

Global Leaders *in* Islamic Finance

INDUSTRY MILESTONES
AND REFLECTIONS

Emmy Abdul Alim

WILEY



Global Leaders in Islamic Finance

Global Leaders in Islamic Finance

*Industry Milestones
and Reflections*

Emmy Abdul Alim

WILEY

Cover image: © iStockphoto.com/George Clerk

Cover design: Andrew Liefer

Copyright © 2014 by John Wiley & Sons Singapore Pte. Ltd.

Published by John Wiley & Sons Singapore Pte. Ltd.

1 Fusionopolis Walk, #07-01, Solaris South Tower, Singapore 138628

All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as expressly permitted by law, without either the prior written permission of the Publisher, or authorization through payment of the appropriate photocopy fee to the Copyright Clearance Center. Requests for permission should be addressed to the Publisher, John Wiley & Sons Singapore Pte. Ltd., 1 Fusionopolis Walk, #07-01, Solaris South Tower, Singapore 138628, tel: 65-6643-8000, fax: 65-6643-8008, e-mail: enquiry@wiley.com.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor the author shall be liable for any damages arising herefrom.

Other Wiley Editorial Offices

John Wiley & Sons, 111 River Street, Hoboken, NJ 07030, USA

John Wiley & Sons, The Atrium, Southern Gate, Chichester, West Sussex, P019 8SQ, United Kingdom

John Wiley & Sons (Canada) Ltd., 5353 Dundas Street West, Suite 400, Toronto, Ontario, M9B 6HB, Canada

John Wiley & Sons Australia Ltd., 42 McDougall Street, Milton, Queensland 4064, Australia

Wiley-VCH, Boschstrasse 12, D-69469 Weinheim, Germany

Library of Congress Cataloging-in-Publication Data

ISBN 978-1-118-46524-0 (Hardcover)

ISBN 978-1-118-46521-9 (ePDF)

ISBN 978-1-118-46523-3 (ePub)

Typeset in 11.5/14pt, Bembo by Laserwords Private Limited, Chennai, India

Printed in Singapore by C.O.S Printers Pte Ltd

10 9 8 7 6 5 4 3 2 1

*For my mother and father, Zubaidah Yusoff and Abdul Alim
Abdul Rahim, and my late sister, Alizah Abdul Alim,
may Allah bless her soul*

Contents

Acknowledgments	xiii	
Selected List of Acronyms	xvii	
Introduction	xxi	
Chapter 1	The Islamic Economist/Activist	1
	<i>Khurshid Ahmad</i>	
	Early Influences: Muhammad Iqbal, Muhammad Asad, and Sayyid Abul A'la Mawdudi	3
	Operationalising Islam: Sayyid Abul A'la Mawdudi and Jama'at-e-Islami	5
	Milestone: First International Conference on Islamic Economics	8
	International Influence: Islamic Economics as an Academic Discipline	10
	Spreading the Message Abroad: Europe and the Islamic Foundation in the United Kingdom	14
	Islamisation of the Pakistani Economy	15
	Islamic Economics versus the Narrow Pursuit of Profit	19

	Forty Years On: The Wood for the Trees	21
	The Last Word	24
Chapter 2	The Very First Mover	25
	<i>Saeed Bin Ahmed Al Lootah</i>	
	Always Begin at the Beginning	27
	Dubai: The Environment	30
	Dubai Islamic Bank: Early Response	32
	First Islamic Banking Conference—May 1979, Dubai	34
	Development and Challenges	35
	DIB, UAE, and Corporate Governance	39
	Haji Saeed, Dubai, and the Islamic Economy	41
	Forty Years On	43
	The Last Word	45
Chapter 3	The Well of Influence	47
	<i>Prince Mohamed Al Faisal Al Saud</i>	
	Germination	48
	Catalysis: The Establishment of Dar Al-Maal Al-Islami	52
	The Business of DMI: Navigating Uncharted Waters	58
	Current Holdings	62
	Forty Years On: “The Aura Is Much Bigger than the Reality”	64
	“The Muslim World Went to Sleep”	72
	“Eventually, I Think, Everybody Will Become a Salafi”	77
	The Last Word	80
Chapter 4	Steadily Spreading the Blessings	81
	<i>Saleh Abdullah Kamel</i>	
	Spreading the <i>Baraka</i>	84
	Gone West: Al Baraka in the United Kingdom	88
	Advancing the Islamic Economy	91
	Islamic Megabank	91

