socioeconomic perspective as road map for the most of Muslim majority countries which are listed in Less Developed Countries (LDCs).

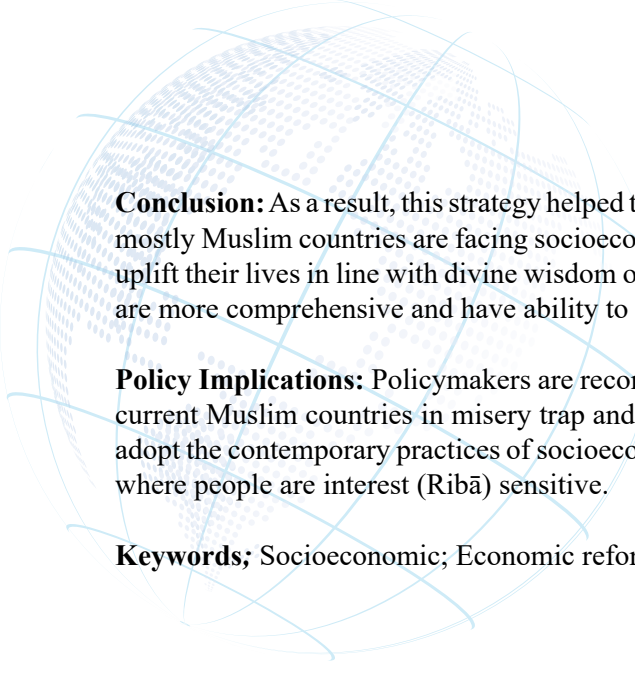
**Originality of Study:** However, we find partial studies on topic that discuss the elements of title separately. This study develops connections among different concepts of classical Islamic literature and modern socioeconomic perspective of life.

**Objectives:** This study intends to fill the above mentioned gap through development of the linkages of Islamic socioeconomic steps taken in the state of Medina to modern worlds' problems. It also enables us to understand how Prophet Muhammad (ﷺ) contributed in domain of socioeconomic status (SES) for relatively backward people between Roman and Persian empires.

**Importance:** This study provides confidence to researchers in extracting divine wisdom from basic sources of Islamic law. Hence, Muslim youth of modern era would be able to understand Islam as complete code of life. It is also notable that Islamic socioeconomic justice helps to achieve the targets of the 17 objectives of UNO's SDGs.

**Strategy:** Prophet Muhammad (ﷺ) started journey through development of conceptual framework (Aqī, da) of Islam among individuals in Mecca. This power of belief led them to trust in Allah Almighty and powers delegated to them. Parallel to it, he awakened wisdom to increase their literacy rate to understand the commandments of Allah Almighty for practical life. He spent in Mecca for 13 years to achieve the objectives. Then, he migrated with companions to Medina and developed brotherhood (Muakhwat) among residents and migrants as 1<sup>st</sup> step for socioeconomic empowerment. Secondly, he made agreed the inhabitants for "Charter of Medina" to achieve the land mark of peace for socioeconomic justice. In state of Medina, he encouraged masses to work in different occupations (agriculture, livestock, business & commerce, manufacturing) and then to trust in Allah. Islamic modes of sale (*Musawama*, *Murabha*, *Salam* & *Istisna*), participatory contracts (*Musharkah*, *Modarbah* & *Muzarah*), and lease (*Ijrah*) were also introduced in revised version to provide basis to socioeconomic activities. Further, *Riba* (Interest), *Gharar* (Uncertainty), and *Zulam* (Injustice) are strictly prohibited to save individuals and society from big loss. Infact, these elements (*Riba*, *Gharar*, and *Zulam*) lead to social and economic disorder and nullify the objectives intended in above mentioned Islamic modes.

**Methodology:** The theoretical correlational methodology among variables is adopted that naturally occurs in the same environment. This framework facilitates us to review the classical literature on topic and to extract the contribution of Prophet Muhammad (ﷺ) on different aspects of socioeconomic justice through correlational methodology. In this methodology, we develop sound connections of these concepts to contemporary practices of socioeconomic status (SES).



**Conclusion:** As a result, this strategy helped to improve socioeconomic status of inhabitants of Medina. In modern era, mostly Muslim countries are facing socioeconomic troubles in different continents. We can provide them solutions to uplift their lives in line with divine wisdom of Prophet Muhammad (ﷺ)). This study also proves that Islamic teachings are more comprehensive and have ability to meet the modern trends through their innovative practices of Ijtihād.

**Policy Implications:** Policymakers are recommended to adopt the same strategy to develop socioeconomic status of current Muslim countries in misery trap and yet counted in LDCs. Further, this study recommends policymakers to adopt the contemporary practices of socioeconomic status (SES) for sustainable growth and development in countries where people are interest (Ribā) sensitive.

