

In the name of Allah, the Most Compassionate and the Most Merciful,

Assala'mu'alaikum Warahmatullahi Wabarakatuh and a very good day to all of you.

1. I am most grateful to Allah the Almighty for all His blessings, not less for allowing me the opportunity to be here on this special occasion, in this blessed city al-Madinah al-Munawwarah, the holy city of our Holy Prophet Muhammad SAW. Also, it is my pleasure to register my heartfelt thanks to the Madinah Institute for Leadership and Entrepreneurship, and in particular to Dr Mohamed Moustafa Mahmoud, Adviser to the Minister of Labour and CEO of the Institute, for having kindly invited me to this inaugural lecture.

2. I have been asked to reflect upon the Malaysian experience in nursing through high performance Islamic finance. No doubt this subject was chosen in view of my involvement in the field of Islamic finance, having been a member of the Executive charged with the Finance portfolio when the first Islamic Finance institution in Malaysia, Bank Islam, was established way back in the 1980s. May I respectfully say that I believe it would be less than appropriate for someone who is no longer a member of the Executive nor a member of a think tank having access to the power that be, to make an insightful assessment of the policies, strategies and actions of the government and the impacts they have. This is because of the disadvantage of not having access to the pool of meaningful information and data for analysis, Such an assessment should, to my mind, be made, if at all, by a research outfit or think tank with ready access to deep information and equipped with sufficient analytical tools. Furthermore, being a politician I may not be able to always remain objective. It is therefore with utmost respect that I seek the indulgence and understanding of the Institute, to allow me to vary somewhat the subject or topic of my presentation by titling it "Islamic finance as the way ahead for the socio-economic empowerment of the global Ummah". This is a subject that is very close and dear to my heart, as I am sure it is to many of us here.

3. I do not consider myself as an expert in Islamic economics and finance or a jurist conversant in Shari'ah and fiqh. My position is that of a concerned member of the Muslim Ummah, who is imbued with a deep hope and sense of commitment towards the realization of Islamic teachings in all aspects of our life, including in the socio-economic domain. Thus my presentation is neither a paper on the technicalities of Islamic finance nor on analytical thesis of the Islamic finance markets or its components nor even an exposition on the characteristics of a sound regulatory regime. Instead I will be touching on certain issues which I consider pertinent and relevant to our efforts to further the global cause and development of Islamic finance.

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Nonetheless, to give some order I have decided to structure my presentation into three parts. I would begin by emphasizing the need for us to remind ourselves and to never forget about the philosophy and mission of Islamic finance, followed by a rough portrait of the global context and major trends in the global economy, and in the last part I would brave myself by making some general observations on the way forward, that is - how to make Islamic finance works and become a success story in our increasingly turbulent world.

4. Islamic economics, and thus Islamic finance, is based on the philosophy of justice and equity and morality. This is reflected by the over-arching and core Shari'ah principles governing or underlying its features and operations, the most important of which are as follows:

- prohibition on riba (usury) which includes interest on debt in any form
- prohibition or avoidance of gharar (uncertainty or ambiguity in contracts)
- adherence to risk-sharing and reward-sharing i.e. profit and loss sharing (PLS)
- ban on immoral business activities and investments (such as production and sale of liquor, gambling, hoarding, pornography)
- sanctity of contract
- protection of ownership rights
- prohibition on dishonesty and deceptive practices
- discouragement of concentration of wealth in a few hands
- redistribution of wealth by way of zakat (alms tax)

5. The overall mission or goal of Islamic finance is the socio-economic and moral well-being of the whole community. This means that its orientation and ethos differ, or should differ, from those of conventional banks. While the performance of commercial banks is solely measured on financial criteria, the most important of which is the profit criterion, the performance of Islamic banks ought to be based on a combination of social and financial criteria. The focus should never be solely on profitability, but also and primarily be on social benefits to the community. Adherence to this philosophy dictates that Islamic banks should not surrender themselves to the pressure of following the profit-maximization practices of conventional banking such as getting rid of unprofitable but socially beneficial line of business or downsizing the work force to cut costs and, thus, contributing to unemployment, or shying away from micro-finance for the empowerment of the underclass.