	World <i>Zakat</i> Fund	93
	The <i>Halal</i> Industry	94
	Ask Not What the Community of Islamic Countries Can Do for You	95
	Forty Years On: Mechanisms over <i>Maqasid</i>	96
	The Last Word	99
Chapter 5	The Systematic Rise of a National Industry	101
	<i>Mahathir Mohamad and the Malaysian Story</i>	
	Lead-up to the 1981 Decision	102
	<i>Influence #1: Tabung Haji</i>	103
	<i>Influence #2: Tunku Abdul Rahman, the OIC, and the IDB</i>	103
	<i>Influence #3: Prince Mohamed Al Faisal Al Saud</i>	105
	National Steering Committee and Establishing Bank Islam	105
	Building an Industry Systematically	108
	<i>Setting the Pace and Character of Overall National Economic Development</i>	108
	<i>Phase 1: 1983 to 1993—Establishment and Entrenchment</i>	109
	<i>Shari'ah-Compliant Financial Instruments</i>	113
	<i>Phase II: 1993 to 2000—Liberalisation and Expansion</i>	114
	On Growth and Development	116
	Islamic Capital Market: Malaysia as a Global <i>Sukuk</i> Leader	117
	A Model Nation for Islamic Finance	122
	<i>Phase III: 2000 and Beyond—Internationalisation</i>	126
	The Better System	127
	Thirty Years On: And Still Much More to Be Done	132
	The Last Word	137
Chapter 6	The Islamic Economist	139
	<i>Abbas Mirakhor</i>	
	The Second Stage of Islamic Economics	141
	Risk Transfer and the Global Financial Crisis	145

	Advancing Risk Sharing for the Benefit of All Humanity	147
	“In Islam, the ‘Other’ Doesn’t Exist”	151
	IMF and Islamic Finance	152
	Forty Years On: The Wood for the Trees	155
	Building the Roads to a Better Economy	158
	The Last Word	160
Chapter 7	The Global Standard-Setter	161
	<i>Rifaat Ahmed Abdel Karim</i>	
	Accounting for a New Paradigm	163
	AAOIFI: A Landmark in the History of Modern Islamic Finance	167
	Setting the Standards	168
	IFSB: Working with the Regulators	172
	Changing the Landscape: Integrating Islamic Finance into the Global Financial Architecture	178
	Twenty Years of Setting Standards for Islamic Finance	181
	Moving Forward	183
	The Last Word	184
Chapter 8	The <i>Shari’ah</i> Scholar	185
	<i>Sheikh Nizam Yaquby</i>	
	The Role of <i>Shari’ah</i> Scholars in Islamic Financial Institutions	188
	What Is <i>Shari’ah</i> Compliance?	189
	<i>Shari’ah</i> Compliance for an Ethical Society	191
	Second-Generation <i>Shari’ah</i> Scholars	196
	On Training <i>Shari’ah</i> Scholars for Islamic Finance: Climb the Stairs One by One	197
	Two Boards, Three Boards, Four Boards, Five. How Many Is Too Many?	199
	Great Strides in Islamic Finance: The Contribution of <i>Shari’ah</i> Scholars	203
	“Monumental Fatwa”: Dow Jones Islamic Market Index	204
	Forty Years On: The Wood for the Trees	206
	The Last Word	208