**Keywords;** Socioeconomic; Economic reforms; Islamic economic system; Medina State



# **Impact of Perceived Materialism on Satisfaction with Life with mediating role of stress and moderating role of consumer emotional Intelligence: A case of Muslim Consumers - Moderated Mediation Model**

**Dr. Mubashar Hassan Zia**

**Dr. Ali Haider**

**Dr. Ali Raza**

## **Purpose of Research**

This research is aimed towards identification of perceived materialism leading to stress and afterwards leading to change in satisfaction with life under the presence of consumer emotional intelligence. This study will utilize Islamic theory and literature which is basic guiding principle for every Muslim consumer. This research is going to contribute towards the research gaps provided by the recent literature in relevance to Islamic Consumption and consumption in general caused due to materialistic desires.

## **Main Idea/Theme**

This study has elaborated Islamic guidelines relevant to materialism and worldly possessions that they lead to stress, which in turn leads to less satisfaction with life, relevant conventional literature has also been used to point the theoretical grounding of this relationship and the importance of self-control and emotional intelligence. Both conventional literature and Islamic literature has been used to elaborate this linkage and has been endorsed by relevant statistics which have been obtained through data analysis. This study is facilitating Muslim consumers relevant to their materialistic consumptions habit reduction, and provided them with clear reference of Islamic principles relevant to consumption which is not materialistic.

## **Methodology**

This study is quantitative in nature and correlation and regression analysis was conducted by using Process by Hayes (2013). The scales were validated by use of CFA in AMOS and Alpha reliability test was also done. Convenient Sampling technique has been used in this study. Sample was recruited in the genuine settings of consumers where they were purchasing. They were asked prior to recruitment that are you materialistic in your desires for consumption if they responded yes, they were recruited for data collection.

## **Findings**

The results of the study lead to this conclusion that materialism leads to stress and in turn leads to less satisfaction with life but this relationship is weakened if the person is emotionally intelligent in consumption situations. These results are in line with guidelines provided by Islamic literature and the conventional theory. This study endorse that consumers who follow Islamic principles in reality are less materialistic and have higher satisfaction with life and mostly emotionally intelligent with less stress in their life. So the ultimate guideline should be used by all Muslim consumers for better satisfaction with life and improved peace of mind with focus on Akhirah. This will contribute to not only consumers who are Muslim but this also have directions for all consumers in general who are seeking more satisfaction with life with less stress.

## **Practical Implications**

This study has implications for Muslim consumers, who in the time of competition and comparisons are under stress and while overcoming stress by having tendency towards materialism and worldly holdings they get more stressed and have less probability to come out of it thus leading to less satisfaction with life. But emotionally intelligent



Muslim consumers are very much practical in their thoughts and are less likely to be stressed in this situation and would be having more satisfaction with life. The basic premise of Islamic guideline relevant to satisfaction with life is not associated with materialistic consumption, instead it is pointing to the importance of social welfare and submission to the Almighty in all aspects. Rather it is on 360 degrees from the conventional literature. This has been endorsed by the finding of this study that 'Muslim consumers are less prone to materialistic consumption. But still they are as there is a significant gap between the practice of a Muslim and the Islamic guideline which is the real source of way of life for all the Muslims.

### **Originality/Value**

This study fills the gap which is missing in the current literature, and Islamic literature grounding has not been used previously to elaborate this research model. In addition to this even the conventional literature was pointing towards examination of this research model in recent literature. This study provides answer to all the research questions relevant to materialism and its impact on satisfaction with life of consumers. This study contributes to not only the conventional research literature but also contributes to Islamic ideology practice in the literature which was a main area missing in the current relevant literature. This study has also elaborated that despite the guiding principles of Islam, still there is a gap between what Muslims practice and what has been their ultimate guideline. Concluding this study provides directions for Muslim consumers to enact in the way that has been provided by the teachings of Islam, as that lead to more satisfaction with life and a peaceful life with the focus on Akhira.





## **Macro Factors, Micro Factors, Current Pandemic and Firm's Default Risk: Evidence from Pakistan, India and China**

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National University of Computer & Emerging Sciences, Islamabad

**Dr. Muhammad Akhtar**

National University of Computer & Emerging Sciences, Islamabad

### **Purpose**

Current outbreak of corona virus has impacted industry in a lasting way and firms are facing the problem of default risk in different regions of the world. Consequently, the purpose of current study is to examine the impact of macro, micro factors and current pandemic on default risk of the firm's.

### **Main Idea**

The financial situations all around the globe especially in emergent economies has been totally inverted since December 2019. Hence, the default risk of every organization has been increased and most of the operations of developing countries have been collapse due to this covid-19 situation. How the firm's mitigating the default risk after getting affected from macro, micro and current pandemic.

### **Methodology**

The sample consists of Pakistan, India and China firms selected on the bases of market capitalization. Panel least square regression has been used for analysis.

### **Findings**

We find macro factors negative while micro factors positively impact firm's default risk. As predicted we find current pandemic significantly contributes towards default risk for firms of the different regions.

### **Practical Implications**

The driven results are of interest for investors, analysts and policy makers and have important implications for the management of the firms.