6. Proponents and practitioners of Islamic finance must always be mindful that the *raison d'être*

of Islamic economics is justice and equity and socio-economic well-being of the whole community. They must not sacrifice this very important principle, just for the sake of increasing their market share or for easing the entry or expansion of their operations into the global financial system which still very much functions and operates according to the rules, practices and ethos of conventional banking. In the long-term, the survival and growth of Islamic finance depends on its integrity and reputation.

7. Islamic banking and finance constitutes only a small portion of the global economy, although statistical data indicates that it is growing. An estimate put the total assets held by Islamic banks and finance institutions globally at around \$1 trillion in 2010 increasing to \$1.6 trillion currently representing between 1% - 2% of the entire assets in the global economy, and growing at between 15% to 20% annually. Some analysts take the view that Islamic banks and financial institutions are more resilient than their conventional counterparts, better able to minimize or mitigate the effects of the most recent financial crisis of 2007-2008 and the global economic downturn which follows. Of course, this resilience is attributable to the inherent features and characteristics of Islamic finance itself, in view of its adherence to the Shari'ah principles which I had briefly mentioned. However, we should not fall prey to over-optimism and entertain the illusion that Islamic banking and finance is immune from the effects of a global recession, or indeed, of any great shift or turn in the forces and currents that shape the world - culturally, politically, socially and economically. For this reason, we must continuously make the efforts to monitor and understand the happenings in the world as well as the apparent and hidden forces giving rise to them. And by using all the tools of knowledge and our God-given faculty of intuitive intelligence - which is denied by modern man - we try to make projections about probable future scenarios, in the context of which we will have to situate ourselves. I am sure many people involved in the world of Islamic finance, as in other fields including politics, are engaged in this task. I will now enjoin that task by highlighting some of the global contextual realities we are in and trend-coursing through the veins of our global village.

8. The precarious state of the world: For the first time in human history, human civilization is facing the possibility of collapse and general chaos, as a result of the inter-play of various seemingly intractable phenomena - climate change, global environmental crisis, depletion of natural resources, loss of biodiversity and extinction of species, economic instability, wars and serious humanitarian crises, proliferation of nuclear weapons, hunger and famine and widespread social unrest and many more - all of which are largely attributable to human follies and misdeeds, ghafla and fasad in the language of Islam. Thinkers and experts of various stripes and leanings have attempted to identify and explain not only the approximate causes but also the root causes of these phenomena. For example, take climate change, which we are told, is the most urgent and threatening in the series. The overwhelming consensus is that the approximate cause of climate change is the excessive emissions of greenhouse gases into the atmosphere. But opinions and views differ when it comes to the root cause. Some say the root lies in the religious view of human dominance over nature, others put the blame on democracy and industrialisation, still others say it is capitalism driven by technology and greed, a few points

their fingers at burgeoning population and so on and so forth. Perhaps, one may even advance the argument that the different factors depicted as the root causes of the environmental crisis are, in reality, merely different facets or parts of the same elephant running amok which is the economic machine of homo sapiens, made up, as it were, of a complex networks of infrastructures, cities, plants, institutions, ideologies, ethos, practices and habits of mind.

9. My purpose in mentioning these things is to drive home three very important points. The first is that the major or great problems confronting humanity today are, at a deeper level, closely inter-related in a complex web of relationships, though, on the surface they may appear as separate and unconnected. Secondly, unless we honestly and correctly understand the root cause of a problem, we would not be able to find the effective means to solve it. We may succeed in getting rid of its symptoms, but the problem still persists. This truism applies in equal force to the economic malaise or disease facing the world now. The world economy can be said to be in a process of a slow recovery but given the fundamental flaws and inherent instability of the global financial system, the occurrence of another serious financial crisis is highly probable. We are not yet out of the woods. And lastly, I concur with our internationally distinguished Malaysian scholar Tan Sri Dr. Syed Muhammad Naquib al-Attas, that at the heart or root of much of the problems in this so-called modern age is the confusion of knowledge and the loss of adab ensuing from such confusion. In short, all the crises stem from the crisis of worldview or tassawwur of modern man which denies the presence and role of God in this world of phenomena.