Chapter 9	The Lawyer	211
	<i>Michael J. T. McMillen</i>	
	Many Firsts	213
	“The United States Is Probably the Second Largest Islamic Finance Market in the World”	217
	“The United States Is One of the Easiest Places in the World to Do a <i>Shari’ah</i> -Compliant Deal”	220
	Consulting and Structuring Deals Worldwide	222
	Critical Factors for the Development of Islamic Finance	222
	Code of Conduct: Lawyers and <i>Shari’ah</i> Scholars	226
	<i>Sheikh Muhammad Taqi Usmani Sukuk Pronouncement</i>	228
	<i>On Freely Circulating Fatawa</i>	229
	101: On Wholesale and Retail	230
	<i>Maqasid al Shari’ah</i> and the Non-Muslim Islamic Finance Lawyer	232
	Seventeen Years On: The Woods for the Trees	233
	The Last Word	234
Chapter 10	The Equity Capital Market Man	237
	<i>Rushdi Siddiqui</i>	
	Building Indices and Benchmarks for the Global Industry	239
	Global Viability: Outperforming Conventional Indices and Averting Enron	241
	Wherefore the Pulse?: <i>Shari’ah</i> -Compliant and <i>Shari’ah</i> -Based Indices	244
	Gaps and Disconnects	248
	Major Disconnect: On Information	252
	The United States of America, Islam, and Islamic Finance	253
	The <i>Halal</i> Industry	256
	The Last Word	258
Chapter 11	More than the Sum of Its Parts: Forty Years of Islamic Finance	261
	Growth beyond Expectations	263
	My <i>Shari’ah</i> , Your <i>Shari’ah</i> : What Is So Authentically Islamic about This System?	266

A Viable Business Model	270
Beyond Banking and Finance: The Islamic Economy	273
The Last Word: Commitment to the Islamic Basis as a Better Way	275
Glossary	279
References	283
About the Author	297
Notes	299
Index	315

Acknowledgments

Whoever does an atom's weight of good will see it,
And whoever does an atom's weight of evil will see it.

—*Al Qur'an, Sura 99, Az Zalzalah, Verses 7–8*

Many have helped make this book possible, and I would like to thank all for any and every contribution. Please accept my sincerest apologies if I have missed anyone.

None of this would have been possible without the graces and blessings of Allah (swt), and I am very thankful for His infinite generosity and guidance.

My most special thank you to my most-loved and cherished friends who have kept me sane for so many years. The most special thank you and my utmost debt of gratitude to Tatiana Tahir-Craven who, even from Melbourne, Australia, provided me with much-needed support on a daily basis. I speak nothing but the truth when I write that I could not have survived without her friendship. My love and thanks also to Rashidah Brandeis in Singapore, Samija Serifa in Latvia, and Annex Achieng in Italy. By extension, thank you Peter Craven, Paul Brandeis, Luigi Leotta, and all your bubbly brood—Sarah, Thara, Sonia, Lea, Umred, and Agostino.

My appreciation to Nick Wallwork, Jules Yap, Gemma Rosey and Chris Gage at John Wiley & Sons in Singapore and to Siti Kasim in Kuala

Lumpur, who remembered me enough to introduce me to Nick some moons ago.

For the work of transcribing dozens of hours' worth of interviews, thank you especially Jason Gray in South Africa and Zaheer Thai Kandy in Dubai.

For suffering the reading of draft chapters, thank you especially to Al Zaquan Amer Hamzah in Kuala Lumpur and Nagham Osman in Cairo for introducing me to Tanya Chan-Sam in the UK. Many thanks also to others who provided feedback and comments, including Ameena Al Haddad and Juhaina Kasimali in Bahrain, Zuzanita Zakaria in the United States, and Nurini Kassim of Securities Commission Malaysia. To Cheryl-Ann Low in Singapore, thank you for your fresh eyes on the pages.