### **Originality**

The study come-up with all crucial macro and micro and pandemic influencers which are leaving their impact on firm's default risk especially in Pakistan, India and China.

### **Brief:**

Current outbreak of corona virus has impacted industry in a lasting way and firms are facing the problem of default risk in different regions of the world. Consequently, current study examines the impact of macro factors, micro factors and moderating role of current pandemic on default risk of the firm's. The sample consists of Pakistan, India and China firms selected on the bases of market capitalization. Panel least square regression has been used for analysis. We find macro factors negative while micro factors positively impact firm's default risk. As predicted we find current pandemic significantly contributes towards default risk for firms of the different regions. The driven results are of interest for investors, analysts and policy makers and have important implications for the management of the firms.

**Keywords:** Macro factors, micro factors, pandemic; firm's default risk

**Before concluding the last Session, Prof Muhammad Ayub, the Conference Secretary, readout Communiqué of the Conference, as given on the next page:**

**Riphah International University's 5th ICIB - February 27, 2021**

### **Communiqué**

The 5th International Conference on Islamic Business (ICIB) held virtually today the 27th February 2021 successfully, Alhamdulillah.

As the tradition of the Riphah Center of Islamic Business (RCIB) for earlier Conferences, the organizers selected the lately emerging and most recent area as the theme for the Conference, i. e. moving to social, ethical and responsible finance by the Islamic banking and finance institutions (IBFIs). The world economy, global finance, national economies, and the public, in both developing and the developed world, have been facing one of the most serious challenges of human history, particularly since the global financial crises since 2008. Since 1980s, conventional finance increasingly adopted '*financialization*' focusing primarily on maximization of returns on money and financial capital. It transferred national resources to the financial sector operating based on interest and trading in absolute risk, that we call *Gharar* in Islamic law terminology, at the cost of the producers of goods and services for human use.

In the backdrop of the failure of the MDGs, the United Nations moved to Value based Intermediation (VBI) and social finance with sustainable development goals (SDGs). The UN's 2030 agenda seeks to achieve 17 vital SDGs and 169 specific targets, encompassing the social, economic, and environmental dimensions of development.

Islamic economy is a moral economy and its value-based discipline with specific laws on property rights and commercial and non-commercial exchanges provides a solid footing for social inclusion and sustainable growth. As such, the SDGs' agenda for human dignity, and '*to leave no one behind*', is certainly in line with the principles and objectives of development from Islamic perspective.

In this perspective, Riphah International University pays gratitude to the most renowned Islamic economists, financial experts, researchers and the jurists from prestigious institutions around the world who accepted our invitation and made keynote addresses on the need for and potential of moving to social finance by the IBFIs. They included Mr. Omar Mustafa Ansari, Secretary General of AAOIFI, Bahrain, Dr Zamir Iqbal, Vice President of Islamic Development Bank (IDB) Jeddah, Prof Dr Mohammad Akram Laldin, Executive Director of the International Shari'ah Research Academy for Islamic Finance (ISRA) Malaysia, Chair Professor of Economics University of New Orleans U.S. and IDB Laureate, Prof. Dr Kabir Hassan; Director, Durham Centre for Islamic Economics and Finance U.K., Prof. Dr. Mehmet Asutay, Prof Dr. Necdet Sensoy of the Istanbul Commerce University, Prof Dr. Toseef Azid of Qassim University, Saudi Arabia; Prof Dr Adel Sarea of Al-Ahlia University, Bahrain; Prof. Dr. Aishath Muneeza of INCEIF, KL, Malaysia; Dr. Dawood Ashraf and Dr. Salman Syed Ali of the IDB, Jeddah; and Mr. Mughees Shaukat, FinTech Specialist, MIT, USA and Head of Islamic Finance, Central Bank of Oman. Many Professors, Islamic finance jurists and practitioners from Pakistan also participated in the Conference deliberations. They include Dr Muhammad Qaseem, Mufti M. Najeeb khan, Mr. Ahmed Ali, Mr. Junaid Younas Ghorri, Prof Dr Arshad Hassan, Prof. Dr Abdul Rashid, Dr Karimullah, Dr. Irum Saba and others. We are grateful to all of them for sharing knowledge on emerging areas in global finance and potential for the IBFIs moving to social and value-based system of finance in line with Islamic principles.

The conclusions that we have drawn from the Conference deliberations include the following:

- 1) The CSR and VBI are the post GFC (2007-8) recipes introduced by the global infrastructural institutions (GFIs) in global finance to generate positive and sustainable impact of financial intermediation to the economy, community, and environment; consistent with the shareholders' sustainable returns and long-term interests.
- 2) As the GFIs are turning to ethics and values-based business, there is a "*Global Alliance for Banking on Values*" (GABV) of the conventional institutions to make it transparent, supporting economic, social and environmental sustainability.