10. Globalization: In the last few decades, the world has become increasingly integrated in all spheres of life. The demise of communism in Russia and its satellites in the early 1990s and the transformation of the Chinese economy into a vibrant version of capitalism, that is 'state capitalism', are manifestations of the globalization process. I am sure all of you are fully aware that globalization is not an accident of history. It is underpinned by a combination of sub-processes and policies - particularly liberalization, privatization and deregulation – which are consciously propagated and pursued to promote free trade and level playing fields for all economic agents. High technology, particularly the internet, and modern means of transportation enhance the speed and efficiency of the globalizing process.

11. The free movements of goods, services and capital across borders brought forth by globalization means, among others, the opening of national markets to foreign competition which, in a liberalized and deregulated environment, diminishes the ability and power of governments and market regulators. This poses a challenge to national efforts to promote the development of new or nascent local economic enterprises including Islamic banking and finance. Besides that, as regulators anywhere in the developing world would tell you, it is not so easy to exercise regulatory oversight over a local division of a giant global corporation with access and clout in Washington or London. In fact, in a sense, the market is playing the

supervisory role in reverse. Governments everywhere are under the constant surveillance and radar of international rating agencies and market analysts. Thus globalization is both a boon and a curse. Whether it works for us or against us depends to a large degree on our own wisdom, on the policies and strategies we put in place.

12. Shift from the real economy to the financial economy: Over the last few decades, the economies of the United States and other developed countries have shifted from what economists refer to as the real economy to the financial economy, that is, from industry to service. In the US, the service sector now represents over 80% of its total economy, with banking and finance forming the largest sector. One estimate puts the global financial economy at about 12 times of the entire economy of the world, of which the derivative market with an estimated value of nearly \$500 trillion forming the largest portion, followed far behind by the stock market at \$50 trillion, and the bond market at \$45 trillion. What is particularly notable, and of course worrying, is that the financial economy is becoming increasingly estranged from the real economy. Financial economy used to be a mirror or reflection of, and driven by, the real economy. Now it is the reverse. Some observers refer to this phenomenon as 'financialization', whereby investors no longer look for dividends but behave more like gamblers speculating and betting on price movements, and by extension even on the collapse of national economies. This development magnifies the dangers and risks of speculation that many economists fear.

13. The rise of Global Occupy Movement: In the wake of the financial crisis of 2007 – 2008, this crisis spread beyond the American shore and many economists now consider it worse than the Great Depression of the 1930s. It threatened the collapse of financial institutions, brought about the bailout of banks by governments and the downturns of stock markets around the world. It was also considered as the reason for the economic decline leading to the global recession that we have just spoken of. This, in turn, contributed to the European sovereign debt crises, of which the cases afflicting the Republic of Ireland and Greece are still, I am sure, fresh in our collective memory. We could continue to look at other crises. There was, for instance, the Asian financial crisis of 1997, triggered off by the collapse of the Thai baht upon its floatation and raising the fear of a worldwide economic meltdown. But the conclusion is very much the same; and that is, capitalism is flawed and has brought much economic suffering to the world. We witness the emergence in September 2011 of a grass-root protest movement known as "Occupy Wall Street" in Zuccotti Park located in New York City's Wall Street financial district. The main issues raised by Occupy Wall Street were social and economic inequality, corporate greed, government collusion with financial barons, causing the loss of incomes and employment and sufferings to the underclass. The Occupy Wall Street movement quickly spread to other cities in America and soon to other parts of the globe – Latin America, Europe, Asia, and South East Asia. Some observers believed that Occupy Wall Street was inspired by the Arab Spring which started in Tunisia in December 2010 and which subsequently spilled over into Egypt, Morocco, Yemen and Syria and you all know the rest of the story. What is significant about the Occupy Wall Street movement, which has become global, and the Arab Spring is that they signify a new wave of consciousness and desire for change in the existing political social and

economic order and arrangements which benefit a few at the expense of the many. Not surprisingly, the annual report put out by the World Economic Forum in Davos in each of the last three years identifies income inequality as the no. 1 global risk.

