

SPECIAL SESSION ON PRIVATE SECTOR PERSPECTIVE ON DESIGNING NATIONAL STRATEGIES TO DEVELOP ISLAMIC FINANCE

Brief Note Introduction

Islamic finance has become an important segment of the international financial system and has been, certainly, one of its fastest growing components over the last decades. In the wake of the recurrent financial crisis, there has been a renewed debate on the role that Islamic finance can play, with its strong ethical principles and asset based approach, in the stabilization of the global financial system. Islamic finance can both contribute to financial stability and economic efficiency at the global and national level. Accordingly, development of Islamic Finance Strategies will provide a roadmap and will facilitate the initiation of legal, regulatory and supervisory frameworks for the Islamic Financial Services Industries and stimulate the efficiency and innovation in the Islamic Finance Industries in the Member Countries. Perspective of private sector is crucial in developing Islamic finance strategies as they are the main beneficiary of these instruments, and more importantly, an overwhelming portion of the Islamic finance providers are privately owned Islamic finance institutions. Private sector's role is critical both in the demand side and the supply side of the sector.

Firstly, Islamic financial services are mainly utilized by the private sector firms, as beneficiaries, in many fields such as transport, logistics and trade, telecommunication, energy, etc. to name a few. Furthermore, the issues related to taxation, risk management for equity-based financing, supervision and regulation, Shariah compliance, increasing product offerings, improving capabilities of human resources, supporting standardization, financial intermediaries, diversified investors etc. bear great importance for the private sector.

Secondly, private sector on the supply side of Islamic finance, comprises diverse range of private companies and institutions, including commercial and investment banks, mutual insurance and investment companies. As one of the main stakeholders in the Islamic Finance services industry, the involvement of the private sector while designing and implementing Islamic finance strategies is of particular importance. Regarding products and services, which is a significant component of the Islamic Finance Strategies, Islamic finance institutions, has an enormous potential to serve to the implementation of Islamic Finance strategies by increasing the range of Islamic products and services to satisfy the needs and demands of various sectors for Islamic finance. Moreover, Islamic finance institutions fulfill an important need by enhancing innovation and adoption of new technologies and developing alternative delivery channels for increasing financial inclusion. These institutions also serve talent development on Islamic finance by developing training and academic programs and promoting academic researches on Islamic finance and Islamic social finance.

In conclusion, taking into consideration the significant role of private sector in the implementation of different components of Islamic finance strategies, the involvement of the private sector in the development process of the Islamic finance strategies is crucial for reaching a more efficient multi-directional roadmap for the Islamic finance industries in the member countries. Additionally, private sector has not benefited adequately from the Islamic financial services due to various reasons, such as lack of awareness and enabling legal framework. In this respect, the discussion on how to increase the usage of Islamic financial instruments by the private sector would be very relevant.

<i>Objective of the Panel</i>	<p>The main objective of this panel is to discuss the perspective of the private sector on Islamic finance strategies both as beneficiaries and providers with a view to determining their challenges, setbacks and prospects in utilization of Islamic finance instruments, developing new Islamic finance products and services, increasing innovation and supporting human resource development and their suggestions for Islamic Finance Strategies for the efficient use of Islamic finance instruments. This panel is also aimed to discuss on how to increase the usage of Islamic financial instruments by the private sector.</p>
<i>Issues and Topics</i>	<p>Possible points of discussion include but not limited to the following questions:</p> <ul style="list-style-type: none"> • What are the structural problems of the private sector in the current Islamic finance industry? • What are the challenges of the private sector in utilizing Islamic finance instruments? • How the problems faced by the private sector, both Islamic finance beneficiaries and providers, can be addressed with designing Islamic finance strategies? • According to private sector, what should be the role of other actors (governments, multilateral development banks or academia) in the preparation and implementation of Islamic Finance Strategies?
<i>Participation</i>	<p>All delegations of the OIC Member States, representatives of the OIC Institutions, various International Organizations attending the 32nd COMCEC Ministerial Session are invited to participate in the special session. The Representatives of civil society, businessmen, academicians and other relevant stakeholders will be also invited to attend this Session.</p>
<i>Venue & Date</i>	<p>Istanbul Congress Center, İstanbul / Turkey, November 24th, 2016</p> <p>For more information, please contact: Nihat AKBALIK, Expert, COMCEC Coordination Office, Necatibey cd. No:110/A ÇANKAYA- ANKARA Ph: +90 312 294 57 49 E-mail: nakbalik@comcec.org</p>