- 3) Islamic finance started emerging at the time when the concepts like Corporate Social Responsibility (CSR), Sustainable, Responsible and Impact investing (SRI) and the Value-based Intermediation (VBI), encompassing value-based banking, ethical, responsible / impact investing; Environmental, Social and Governance (ESG) aspects, etc. did not even exist.
- 4) Islamic finance is a system that seeks fairness, equity, justice to all stakeholders, disclosure and transparency; Islamic finance principles can enhance resilience in financial system and positively contribute for achieving SDGs, particularly for financial inclusion. Islamic finance is ethical finance in real sense, strengthening the linkage of finance with real economic activities, thus increasing stability of financial system, and supporting the pursuit of shared prosperity.
- 5) As such, Islamic Finance is genuinely expected to move to responsible and ethical investing and financing. Many similarities and historical connections exist between VBI and SRI investing and Islamic finance. VBI focuses on entrepreneurial functions to support SMEs, micro businesses, financing projects of community welfare, self-governance for taking care of society's welfare and creating Ihsan culture and treating all stakeholders with Ihsan. The 'ESG Outlook' aims at encouraging Islamic financial institutions to re-evaluate their connections with the real economy and to address risks and seize opportunities that Islamic finance would create for them.
- 6) Islamic finance industry has come of age, and now it must move from the *form* to the *substance* of Shari'ah-based contracts. For this, we reiterate a 'robust Shari'ah governance regime' to strengthen internal Shari'ah supervisory bodies of the finance institutions through the respective national Shari'ah advisory bodies and the regulators.
- 7) Money capital must be aligned with social objectives for a broad-based sustainable development. All activities in Islamic finance would result in genuine economic transactions through trade finance, leasing, partnership, securitization vide asset-backed investment instruments, equity take-ups and fund management. In that way, it could directly contribute to a stable socio-economic growth and communal prosperity, also acclaimed by the SDGs related 2030 agenda.
- 8) IBFIs may also explore the potential of Fintech and Blockchain, also in line with the UN's SDGs, that could go a long way in enhancing financial and social inclusion. Otherwise, Islamic finance industry will be at a risk of becoming irrelevant and outdated, if not aligned with value-based and Fintech related intermediation effectively.
- 9) Moving to VBI would involve Shari'ah governance in accordance with development of the IBFIs' business and risk strategies. It is to facilitate implementation of an impact-based risk management system for assessing the financing and investment activities of IBFIs in line with the respective VBI commitments.
- 10) We pay gratitude to the Bank Negara Malaysia (BNM) for issuing 'Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF)' as back as in November 2019. IFIs have been suggested to integrate Shari'ah into their business strategies. This integration must extend beyond the compliance approach to affect real change in behavior and culture of IFIs towards embracing the VBI strategy. VBIF has also suggested the IFIs to establish dedicated VBIAF implementation teams and trained VBIAF leaders within each function to achieve the intended outcome of full integration. As indicated by BNM (VBIAF), the key difference between VBI and recent initiatives like ESG, Ethical Finance and Sustainable, Responsible Impact Financing (SRI) is the reliance of VBI on Shari'ah in the determination of its values, moral compass, and priorities.
- 11) Banking companies doing Islamic business must move to the stakeholders' approach. As indicated by the '*Business Roundtable*', the document signed by hundreds of Companies' CEOs, called for companies to serve all stakeholders by delivering value to customers, investing in employees, dealing fairly with suppliers, supporting the communities in which companies operate, protecting the environment and generating long-term value to shareholders.
- 12) Common way to move to social finance is moving to green finance, blue finance (taking care of the environment), ethical finance and crowdfunding platforms.
- 13) There has to be collaborate with community at large for socially beneficial initiatives, and for this the States and the governments must play their role for providing legal and operative infrastructure.
- 14) Shari'ah boards / committees of the IBFIs, other organs of Shari'ah governance such as internal Shari'ah audit, Shari'ah compliance function and, audit and governance committee and Central Shari'ah boards may provide proactive resolutions and guidelines in line with the higher purposes of Shariah.

- 15) Those charged with governance (including the BOD and its committees) must play an active role considering fairness and transparency for different stakeholders and keeping a balance between conflicting interests
- 16) Institutions of Waqf and charity (Sadaqat) may be developed not only for social welfare, but also as a business model with feature of socio-economic and shared development.
- 17) In order to equitably distribute fruits of economic growth, there has to be a clear conception of social development strategy which institutionalizes the entrepreneurship at SME and micro levels and provides adequate resources for meeting the needs of poor people, mitigating their vulnerability, exclusion and isolation, and access to social justice.
- 18) As far as Pakistan is concerned, the parallel banking system may come to an end in about a couple of years, as required by the Constitution of Pakistan. So, the whole economy may be transformed to Islamic system of commercial and social exchanges. For this Riba case being discussed in the Shariat Courts of Pakistan may be finally decided advising the State institutions to Islamize the financial system of Pakistan.
- 19) ICIB-5 suggests the IBFIs as also the regulators to reconsider their approach to strengthen the link between finance and the real economy. It is pertinent not only to realizing the higher purposes of Shari'ah, but also to seize the opportunities that it creates for them. It would necessitate a comprehensive review of the existing business environment by innovating new policies and systems that could further deliver the value proposition of Shari'ah.