14. The acceptance of capitalism as the economic system by the former socialist states does not negate the amorality of the system in which consumers are open to exploitation. It was the natural choice since capitalism was the order of the day and it would have been odd for them to have done otherwise. This reality must not be lost upon us who are gathered here today. We have been blessed with the Shariah political, legal, economic and social systems which we must now put to good use as has been commanded by Islam. Indeed, ours is the ideal alternative. Perhaps it is apt to note here that there is an abundance of literature relating to the Islamic economic system and I have had the pleasure of reading a few. From my reading, I detect a common concern about the lack of a comprehensive understanding among many across the divide which has led to poorly conceived thought regarding the system. This, to my mind, has led to unfounded debates amounting to arguing its practicality. One extreme view professes that the system orbits around a superficial situation and thus not addressing the reality of things. In all fairness, the issue of superficiality versus reality is more difficult than what it seems because one has to go beyond it to really appreciate Islamic economic system, since the embodiment of the system is Islam itself.

15. It is worth reiterating that the Islamic economic system is neither capitalistic nor socialistic in nature. It is a system that has been provided by the Quran and the Sunnah of the Holy Prophet Muhammad SAW. It is the ethical system that operates on the basis of shared risk and profit to the lender and the borrower. It is, therefore, the ideal system that is not encumbered by the drawbacks of capitalism and socialism. Similarly, Islam differentiates between the production of goods and services, the science of economics as it were and the manner in which they are distributed, or the economic system. The science of economics is universal and can be absolute, irrespective of creed and beliefs. The economic system, on the other hand, elaborates on the manner in which wealth is to be acquired, distributed and disposed of. This is the subject at hand and the crux of the matter; and the Islamic economic system has laid down the rules based on the Shariah.

16. The fundamental of the Islamic economic system lies in the belief that man is the representative or trustee of Allah SWT who is the real owner of the heavens and the earth and everything in the universe. Allah is the sustainer and provider of livelihood and subsistence to all His creatures in the universe. Allah creates the means and the resources for man to earn his living. This does not, however, suggest that one should sit idly by, waiting for sustenance to come to him automatically. Instead, Allah provides sustenance to all His creatures by creating infinite resources for man to exploit, provided it is done in a lawful and halal manner without violating the rights of others. Man has to earn his living using all that has been created by Allah.

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It should be noted that man's right to apply resources for his existence is not limitless. And divine wisdom dictates that man should not hoard his wealth as if it belongs to him absolutely, while denying the use of such wealth to others. It is for this reason that sadaqah and zakat were instituted and these serve as the platform for the equitable distribution of wealth. It is also timely to note the contrasting difference between interest or usury or riba of the capitalist system and sadaqah and zakat. They are complete opposites to each other. While sadaqah and zakat channel wealth from the rich to the poor, interest channels away wealth from the poor to the rich.

17. Islam views life as a compact whole and economics is one of its most important components. The Islamic economic system is balanced and everything in the system has its right place. Everything is for the benefit and welfare of mankind based upon the principle that everyone has a responsible and honest role in meeting the needs of the body and the soul, the physical and the spiritual. In sum, the Islamic economic system encompasses all aspects of man's activities. The State is there to bring all productive resources into use for the welfare of its citizens in a lawful and halal manner. In other words, the system stands for simplicity, modesty, charity, mutual help and cooperation. It denounces miserliness, greed, extravagance and unnecessary wastage.