Thank you to all at Thomson Reuters Islamic Finance Gateway for the work that has taught me a lot, including Dr Sayd Farook, Wiebke Buelow, Blake Goud, Shaima Hasan, Ammar Radhi, Yusuf Radhi, Redha Al Ansari, Karim Arafa, Ameena Al Haddad (again), Juhaina Kasimali (again), Dua'a Al Masqati, Noor Khamdan, Mazen Al Saleh, and Sameera Al Bulushi.

The interviews were made possible with the help of many people including Shiraz Gull and Ajmal Mehmood Awan of the Institute of Policy Studies in Islamabad, Pakistan; Ahmad Majid Lootah in Dubai; Edith Butcher of Dar Al-Maal Al-Islami in Switzerland; Sharaf Khawaja of Ithmaar Bank in Bahrain; Hassan Ibrahim, Dato' Vaseehar Hassan, and Mohamed Mousa of Dallah AlBaraka Group in Saudi Arabia; Maznah Bahari and Ima Abu Bakar of Perdana Leadership Foundation in Kuala Lumpur; Wan Zaleha Radzi also in Kuala Lumpur; and Siham Ismail and Yazmin Aziz of IFSB in Kuala Lumpur.

Thank you very much to those who very generously gave of their time to entertain my questions and provide me with much background information, including Dr Ibrahim Kamel; Professor Rodney Wilson; Dr Yahia Abdul Rahman of LARIBA; Khalid Abdulla-Janahi of Dar Al-Maal Al-Islami; Daud Vicary Abdullah of INCEIF; Professor Simon Archer; Professor Hossein Askari; Rafiza Ghazali of Cagamas; John Goodman of Ogilvy Noor; Abdulaziz Goni of Thomson Reuters; Dr Wafik Graiss; Farrukh Habib then of INCEIF and now of ISRA; Rafe Haneef of HSBC Amanah; Abdullah Haron then of

IFSB; Dr Zamir Iqbal of the World Bank; Shelina Janmohamed of Ogilvy Noor; Sairana Mohd Saad; Jahanara Sajjad of Hawkamah in Dubai; Sheikh Muddassir Siddiqi; Anthony Travis, and Dr Murat Ünal of Funds@Work.

Last but most certainly not least, thank you to the individuals who very graciously and generously gave of their time to sit through the interviews with me. Encounters with them have been inspiring: Professor Khurshid Ahmad, Hajj Saeed Lootah, HRH Prince Mohamed Al Faisal Al Saud, Sheikh Saleh Abdullah Kamel, Tun Dr Mahathir Mohamad, Tan Sri Nor Mohamed Yakcop, Mustapha Hamat, Wan Rahim Kamil, Professor Abbas Mirakhor, Professor Rifaat Ahmed Abdel Karim, Sheikh Nizam Yaquby, Michael McMillen, and Rushdi Siddiqui.

Selected List of Acronyms

A

AAOIFI	Accounting and Auditing Organisation for Islamic Financial Institutions
ADB	Asian Development Bank
AED	Emirati dirham

B

BCBS	Basel Committee on Banking Supervision
BCCI	Bank of Credit and Commerce International
BIS	Bank for International Settlements
BNM	Bank Negara Malaysia (the Malaysian Central Bank)
BoE	Bank of England

C

CIBAFI	General Council for Islamic Banks and Financial Institutions
---------------	--

COMCEC	Committee for Economic and Commercial Cooperation of the Organisation of the Islamic Cooperation
D	
DIB	Dubai Islamic Bank
DJIMI	Dow Jones Islamic Market Indexes
DMI	Dar Al-Maal Al-Islami
E	
ESG	Environmental, social, and corporate governance
G	
GCC	Gulf Cooperation Council
GIC	Government Investment Certificate
GII	Government Investment Issue
I	
IAIB	International Association of Islamic Banks
IASB	International Accounting Standards Board
IBB	Islamic Bank of Britain
ICM	Islamic Capital Market
IDB	Islamic Development Bank
IFRS	International Financial Reporting Standards
IFSB	Islamic Financial Services Board
IICG	Islamic Investment Company of the Gulf
IIFM	International Islamic Financial Market
IILM	International Islamic Liquidity Management Corporation
IIMM	Islamic Interbank Money Market
IIUI	International Islamic University in Islamabad
IMF	International Monetary Fund
INCEIF	International Centre for Education in Islamic Finance
IOSCO	International Organisation of Securities Commissions
IRTI	Islamic Research and Training Institute
ISRA	International Shari'ah Research Academy for Islamic Finance
IZO	International Zakat Organisation