ICIB-5 specifically urges the regulators of financial sector in OIC member countries to introduce and apply the VBI and CSR related rules in their respective markets.

The ICIB-5 also appreciates the efforts of AAOIFI (Bahrain) and IFSB (Malaysia) for suggesting specific Shariah and corporate governance rules for the IBFIs. We suggest them to further strengthen the CSR related guidelines for the IBFIs to deliver value to the customers, ensuring fair treatment with employees, suppliers and other parties to the contracts, and supporting the communities in which they operate.

The Conference delegates appreciate the support and role of all institutions, academicians, and professionals for holding the ICIB-2021. May Allah Almighty reward them with the best reward in this world and the Hereafter; Ameen.





## *Vote of Thanks*

Dean FMS / Director RCIB  
Riphah International University

**Prof. Dr. Khuram Shahzad**



In the name of Allah, the most beneficent, the most merciful, I feel happy to perform the duty of conveying the vote of thanks to you all for your active participation in this 5th edition of ICIB organized by RCIB, RIU.

To start with, I thank Honorable Chancellor, RIU (Mr. Hassan Muhammad Khan) for participating in this conference by delivering the Welcome address. I also pay my thanks to Worthy Vice Chancellor (Prof. Dr. Anis Ahmad) for his policy address in inaugural session.

My special thanks to all International and National Keynote speakers for enriching our knowledge with their thoughts, views, and perspectives.

I would also like to thank all the Technical Session Chairs and Technical Session moderators. Thank you so much for sparing your time along with your teaching classes in progress.

A very special thanks to research paper presenters, who shared the valuable findings of their research studies with us.

I also thank faculty and students of Riphah and other universities who participated in this conference in great numbers.

I also thank the representative of central bank, commercial banks and Islamic business industry for participating in this event and making it a success!

Last but not the least, I thank and appreciate entire RCIB team (Prof.M. Ayub, Dr. Zeeshan Ghafoor, Mr. Ikram Ullah, Mr. Nabeel Nasir and Mr. Yasir) for their tiring efforts in order to make this conference a success.

I request and hope to see the active participation of all of you in the next edition of ICIB as well which in Sha Allah will be held in February 2023!

I once again thank you all for being with us throughout the day and may Allah be pleased with you!





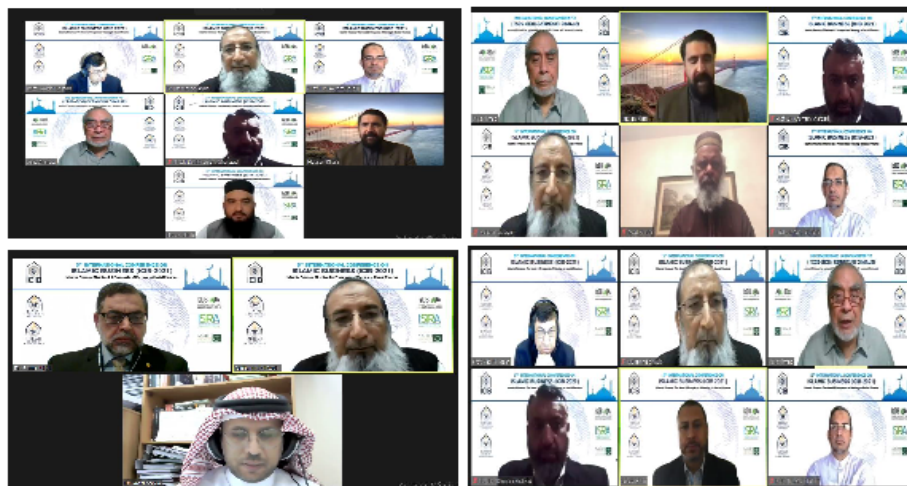


## *Press Coverage*



### **Press Coverage Report**

### **Riphah International University organized its 5th International Conference on Islamic Business**



## **Press Release**

The Conference theme was, moving to social, ethical and responsible finance by the Islamic banking and finance institutions (IBFIs). The current banking and finance systems have transferred the wealth to the financial sector operating based on interest and trading in absolute risk.

In the backdrop of the failure of the MDGs, the United Nations moved to Value-based Intermediation (VBI) and social finance with sustainable development goals (SDGs). The UN's 2030 agenda seeks to achieve 17 vital SDGs and 169 specific targets, encompassing the social, economic and environmental dimensions of development. The SDGs' agenda for human dignity, and to leave no one behind', is certainly in line with the principles and objectives of development from the Islamic perspective.

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The Conference drew around 20 conclusions and made recommendations for regulators and practitioners of Islamic banking and finance, and the policymakers and the States.

The Conference specifically urged the regulators of the financial sector in OIC member countries to introduce and apply the VBI and CSR related rule in their respective markets, as the BNM has already introduced.

