

# Preface

## *In the Name of Allah, the Most Beneficent, the Most Merciful*

For a global industry like Islamic banking and finance (IBF), it is imperative that authentic and timely information, as well as intelligent advice is offered to stakeholders so that the industry remains on the path that was envisaged by its original proponents. There is no doubt that IBF is “Islamic” first, and its model and practices must follow the prefix. Over the last four decades, the industry has evolved mostly in line with the paradigm developed by its founding thinkers. However, there are many voices being heard, suggesting different paths that the industry must take in order to remain relevant to mainstream banking and finance.

There is no doubt that IBF has been in bed with its conventional counterpart for most of the last four decades. Consequently, it has greatly been influenced by the practices of conventional banking and finance. Now that the industry is maturing there is a need for IBF to influence conventional banking and finance. This can be done by developing a distinct value proposition of IBF for all stakeholders. First and foremost, customers have to be convinced on economic and religious grounds that by using Islamic financial services they are better off. The regulators must be sufficiently convinced that IBF provides more customer protection and that it brings greater financial stability. Suppliers should also strive to offer IBF not only for the bottom line of their financial statements, but also to bring added social welfare to the communities they target to serve. On a global level, IBF must be seen as a better way of providing financial services to those who are already in the financial net, and it should be used as a means to promote financial inclusion in the countries where significant proportions of the bankable population are still not being served.

The Global Islamic Finance Report 2013 (GIFR 2013) attempts to highlight the importance of the halal sector for IBF, and vice versa. These two growing sectors in the bloc of countries that comprise the Organisation of Islamic Conference (OIC) have developed fairly independently of each other. A way forward would be to bring the two closer to give rise to what many thinkers are advocating as the halal economy.

Published by Edbiz Consulting, GIFR 2013 follows the tradition set by the previous three reports in 2010, 2011 and 2012 respectively. GIFR is the first publication to bring authoritative analyses on different aspects of the Islamic financial services industry. It received a Special Recognition Award in Research and Publication from the World Congress of Muslim Philanthropists in 2012. The 2010 report brought the first most accurate estimate of the size of the Islamic financial services industry. It offered a benchmark against which many other players have since then started developing models for estimation of the size and growth of the industry. The 2011 report is until now the most comprehensive account of Islamic financial regulation, and is rightly considered as a treatise on the regulatory approaches to Islamic finance all over the world. The 2012 report, like its predecessor, remains the only account of the importance of Islamic philanthropy and social responsibility in the context of Islamic banking and finance. The current report focuses on the halal industry in the context of Islamic banking and finance, and we hope that different stakeholders will benefit from the analyses presented in this volume.

GIFR's approach is to offer synthesised views based on the contributions by leading practitioners and thinkers in the field of Islamic banking and finance. The contributors are drawn from all over the world – from the United States of America to Malaysia – bringing a diverse range of views and opinions for the benefit of all stakeholders.

GIFR 2013 is edited by Dr Nursofiza Azmi and Rizwan Rahman, under leadership of Professor Humayon Dar, and assisted by arguably the ablest team of Islamic finance experts at Edbiz Consulting. The report is supported by sponsors who deserve special thanks for continuing to support this path breaking initiative. We hope that this report will be patronised by industry stakeholders, and that those who have yet to support it will come on board to bring future editions of this great resource for the Islamic banking and finance industry.