18. One estimate puts the global financial economy at about 12 times the entire economy of the world. Of this, the derivative market, with an estimated value of nearly 500 trillion US dollars, forms the largest portion, with the stock market at 50 trillion dollars and the bond market at 45 trillion dollars. What is particularly notable, and at the same time worrying, is that the financial economy is becoming increasingly estranged from the real economy. Financial economy used to be a mirror or reflection of, and driven by, the real economy. Now the reverse seems to be the case. Some observers refer to this phenomenon as "financialisation". It is the situation in which investors no longer look for dividends but behave rather like gamblers speculating and betting on price movements and even on the collapse of national economies. This development magnifies the dangers and risks of speculation much feared by many economists.

19. The trend and reality that I have just mentioned will surely cause more uncertainties and risks to our world. These uncertainties and risks demand the highest level of collective wisdom and commitment from our governments and leaders in their charting the course for the future.

20. There are good reasons for believing in a bright future for Islamic finance. As noted by Dr. Mahmoud Moheildin, the managing director at the World Bank, there is a growing interest in financial instruments that emphasize risk sharing in the aftermath of the recent financial crisis. Islamic finance's "underlying tenets of an ethical and just financial system that strengthens real

economy sectors has tremendous global relevance. A large client base exists that is sensitive to doing business with socially responsible institutions” (State of the global Islamic economy 2013 report produced by Thomson Reuters’). According to a survey conducted by Thomson Reuters’, the demand for sukuk is expected to reach \$421 billion by 2016 from \$200 billion in 2012. In his inaugural address of the World Islamic Economic Forum (WIEF) in London in October 2013, the British Prime Minister, David Cameron, said he wants London to stand alongside Dubai and Kuala Lumpur as one of the leading hubs for Islamic finance. He also announced the plan of the London Stock Exchange to launch an Islamic market index. These are some of the good news that point to the wide open road for Islamic finance in the years to come.

21. However, for Islamic finance to realize its full potential and respond to the increasing demand for ethical, equitable, stable and risk-resistant financial products and services, serious efforts must be undertaken to address the challenges, weaknesses and constraints, existing and potential, at all levels and in all aspects of its implementation, operation and practice. Many proponents and thinkers in Islamic finance – including Dr. Umer Chapra, Dr. Mahmoud Mohieldin, Dr. Abbas Mirakhor, Prof. Hossein Askari, Dr. Iraj Toutouchian and Mr. Daud Viscary Abdullah, just to name a few – have produced insightful analyses and have come up with substantive and useful suggestions relating to this very important issue. Here, I can no more than merely reiterating briefly some of the important suggestions they have put forward: such as improving and strengthening regulatory framework and supervisory oversight, promoting standardization both domestic and across jurisdictions, rebalancing tax treatment, ensuring adequate liquidity, establishing sound best management practices, establishing cooperative mechanisms to respond to crises occurring at institution and industry level, and ensuring adequate supply of trained personnel, and raising the level of understanding of Islamic banking and finance among judges, arbitrators and industry-connected professionals (lawyers, accountants etc).

22. The efforts and measures undertaken in enhancing Islamic banking and finance should not focus merely on the quantitative aspect but must also encompass the qualitative as well. Firstly and most importantly, one should always be mindful of the need to strictly adhere to the core Shari’ah principles underpinning Islamic finance and resist the temptation to circumvent them, for example, by resorting to the so-called creative financial engineering or using ambiguous or deceptive words or turn of phrase. Doing so would not only be wrongful in the sight of the Shari’ah but also would compromise the integrity of Islamic finance itself and this would ultimately reduce public confidence in the industry and damage its reputation. Secondly, we should give a special priority to the socio-economic mission embedded within the philosophy of Islamic finance to realize distributive justice by extending the reach of services to the disadvantaged sections of the community through micro-finance, Qard-al-Hasan (good loan or loan without interest), Zakat, Sadaqat and Waqf and so on.