K**KFH** Kuwait Finance House**L****LIBOR** London Interbank Offered Rate**M****MENA** Middle East and North Africa**N****NGOs** Nongovernmental organisations**NYT** *New York Times***O****OIC** Organisation of the Islamic Conference, or
Organisation of Islamic Cooperation (from 2001)**P****PwC** PricewaterhouseCoopers**R****RM** Malaysian ringgit**S****SAC** Shari'ah Advisory Council**U****UAE** United Arab Emirates**UNDP** United Nations Development Programme**W****WSJ** *Wall Street Journal*

Introduction

What is Islamic finance, and how is it different from “regular” finance? Why is there a need for it, and how did it all start? Is it only for Muslims?

This book is not a technical book or textbook on Islamic finance; it will neither teach you the finer details of Islamic financial structures nor present the minutiae of technical issues that challenge the Islamic finance industry.

This book brings you the individuals who have built the industry from scratch, individuals who were there from the very beginning of this new industry, and individuals who have contributed to Islamic finance at the global level. Within these pages you will encounter the motivations behind industry milestones and learn about the major challenges and issues affecting the modern Islamic finance industry since its birth in the 1970s through the perspectives and very candid opinions of leaders responsible for some of the industry’s most significant developments.

The modern Islamic banking and finance industry is widely acknowledged to have its roots in the Mit Ghamr Savings Bank in Egypt, which opened its doors in 1963. The bank was established by the late Dr. Ahmed Al Najjar, and operated more along the lines of an interest-free cooperative credit union. Unfortunately Mit Ghamr

Savings Bank was shuttered in 1967 due to various political reasons. Thereafter the first Islamic commercial bank opened in Dubai in 1975. From that first Islamic commercial bank to over 600 Islamic financial institutions in more than 50 countries today, the Islamic financial industry continues to grow much faster than the conventional interest-based system, charging forward as it escaped relatively unscathed from the direct impact of the global financial crisis that started in 2007–2008.

But Islamic finance did not just magic into existence from the 1960s. To different degrees, Muslim communities have been influenced by and aligned their trade rules and financial transactions with shari'ah since the spread of Islam from its Meccan and Medinan epicentres in the seventh century. European colonization of Muslim lands punctuated the development of Islamic finance, and introduced the now all-pervasive banking model. It was only from the 1970s that we see an institutionalized financial system following shari'ah, albeit largely in the “Western” banking and finance mould, that has grown to become international. Fuelled by Islamic revivalism and Middle Eastern petrodollars, the industry mushroomed following the establishment of two pan-Islamic initiatives: the Organisation of Islamic Conference in 1969 and the Islamic Development Bank in 1975. This contemporary industry is the focus of this book.

From 2000 to 2011 global Islamic finance assets achieved a compounded growth rate of 27 percent, with the period 2000 to 2007 recording a higher 30 percent. Growth slowed post 2008 due to the impact of the global financial crisis on the real economy which in turn impacted negatively on assets held by the Islamic finance industry.

