

# Seoul Asian Financial Forum 2013 Session 1: Asia, Next global finance landscape

Daud Vicary Abdullah, President & Chief Executive Officer
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# **Agenda**

- 1. Asia is pivotal
- 2. The Global financial crisis
- 3. What do we need to do Awareness, Education and Talent Development
- 4. Where do we go from here



# Asia is pivotal



#### Islamic finance market

#### From niche to mainstream

#### **BEFORE**

# Muslim Population

- •21% of total world population of 6.8 billion
- •About 1.4 billion (CIA fact book ,2008)
- •Islam the fastest growing religion 1.8 %/year

**Asset Size** 

- •Mid 1990 = USD 150 Billion (KFH, 2008)
- •2011 = USD 1.086 trillion

**Growth Rate** 

•29.7 % in 2006 (thebanker.com)

- **Market focus**
- •Islamic countries of the MENA and South-east Asia (SEA)
- Market share
- •Islamic Finance represents 1% of global assets
- •2003 :the GCC 13%, Malaysia 9%, Indonesia 1,2 %

Infrastructure

- •More than 300 Islamic Financial Institutions
- •IFIs 50 countries (S&P IF Outlook 2006)

**Product Innovation** 

- Retail financing
- •Vanilla & simple products

**Government & Regulation** 

•Reliance on domestic conventional regulatory

#### NOW

- •24% of total world population
- •Estimated at about 1.6 billion
- IFSB expects the Global Islamic finance asset to reach USD1.6 trillion by 2012
- annual growth rate of > 30 % since 2000 (Bankscope & Oliver Wyman)

Muslim-minority e.g. US, UK and Germany, France, China, Japan, Canada, South Korea

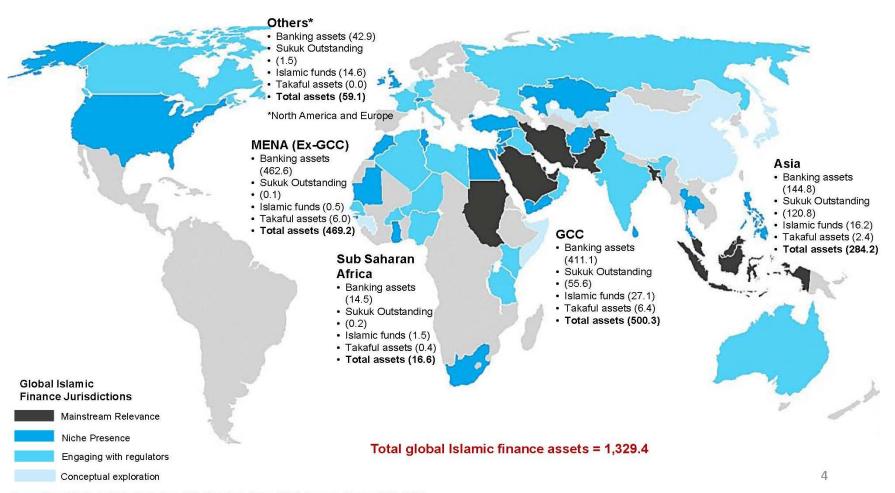
In 201 estimated: the GCC 19%, Malaysia 23%, Indonesia 5.1%

- Over 1000 IFIs currently
- operating in about 75 countries worldwide
- Complex products & structures
- Development of International Standard
- Increasing support of Government & Regulators