23. The success of Islamic finance requires the commitment and support of many quarters, especially the government who possesses the wherewithal to put in place the requisite regulatory framework and the policies to create a conducive environment and to allocate the seed funds and resources. The experience of Malaysia is a good case in point. With a modest beginning in 1963 with the launching of Tabung Haji (Pilgrimage Fund), the brainchild of a pre-eminent Malaysian economist, Royal Professor Ungku Aziz - currently with assets of \$10.4 billion and 8.2 million depositors - Islamic banking and finance in Malaysia has grown by leaps and bounds and is now internationally acknowledged a leading success story. Value-wise the total Malaysian Islamic banking assets currently stands at about \$168.4 billion representing over 10% of the global total while our sukuk issuance accounts for over more than 60% of the global Islamic bond market. Regulatory-wise Malaysia is one of the 30 countries today to have a stand-alone legislation and regulation governing Islamic banking and finance. Institution-wise Malaysia has 21 full-fledged Islamic banks, the highest number worldwide, and 16 takaful/re-takaful operators, the third highest in the world behind Saudi Arabia with 23 operators; and Indonesia with 22 operators. In terms of supporting infrastructure, it has a full functioning national Shari'ah Advisory Council established in 1997 by Bank Negara, the Malaysian Central Bank; the International Centre for Education in Islamic Finance (INCEIF), a university established by Bank Negara in 2005 to provide education in Islamic finance up to doctorate level; and, of course, the International Financial Services Board (IFSB), another initiative of Bank Negara inaugurated in 2002 as a standard-setting body of regulatory and supervisory agencies dedicated to ensuring the soundness and stability of Islamic banking and finance industry.

24. It is now, perhaps, timely for me to refer to cautions that had been voiced by several ulama regarding the rapid development of the system. In the early days when the system was at the stage of finding its footing within the industry, there was a tendency to design Islamic finance products not to the strictest of Islamic principles and standards. It was inevitable then as the understanding and measurement of the economic and finance systems were based on the conventional system. This could have led to the development of products that were less than perfect and lacked Islamic comprehensiveness when they were measured against the Shariah economic yardstick. In this regard, I still remember the endless debate, in the early days of Bank Islam Malaysia, regarding the concept of Islamic banking that was misconstrued then due to its fallacious understanding. This being the case and given the lingering tendency, although somewhat infrequent now, to continue measuring the mechanics of Islamic finance using conventional indicators, I think a relook at the system with a view to refining it is timely and opportune. In this regard, it does not hurt the system if we were to revisit what constitutes halal and haram in Islamic banking and finance. This, I submit, is part of the continuous quality assurance exercise that we have to go through to keep our practice true to the dictates of the Shariah.

25. I have dwelt at length on the development of Islamic economics and finance. Let me now try to point out its relevance in relation to our programme. We are agreed, I am sure, that economic

management is a key task of governments, any government. The failure to manage the economy in the way that it should, could lead to the downfall of a government. We have witnessed the truth of this observation often enough around the world. It therefore stands to reason for a government to manage the national resources well, addressing the ever changing and sophisticated needs of its people. Since the economy is pivotal in delivering the quality of life and sustaining that quality, and since the economic system is the determinant in delivering high performing economy, we should give due attention and focus to this sector.

26. Conceptually, economic managers began to give serious attention to high performance government during the last decade, although the framework of what it entails had been in existence for some time before. I would like to propose that we look at this concept in its simplest form. In this way, result-driven effort that is undertaken for the benefit of the community and the masses would be more effective and efficient. Bringing this thought to its logical conclusion, it would mean that a high performance government should be able to “deliver more with less” on a sustained basis.

27. Three factors are essential in any effort to bring about high performance government. They are outcome-focused and citizen-centric; distinctive capability; and having the right performance anatomy of operational excellence, agility, requisite workforce and corporate culture. The right strategy or strategies need to be applied to produce the outcome and result that meet the needs of the people. In delivering this, the available resources must be allocated properly and efficiently, as these are not unlimited. Governments must also be committed to developing distinctive capabilities so as to be able to provide support for the services that they deliver. And performance anatomy provides governments with the elements that are needed in order to deliver exceptional outcomes of the highest quality and productivity. It also calls for the agility to respond to shifts in public needs and preferences.