Most Islamic finance assets today are based in the Middle East and North Africa, followed by Southeast Asia (primarily Malaysia). But these regions are not the only ones with Islamic finance activities. Additionally, not all Islamic finance practitioners, clients and customers are Muslims. In Malaysia, for example, more than half of Islamic banking customers are non-Muslims, and there are many conventional financial institutions who now have Islamic businesses or who are involved with shari'ah-compliant finance, including Barclays, Citi, Deutsche Bank, HSBC, and Standard Chartered. While Muslims were Islamic finance's target market in the 1970s and 1980s, the expansion of Islamic finance from the 1990s pushed its appeal and use beyond the epicentres in the

Middle East and Malaysia. Following the 2008 global financial crisis the Islamic financial industry has increasingly been considered as a viable and sustainable alternative financial system. The challenge for the Islamic finance industry today is how to move forward to widen its appeal based on differentiating itself from the conventional financial model and offering its own unique products and services. In short, how does Islamic finance co-exist with the dominant global financial system while remaining distinct from it.

The prominent individuals considered in this book cover the broad range of sectors within the Islamic finance industry: banking, capital market, *shari'ah*, law, economics, policymaking, and international standard setting. Each chapter leads with the work and contributions of the leader and explores relevant issues while presenting insights and perspectives on Islamic finance-related matters closest to each individual's heart. All interviews were conducted face-to-face and in person except for two—the interviews with Professor Khurshid Ahmad and Michael J. T. McMillen were conducted online due to scheduling difficulties.

The pages of this book expose unswerving hearts steeped in the belief and conviction that the Islamic system is a strong and viable financial alternative. At the same time, they unreservedly address the industry's shortcomings. The leaders reveal what they consider to be the Islamic finance industry's achievements; perhaps more interestingly, they also reveal their own disappointments and misgivings about the industry's methods and current trajectory.

During the course of the writing of these chapters, drafts were read by people working within the Islamic finance industry as well as those completely unfamiliar with the subject matter. To the author, the more valuable reactions and feedback came from the latter group. The main challenge faced by the author has been, firstly, to faithfully represent and relate the message of the merits and value of Islamic finance sans gross hyperbole and overstatement. The other challenge was to make accessible financial and Islamic financial jargon and argot to a non-Islamic finance readership. It is the author's sincerest hope that these twin challenges have been met to some extent; in working towards these aims, the honest feedback from the non-Islamic finance readers has been invaluable.

Selection of Leaders

The ten leaders in this book stand on their own strengths and merits.

In selecting people to be interviewed for this book, the overarching aim was to include living individuals whose contributions to Islamic finance have made a global impact and who have blazed new trails and broken new ground for Islamic finance. To this end, the pioneers who built the industry from scratch are easy to spot in any lineup—these include Professor Khurshid Ahmad, Saeed bin Ahmed Al Lootah, His Royal Highness Prince Mohamed Al Faisal Al Saud, Saleh Abdullah Kamel, and Tun Dr Mahathir Mohamad. While the leadership, calibre, and influence of most of the interviewees are undisputed, every person involved in and/or familiar with the Islamic finance industry has their own views as to who or what a global leader in the Islamic finance industry is or should be. The views of a cross-section of the industry the author reached out to were revealing—in some cases, criticisms and attacks *ad hominem* were easily dismissed, but beyond this baseline almost everyone had different candidates to propose. Perhaps reflective of the progress and trajectory of the Islamic finance industry over the past four decades, this author learnt that you cannot please everyone and that you must press on towards a bigger picture with the knowledge that the final outcome would incur (no doubt impending) criticisms of many an industry stalwart. The author hopes that others will continue what this book has started and continue to document industry milestones and perspectives of its leaders.

The chapters are organised according to the interviewee's year of formal entry into the Islamic finance space. We start in Chapter 1 on the Indian subcontinent, looking at the roots of Islamic revivalism that inspired and influenced an entire generation of Muslims. From the upheavals of the Indian fight for independence and the Indian Muslim's struggle for a separate nation-state, we meet Islamic economist Professor Khurshid Ahmad, whose work and activism from the early 1970s led to the watershed First Islamic Economics Conference in Mecca in 1976.