## رفاہ انٹرنیشنل یونیورسٹی میں اسلامک بزنس کے موضوع پر پانچویں بین الاقوامی کانفرنس کا انعقاد

کانفرنس کا بنیادی مقصد اسلامی بینکاری اور مالیاتی اداروں کو سماجی، اخلاقی اور ذمہ دار مالی نظام کو اپنانے کی ترغیب دینا تھا۔ موجودہ بینکاری اور مالیاتی نظام نے سود اور رسک کی تجارت کی وجہ سے دولت اور وسائل کو حقیقی شعبے سے مالیاتی شعبے کو بھیج دیا ہے۔ اس کے لیے ضروری ہے کہ مالیاتی ادارے سوشل ٹرسٹنگ کو اپنائیں جو اسلامی مالیاتی نظام کے قریب تر ہے۔

ایم ڈی جیز (MDGs) کی ناکامی کے بعد اقوام متحدہ کے ادارے UNDP نے پائیدار ترقی کا حصول Sustainable Development Goals (SDGs) کو اپنایا ہے۔ اقوام متحدہ کا ایجنڈا 2030ء 17 اہم ایس ڈی جیز اور 169 خصوصی ہدف حاصل کرنا چاہتا ہے جن میں سماجی، معاشی اور ماحولیاتی اصلاحات شامل ہیں۔ ایس ڈی جیز میں انسانی عظمت اور سب کیلئے ترقی کے برابر مواقع اسلامی تصور کے عین مطابق ہیں۔

دنیا کے مشہور اسلامی معیشت دان، مالیاتی ماہرین، محققین اور ماہرین قانون نے کانفرنس میں خصوصی خطاب کیا اور اسلامی بینکاری اور مالیاتی اداروں کی جانب سے سماجی قلاع پر مبنی مالیاتی نظام اپنانے کی ضرورت پر مقالہ جات پیش کیے۔ دیگر شرکاء کے علاوہ جناب عمر مصطفیٰ انصاری، سیکرٹری جنرل AAOIFI بکرین، ڈاکٹر ضمیر اقبال، نائب صدر اسلامک ڈیولپمنٹ بینک (IDB) جدہ، ڈاکٹر محمد اکرم اعلیٰ دین، ایگزیکٹو ڈائریکٹر (ISRA)، ملائیشیا، ڈاکٹر کبیر حسن، یونیورسٹی آف نیو اورلینز، امریکہ، ڈاکٹر میتمہ اسوتای، ڈاکٹر کینزورہم سنوفا اسلامک اکاؤنٹس اینڈ فنانس، برطانیہ، Dr. Necdet Sensoy، استنبول کامرس یونیورسٹی، پروفیسر ڈاکٹر توہیفہ صیف، امینہ، جیم یونیورسٹی، سعودی عرب، ڈاکٹر Adel Sarea آلیہ یونیورسٹی، بکرین، پروفیسر Dr. INCEIF Alshath Muneeza ملائیشیا، ڈاکٹر داؤد اشرف اور ڈاکٹر سلمان سیوطی اسلامک ڈیولپمنٹ، جدہ اور جناب معیت شکرت سینٹرل بینک آف عمان اہم مقررین میں شامل تھے۔ کانفرنس میں پاکستان سے بھی کئی پروفیسرز اور اسلامک فنانس پر مہارت رکھنے والے ماہرین نے شرکت کی۔

کانفرنس کے اختتام پر ایک علامہ جاری کیا گیا جس میں مرکزی بینکوں اور اسلامی مالیاتی اداروں کے لیے سفارشات کے علاوہ حکومت پاکستان کے لیے کچھ اقدامات تجویز کئے گئے۔ کانفرنس میں او آئی سی ممبران ممالک کے مالیاتی شعبے کے ریگولیٹرز پر خصوصی طور پر زور دیا گیا کہ وہ اپنی متعلقہ مارکیٹس میں وی بی آئی (VBI) اور ایس آر (CSR) سے متعلق قوانین متعارف کروائیں اور نافذ کریں۔ ملائیشیا کا بینک انکاراس حوالے سے فریم ورک جاری کر چکا ہے۔

# Pakistan OBSERVER

## Riphah University organizes conference on Islamic Business

The Conference theme was, moving to social, ethical and responsible finance by the Islamic banking and finance institutions (IBFIs). The current banking and finance systems have transferred the wealth to the financial sector operating based on interest and trading in absolute risk.

In the backdrop of the failure of the MDGs, the United Nations moved to Value-based Intermediation (VBI) and social finance with sustainable development goals (SDGs). The UN's 2030 agenda seeks to achieve 17 vital SDGs and 169 specific targets, encompassing the social, economic and environmental dimensions of development. The SDGs' agenda for human dignity, and to leave no one behind, is certainly in line with the principles and objectives of devel-

opment from the Islamic perspective.

The most renowned Islamic economists, financial experts, researchers and jurists from prestigious institutions around the world made keynote addresses and presented papers on the need for and potential of moving to social finance by the IBFIs. Among others, they included. The Conference drew around 20 conclusions and made recommendations for regulators and practitioners of Islamic banking and finance, and the policymakers and the States.