28. It is heartening to note that the Islamic economic system advocates all the principles of high performance government. This is evidenced by the existence of just and balanced societies during the heyday of the Islamic empire. The principles and fundamentals of the Islamic economic system are comprehensive enough and are still very relevant and in use today. I had mentioned earlier that the capitalist system advocates a relationship between business and politics which gives rise to corruption. Financial pilferage as a result of corruption or political lobbying increases costs unnecessarily and, in all likelihood, will be passed on to and be borne by consumers and the community at large. On the other hand, a strict implementation and management of the economy under the Islamic system would eliminate this possibility. It is often said that man's desire knows no bound and satisfying him is a difficult proposition. But it stands to reason to think that a reasonable man can appreciate the sharing by all of what is achieved even if there is a shortfall in that achievement. This is what one could expect of responsible societies and governments. But, what is unacceptable is the feeling that certain

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segments of the community are being hard done by by the prevailing economic difficulties while a select few wallow in luxury as if there is no tomorrow. Be that as it may, it is heartening and reassuring to note that Islamic economics and finance, in contrast to what has just been said, advocate efficiency, effectiveness, transparency, and sharing and selflessness. To my mind, these contribute significantly to our striving to attain high performance government.

29. I had stated, in the first instance, the need to empower the global ummah economically. I had then taken a quick look at the three economic systems in use globally to drive development and progress. In any move to improve the lot of the ummah, the system used as the driving force is critical to the success of that exercise. It is now quite obvious that the system of choice is the Islamic economic system. The other element that is required in such a game-changing undertaking of the economic empowerment of the global ummah is the financial wherewithal to provide the substantial funding requirement. In this regard, the success of Tabung Haji could be replicated throughout the Muslim world to help in developing that financial muscle and strength. All that is required is the political will to make that replication a reality. I am confident that many of us gathered here today have the moral strength to leverage against the possible inertia that could stall the multiplication of that will. Aside from this, the Muslim world is in a blessed position; for Allah SWT has showered His infinite and divine mercies with hydrocarbon resources in several Islamic countries. The Kingdom of Saudi Arabia is a good example, as are several other Middle Eastern states. With the right type of cooperation, and with the participation of such bodies as the Islamic Development Bank and the Organisation of the Islamic Conference, which have the necessary technical expertise, the empowerment of the global ummah would be a reality. I strongly believe that such a development as this could provide the platform and the basis for the universal application of the Islamic economic system together with the complementary political and legal systems.

30. I would submit that the time is now ripe for the Islamic world to take that transformation a level higher. It is therefore incumbent upon those of us who have been entrusted by Allah The Almighty to expend the riches from oil and gas and other resources to make good on this higher calling and set in train the noble Islamic ideal of empowering the global ummah through economic development and means. This could very well signal to start the putsch for the beginning of a second golden age of Islam which every Muslim and Muslimah very much looks forward to.

31. There is little doubt that the OIC, together with the IDB, could provide the necessary support towards this end. Given the global reach of the OIC membership, any and all moves in reaching for this stellar objective could be executed in tandem and with the concurrence of the OIC, thereby providing the ever-important solidarity in achieving the noble objective. More importantly, the establishment of the Knowledge Economic City here in the holy city of al-Madinah al-Munawwarah could provide the thrust in signalling the coming of the second

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golden age. This will definitely benefit the global ummah just as the first golden age had brought prosperity to the Islamic civilization that extended from Morocco to the western boundaries of China. It bears reminding that during the period that Islam held sway over Spain, the benefits and prosperity enjoyed by Andalusia were soon being enjoyed by Europe which was then waddling through the Dark Ages. The scientific advancement of the time that was brought by Islamic scholarship, made available through translated works in Greek and Latin, helped to usher in the new dawn of Renaissance that triggered off the revival of learning. This was the very same Islamic scholarship that had profoundly influenced such European greats as Leonardo da Vinci, Michelangelo, Roger Bacon, Copernicus and Galileo, among others.