#### Global overview of Islamic Finance



#### Global Islamic Finance Assets, 2011 (USD Billion)

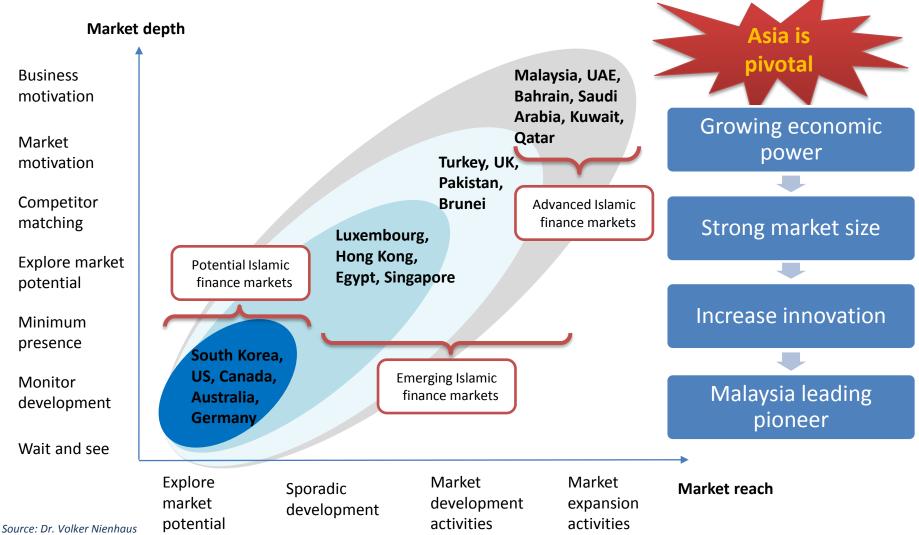


Source: Central banks, individual institutions, IFIS, Bloomberg, Zawya, World Insurance Directory 2012, KFHR

### Market potential

At which stage is each country?





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# **The Global Financial Crisis**

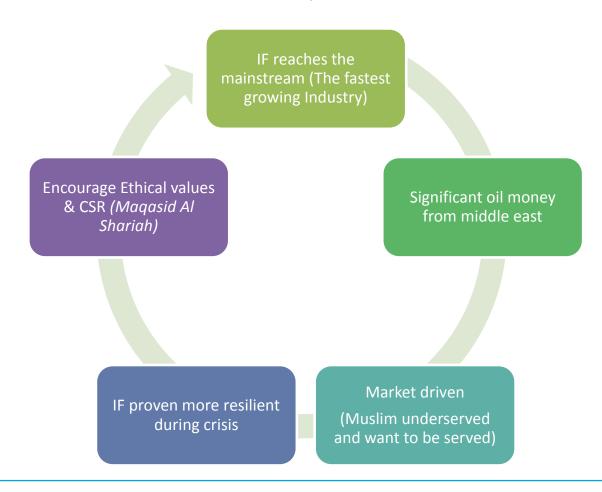


# The global financial crisis

# 2

#### Islamic finance as an alternative

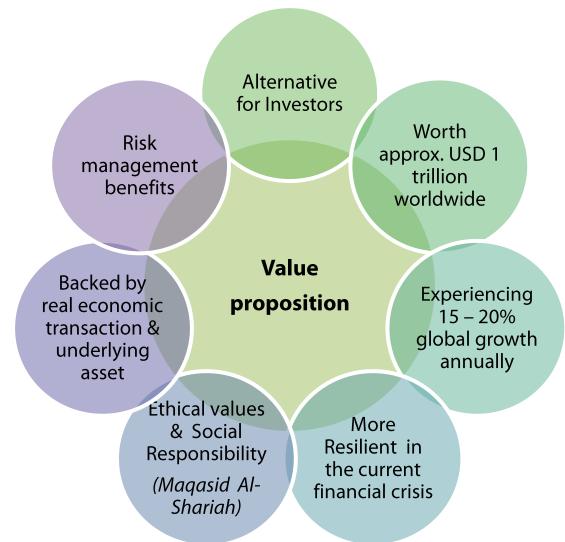
Islamic financial sector is in a unique position to promote financial innovation and bring stability to global finance, as long as it is correctly nurtured and developed internationally.