The Conference specifically urged the regulators of the financial sector in OIC member countries to introduce and apply the VBI and CSR related rule in their respective markets, as the BNM has already introduced.





**ISLAMIC FINANCE**

**Conference held at Riphah University**

ISLAMABAD. Riphah International University organised its 5th International Conference on Islamic Business entitled 'Moving to social, ethical and responsible finance by the Islamic Banking and Finance Institutions'. Participants said the current banking systems transferred wealth to financial sector with on interest that put trading in absolute risk, APP



## Conference on Islamic business

**Our correspondent**  
Islamabad

The conference theme was, moving to social, ethical and responsible finance by the Islamic banking and finance institutions (IBFIs).

The current banking and finance systems have transferred the wealth to the financial sector operating based on interest and trading in absolute risk. In the backdrop of the failure of the MDGs, the United Nations moved to Value-based Intermediation (VBI) and social finance with sustainable development goals (SDGs).

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## Riphah International University organises its 5th International Conference on Islamic Business

ISLAMABAD, March 2: The Conference theme was, moving to social, ethical and responsible finance by the Islamic banking and finance institutions (IBFIs). The current banking and finance systems have transferred the wealth to the financial sector operating based on interest and trading in absolute risk.

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### Riphah University Holds Conference On Islamic Business



2 days ago Tue 02nd March 2021 | 11:07 PM



Riphah International University has organized its 5th International Conference on Islamic Business with the theme "Moving to social, ethical and responsible finance by the Islamic banking and finance institutions (IBFIs)".

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ISLAMABAD, (APP - UrduPoint / Pakistan Point News - 2nd Mar, 2021 ):Riphah International University has organized its 5th International Conference on Islamic Business with the theme "Moving to social, ethical and responsible finance by the Islamic banking and finance institutions (IBFIs)".

The participants of conference were of the view that the current banking and finance systems have transferred the wealth to the financial sector operating based on interest and trading in absolute risk.

In the backdrop of the failure of the MDGs, the United Nations moved to Value-based Intermediation (VBI) and social finance with sustainable development goals (SDGs), they added.

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رفقاء انٹرنیشنل یونیورسٹی میں اسلامی کاروبار کے موضوع پر بین الاقوامی کانفرنس

بائیاتی ادارے سوشل ٹرانسک کونائنس جوسامی بائیاتی نظام کے قریب رہتے ہیں بائیاتی ماہرین

اسلام آباد (ذرائع) گورقہا اور انٹرنیشنل یونیورسٹی میں اسلامی کاروبار کے موضوع پر پانچویں بین الاقوامی کانفرنس کا افتتاح کارکنان اسلام آباد کے قریب واقع اسلامی ویلج میں اور بائیاتی اداروں کو سامنے، اعلیٰ اور مدارات بائیاتی نظام کو پانچویں کے قریب رہتے ہیں۔ موجودہ ویلج میں اور بائیاتی نظام کے سوا اور رسک کی تجارت کی جاتی ہے۔ اس بات کو سامنے رکھتے ہوئے یونیورسٹی کے شعبہ تعلیم کے لیے ضروری ہے کہ بائیاتی ادارے سوشل ٹرانسک کونائنس میں جو اسلامی بائیاتی نظام کے قریب رہتے ہیں، ایسی ڈی جی کے نام کی بین الاقوامی حدود کے ادارے UNDP نے پاکستانی بائیاتی نظام کو حاصل کرنا ہے۔ اقوام متحدہ کا ایجنڈا 2030، 17 اہم ایس ڈی جی اور

169 خصوصی ایوانوں کے قریب رہتے ہیں بائیاتی ماہرین

سماجی، معاشی اور بائیاتی نظام کے قریب رہتے ہیں۔

وفاقی شہر اسلامی حکومتوں کے قریب رہتے ہیں،

مستحقین اور بائیاتی نظام کے قریب رہتے ہیں،

خطاب کیا اور اسلامی ویلج میں اور بائیاتی اداروں کی

جانب سے سماجی خارج پر بھی بائیاتی نظام اپنانے کی

ضرورت پر متاثرہ جات ہیں۔

50 خصوصی اقتصادی زونوں کے قریب رہتے ہیں

ہزار افراد کو روزگار ملے گا۔ سرمایہ کاری پورڈ

اسلام آباد (اے پی پی) ایک کے تحت

خصوصی اقتصادی زونوں کے قریب رہتے ہیں

میں 50 سے زائد کو روزگار ملے گا۔

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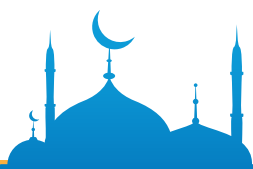
رقہہ اعترافِ خُشک یونیورسٹی میں اسلامی کاروبار کے موضوع پر پانچویں بین الاقوامی کانفرنس کا انعقاد