32. With the establishment of this Knowledge Economic City, it is earnestly hoped that a new generation of Islamic scholars and scientists will be groomed to serve in the cause of the second golden age of Islam; scholars and thinkers who could outmatch their Oxbridge and Ivy League counterparts; scholars and thinkers at ease in expounding the physical as well as the spiritual. There is a lesson worthy of our attention somewhere in the rise and fall of the Islamic Civilization. In this respect, we must never forget the role of the ruling class and the influence exerted by this class in supporting and encouraging the development of religious and temporal scholarship. The patronage offered by this ruling class, by putting to good use their wealth and power, created the right ambience for scholarship to bloom thereby creating scholars par excellence in their particular fields. It was not uncommon to have palaces and castles hosting academic discourses and meetings of mind on scientific advancements. Muslim benefactors were generous in establishing centres of higher learning, hospitals and observatories. This patronage led to the development of love for scholarship as a culture among the wealthy and the influential within the Islamic society. However, Islam had subsequently befallen on tragic times when the patrons started to make light of their responsibility as the trustees of Allah SWT on earth. Distractions from worldly pleasures and false pride in the self and the family weakened their commitment to scholarship. This spelt the beginning of the end of the golden age of Islam.

33. Now the global ummah can look forward to al-Madinah al-Munawwarah with renewed hope and vigour. In this regard, it is encouraging to note the presence of a new resolve to put to good use the riches showered upon this blessed Kingdom by Allah SWT. In exploiting this divine gift of oil and gas, it is perhaps timely to reflect seriously upon and take cognisance of the commands of Allah regarding the relationship between the physical and the spiritual in the pursuit of scholarship. Here, we must continue to be reminded that in the pursuit of knowledge, wealth and power we must be guided by our faith and taqwa. To do otherwise would lead us astray. This in turn would bring about arrogance, cruelty and oppression, and destruction. An immediate example that comes to mind to illustrate the point is man's senseless and continuous abuse of Allah's good earth which could possibly be under the threat of a devastating ecological catastrophe. However, this should not distract us from the noble move that we need to make, to signal the wholly exciting journey for the ummah to bring about another golden age of Islam. It bears reminding that, in our undertaking, Islam demands of us to judiciously and consciously apply our collective intellect and wisdom in putting Islamic principles into practice. In this regard,

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it is hoped that Islamic leaders will continue to nurture and groom professionals, entrepreneurs, intellectuals and a wealthy class who are conscious of what is demanded of them by Allah SWT, but are not given to seeking recognition for their achievements.

34. In conclusion, I am confident that the Muslim Ummah possesses an inherent capacity and resources to make positive contributions in re-engineering the global system and processes towards a more harmonious, peaceful and prosperous future for all of humanity. The teachings of Islam, our religion, endow us with a holistic world view and philosophy urgently required for this task and mission. Last but not least, I would like to take this opportunity to express my heartfelt compliment to the Madinah Institute for Leadership and Entrepreneurship (MILE) for taking this very important initiative in promoting the quality of leadership in the government and public sectors in order to continue to be relevant and effective including in the area of Islamic banking and finance.

And with that I thank you very much for your time. May Allah give His blessings upon all of us and grant us taufik and hidayah.

Wabillahi taufeeq wal hidayah, wassalaamu alaikum wa rahmatullahi wabarakaatuh.

**THE ECONOMIC EMPOWERMENT OF THE GLOBAL UMMAH AS THE PRECURSOR TO
THE SECOND GOLDEN AGE OF ISLAM**

Speech by H.E. Tengku Razaleigh Hamzah At Meet The 'SMART' Government Leaders
Conference Organised by The Madinah Institute Of Leadership and Entrepreneurship (MILE) –
Knowledge Economic City

on Thursday, 30th January, 2014, 9:00 A.M. at Al-Madinah, Kingdom of Saudi Arabia