



CONFERENCE COMMUNIQUE

KUALA LUMPUR DECLARATION: COMMUNIQUE OF THE 11TH ICIEF

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Thanks to Allah the Almighty, the 11th International Conference on Islamic Economics and Finance (11th ICIEF) was successfully held in Kuala Lumpur from 11th to 13th October 2016 under the auspices of the International Islamic University Malaysia (IIUM), co organized with the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank Group, the International Association for Islamic Economics (IAIE) as well as the Ministry of Finance, Malaysia as strategic partner.

Coming on the 40th anniversary of the historical first Conference in 1976, the theme for the 11th ICIEF- *Rethinking Islamic Economics and Finance: Paving the Way Forward for Inclusive and Sustainable Development* – was set in relation to the need to reevaluate the discipline and guide the next generation of scholars forward. The Conference provided a platform for constructive exchange of ideas on various issues in Islamic economics and finance through: two plenary sessions consisting of four keynote addresses; two panel sessions; eight parallel sessions; the 5th Symposium on Islamic Economics and Finance Education organized jointly with the International Council of Islamic Finance Educators (ICIFE).

It was generally agreed that 11th ICIEF was successful in its objectives. The scope of papers and discussions covered theory, practice and policy. Besides contributions by senior Islamic economists and scholars, the conference noted with satisfaction the interest generated among young and upcoming Islamic economists and researchers in the various areas. The Conference received 370 manuscripts from 36 countries, out of which 110 papers were selected for presentation after passing through an internal vetting stage, a

rigorous double-blind review as well as the Turnitin process, all to ensure papers were of quality original based research. Papers came under the following eight themes:

1. The Shari'ah and Economics and Finance: Fiqh Issues, Shari'ah Governance, and The Shari'ah in Practice (13 papers)
2. History, Philosophy, Institutional Aspects and Critique of Economics, Islamic Economics and Finance: History, Philosophy and Institutional Aspects, The Way Forward (10 papers)
3. Theory, Practice and Policies of Islamic Economics and Muslim Countries: Theory of Islamic Economics, The Practice and Policies of Islamic Economics and Muslim Countries (10 papers)
4. Basic Needs, Poverty, Socially Responsible Investments and Socioeconomic Justice and Development (8 papers)
5. Zakah, Waqf and Islamic Microfinance and Their Socioeconomic Role in Development: Zakah, Waqf, and Islamic Microfinance (18 papers)
6. Islamic Corporate Finance and Economic Analysis of Islamic Banking and Capital Markets: Corporate Finance, Islamic Banking - General, Islamic Banking in Selected Muslim Countries, and Islamic Capital Markets (25 papers)
7. Risk Management, CSR and Regulatory Framework for Islamic Financial Institutions and Markets: Risk Management, Takaful and Insurance, CSR, and Regulatory Framework for Islamic Financial Institutions and Markets (19 papers)
8. Business Ethics, Management, Marketing and Accounting from Islamic Perspective (7 papers)

Islamic economic theory received good attention, though much more needs to be done. The need for developing a coherent economic theory of Islamic finance was highlighted repeatedly. The Conference was informed and agreed that Islamic finance has to have its foundations in Islamic economics and that Islamic banking and finance must serve the genuine needs of the ummah, hence requires other policy measures that are not only pro-growth but that will ensure the attainment of equity and the socio-economic progress of all segments in society. All economic agents, including governments, need to focus on poverty reduction and security improvement,

prerequisites of comprehensive human and social development. The conference further encourages the creation of appropriate methodology to measure this progress and set the policies.

The Islamic economy is a three sector economy with private, public and voluntary/not for profit sectors all having their roles and contribution. A genuine risk sharing system which is rooted in Islamic economic philosophy must be developed to replace the existing risk transfer/risk shifting system that has caused much concern and destruction in many communities. When doing this, the Conference also agreed that the ummah cannot live in isolation. Critical interaction with modern bodies of knowledge is required so that the best outcome from integrating wisdom from revelation and the genius of the intellect and human reasoning is achieved.

The Conference participants noted the need for further consolidation, coordination and streamlining efforts in teaching and research in Islamic economics and finance. Therefore, it is strongly recommended that an International Federation of Islamic economics and Finance Educators or *I-FIEFE*, be established as soon as possible. The Conference also agrees that the secretariat of I-FIEFE be based at the IIUM, with the Centre for Islamic Economics playing a central role as Secretariat to this Federation together with the International Council of Islamic Finance Educators (ICIFE). This secretariat should start to work immediately with support from all parties including the government of Malaysia as well as agencies such as the Islamic Research and Training Institute (IRTI) of IDB Group and to have visible and tangible output within one year.

The Conference noted that among the priority activities to be organized by the proposed I-FIEFE include:

- a. developing a global data base of Islamic economics and finance education. The focus of this database would cover programmes, curriculum and ‘talent’ development among educators and is to be published as a ‘Islamic Economics and Finance Education’ report with the support of IRTI and other partners;
- b. with the support of IRTI and host institutions, to hold international workshops/seminars and continuous education programmes for university lecturers to improve the standards of teaching and research in Islamic economics and finance, especially in the OIC-Member states;
- c. Conducting and coordinating greater research collaboration and academic/student exchange between member institutions.

While quality theoretical research and publications must continue, the Conference agrees that another area of emphasis should be on policy research in the fields of Islamic economics and finance. While efforts at Islamic economic reforms are gaining momentum in various Muslim countries, comparative development planning, as well as policy formulation and implementation can provide valuable lessons for OIC countries.

The Conference agrees that the papers presented will be published in reputable journals and Conference proceedings within the next 9 months among others in the *Journal of King Abdulaziz University: Islamic Economics, Islamic Economic Studies of IRTI and International Journal of Economics, Management and Accounting (IJEMA)* and *Intellectual Discourse* (of the IIUM).

The Conference participants appreciated the organization of 11th ICIEF. As with the previous ten Conferences, the 11th edition continues to ensure that the ICIEF Series maintains itself as the premier Islamic economics and finance event for scholars in the area.

The Conference would like to thank the organizers, in particular the host institution, IIUM for its hospitality and to the people and the Government of Malaysia in providing the opportunity and the facilities for the 11th ICIEF. The conference also acknowledges the continued support provided by the Islamic Research and Training Institute (IRTI) of IDB Group for making the conference successful and to the IAIE for their intellectual inputs in the conference series.

The Conference also noted that the 12th ICIEF will be held in March/April 2018 in Makkah al-Mukarramah hosted by the Umm al-Qura University.

11th ICIEF

4.00 p.m. Thursday, 13th October 2016

Kuala Lumpur