**رفہ یونیورسٹی میں اسلامی کاروبار کے موضوع پر کانفرنس**

**کانفرنس کا مقصد اسلامی بینکاری سے متعلق ترغیب دینا ہے**

اسلام آباد (اوصاف نیوز) رفہ یونیورسٹی میں اسلامی کاروبار کے موضوع پر پانچویں بین الاقوامی کانفرنس کا انعقاد کانفرنس کا بنیادی مقصد اسلامی بینکاری اور مالیاتی اداروں کو کھولنے اور اخلاقی امور پر مبنی کاروبار کو اپنانے کی ترغیب دینا تھا۔ موجودہ بینکاری اور مالیاتی نظام نے سود اور رسک کی تجارت کی وجہ سے دولت اور وسائل کو جتنی بھی ہے

مالیاتی شعبے کو بچھڑا دیا ہے۔ اس کے لیے ضروری ہے کہ مالیاتی ادارے سوشل کانٹیک کو اپنایا جائے۔ اسلامی مالیاتی نظام کے قریب تر ہے۔ ایم ڈی جی (MDGs) کی ناکامی کے بعد اقوام متحدہ کے ادارے UNDP نے پائیدار ترقی کا حصول Sustainable Development Goals (SDGs) کو اپنایا ہے۔

[illegible]



رقہ ایجنسیوں میں اسلامی کاروبار کے موضوع پر بین الاقوامی کانفرنس  
جس کے شہسماوی میں سے مالیاتی پرینٹس تحقیق میں چارٹس میں سے کسی سے خطاب کیا

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کے مطابق کانفرنس کا باہمی مقصد اسلامی کاروبار کی ترقی اور مالیاتی اداروں کو ملحقہ، اخلاقی اور زبردست مالی نظام کو اپنانے کی ترغیب دینا تھا۔ جو کہ اسلامی کاروبار کی ترقی کے لیے ضروری ہے۔ مالیاتی اداروں کو ملحقہ، اخلاقی اور زبردست مالی نظام کو اپنانے کی ترغیب دینا تھا۔ جو کہ اسلامی کاروبار کی ترقی کے لیے ضروری ہے۔ مالیاتی اداروں کو ملحقہ، اخلاقی اور زبردست مالی نظام کو اپنانے کی ترغیب دینا تھا۔ جو کہ اسلامی کاروبار کی ترقی کے لیے ضروری ہے۔



رقہ ایجنسیوں میں اسلامی کاروبار کے  
موضوع پر پانچویں بین الاقوامی کانفرنس  
اسلام آباد (پرائم پوسٹ) راقہ ایجنسیوں میں اسلامی کاروبار کے موضوع پر پانچویں بین الاقوامی کانفرنس کا انعقاد ہوا جس میں باہمی مقصد اسلامی کاروبار کی ترقی اور مالیاتی اداروں کو ملحقہ، اخلاقی اور زبردست مالی نظام کو اپنانے کی ترغیب دینا تھا۔ جو کہ اسلامی کاروبار کی ترقی کے لیے ضروری ہے۔



رقہ ایجنسیوں میں اسلامی کاروبار  
پر بین الاقوامی کانفرنس کا انعقاد  
اسلام آباد (پرائم پوسٹ) راقہ ایجنسیوں میں اسلامی کاروبار کے موضوع پر پانچویں بین الاقوامی کانفرنس کا انعقاد ہوا جس میں باہمی مقصد اسلامی کاروبار کی ترقی اور مالیاتی اداروں کو ملحقہ، اخلاقی اور زبردست مالی نظام کو اپنانے کی ترغیب دینا تھا۔ جو کہ اسلامی کاروبار کی ترقی کے لیے ضروری ہے۔

بقیہ  
رقہ ایجنسیوں میں اسلامی کاروبار کے موضوع پر پانچویں بین الاقوامی کانفرنس کا انعقاد ہوا جس میں باہمی مقصد اسلامی کاروبار کی ترقی اور مالیاتی اداروں کو ملحقہ، اخلاقی اور زبردست مالی نظام کو اپنانے کی ترغیب دینا تھا۔ جو کہ اسلامی کاروبار کی ترقی کے لیے ضروری ہے۔

رقہ ایجنسیوں میں اسلامی کاروبار پر بین الاقوامی کانفرنس  
سامی فلاح پر مبنی مالیاتی نظام اپنانے کی ضرورت پر مقالہ جات پیش اقدامات تجویز  
اسلام آباد (پرائم پوسٹ) راقہ ایجنسیوں میں اسلامی کاروبار کے موضوع پر پانچویں بین الاقوامی کانفرنس کا انعقاد ہوا جس میں باہمی مقصد اسلامی کاروبار کی ترقی اور مالیاتی اداروں کو ملحقہ، اخلاقی اور زبردست مالی نظام کو اپنانے کی ترغیب دینا تھا۔ جو کہ اسلامی کاروبار کی ترقی کے لیے ضروری ہے۔






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