# Improving value proposition

# 2

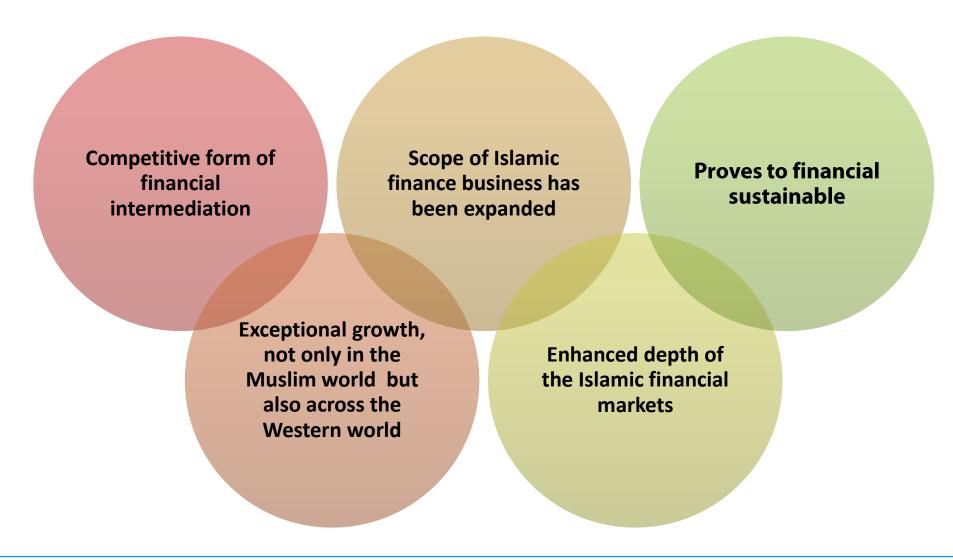
# Showing off advantages



#### Islamic finance

# 2

#### Another credible asset class





# What do we need to do?

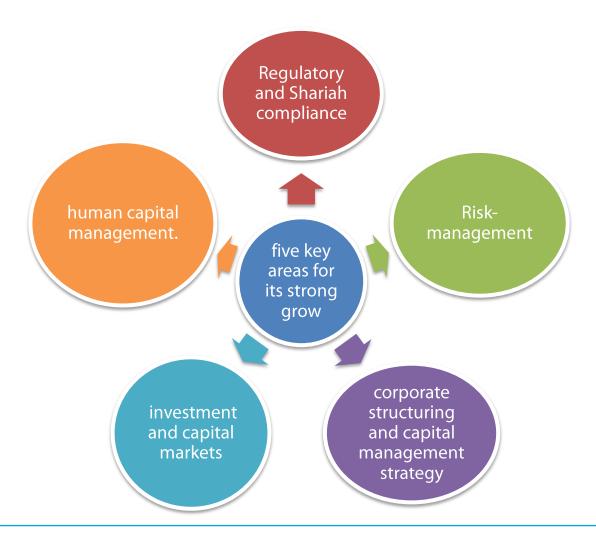


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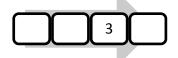
#### Islamic finance

# 3

# Understand key areas for its strong growth



# Demystifying Islamic finance



# Changing the mindset of the masses

Correcting misconception & demystifying Islamic Finance

Ensuring value proposition

Hand by hand to grab business opportunities

Providing supporting legislation & regulation



# Where do we go from here?



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# Paradigm shift

# Key points



# **Demystifying IF**







Replication to innovation



Debt-based to Equity-based

## **Talent Development**

# 4

## Bringing our talent up to speed

#### **Education**

- Enhance Shariah expertise and Human Capital
- Increase knowledge in Islamic Finance





Encourage right and comprehensive understanding

Provide sufficient cross-border Liquidity

**Perception** 



Liquidity

## **Talent Development**

#### Collaboration & communication



Professional & educational institutions



Regulators

The industry

Cross border alliance

Collaboration at global level

❖Constructive & more frequent dialogue

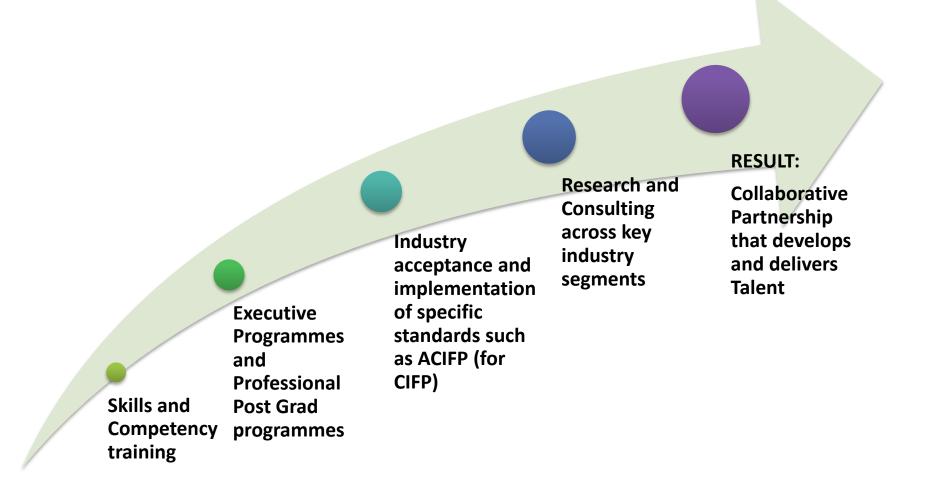
\*Partnership between academic institutions & the industries comprising of research operations, internships, project consulting, etc.





## Dedicated to human capital

# Education, training, consulting, research and collaboration



# There is much to do & Not a moment to lose

# **Thank You**

#### **David Vicary Abdullah**

President & Chief Executive Officer

Tel: +603 7651 4000 Email: dvicary@inceif.org Website: www.inceif.org