In the oil-rich Gulf, we hear in Chapter 2 from Hajj Saeed Bin Ahmed Al Lootah whose deep piety and leap of faith resulted in the world's first Islamic commercial bank in Dubai in 1975. Hajj Saeed reveals Dubai Islamic Bank's difficulties growing up amid the emirate's

booming wider economic environment. In Chapter 3, we learn of the travails of banks and industry building with the pioneering multinational Islamic financial institution established by HRH Prince Mohamed Al Faisal Al Saud, whose vision, conviction, and international reach has served as a well of influence for the industry. Then in Chapter 4 we hear from another larger-than-life trailblazer, Sheikh Saleh Abdullah Kamel, whose contributions and initiatives have set the foundation for the global Islamic finance industry.

In Southeast Asia, Malaysia's rise to global Islamic finance prominence is mapped in Chapter 5 by the country's former prime minister Tun Dr Mahathir Mohamad, who led the country's economic development for 22 years.

From the work of these pioneers who established the first academic, professional, and commercial institutions serving the Islamic finance industry come the second generation who have strengthened the industry and pushed its boundaries beyond core Muslim markets. In Chapter 6, one of Islamic finance's "intellectual godfathers," former International Monetary Fund executive director Professor Abbas Mirakhor, gives us direct insight into the very essence and *raison d'être* of Islamic finance. We see how, through his leadership and expertise, a vital bridge between Islamic economics and conventional economics was built. In the same vein, in Chapter 7, Professor Rifaat Ahmed Abdel Karim leads the way in securing the stability and soundness of the global Islamic industry while pushing its integration with the global financial architecture. At the very core of *shari'ah* compliance we speak in Chapter 8 to one of the industry's most influential and prominent gatekeepers, *shari'ah* scholar Sheikh Nizam Yaquby. Working closely with Sheikh Nizam and other leading *shari'ah* scholars, leading expert and lawyer Michael J. T. McMillen, the topic of Chapter 9, has been responsible for some of the industry's most significant innovative legal structures and financial transactions, and he gives direct insight into the widespread use of Islamic finance in the United States. Last but not least, in Chapter 10 we hear from Rushdi Siddiqui, whose leadership launched the Dow Jones Islamic Market Index in 1999, an industry game-changer. From him we learn the difficulties the Islamic finance industry faces with regard to staying relevant to the man on the street while striving to achieve the highest levels of global professional efficiency.

Pulling all the threads together, Chapter 11 presents an overview of the main issues and concerns of the 40 years of the global Islamic finance industry as discussed in the 10 chapters.

Revealing Thoughts

It is important to point out that the focus of the book is Islamic finance. Through the interviews with the leaders, the book presents the subject's many facets and offers multiple perspectives on the world of Islamic finance. During the interviews, some leaders chose to focus primarily on their own work; others were more comfortable offering their opinions on a broad range of issues. As a result, the chapters are not structured in the same manner. This book is a collection of interviews that reveal different insights and opinions about Islamic finance and its development and growth over the past four decades. The author's aim has been to record each leader's main concerns, flesh them out, and position these concerns within the bigger financial and socio-economic context.

The interviewees in the first five chapters paint their work and contributions and the development of the Islamic finance industry in much broader brushstrokes than the next interviewees do. This could perhaps be due to their need to distil their decades of experience down to a memorable essence. At the same time, it is reasonable to expect most details to be lost from memory. In certain instances, some leaders chose to reveal more than others, but none was indecorous—readers hoping for a tabloid tell-all volume will be disappointed.

Most in the industry prefer to focus on the bigger textures and needs of Islamic finance than to count their own achievements. But not all shy away from the limelight. A leader or two asked the author why she had decided not to list awards and prizes won by the interviewees. Any mention of awards or prizes in the book supports a much larger theme or strand of argument; by and large, it is hoped that the achievements and influence of our ten leaders speak through their actions, decisions, and thought leadership.

Lastly, readers will notice that some of our leaders are joined in their chapters by others who have worked alongside them. These other individuals are featured where their voices and contributions are contextually fitting.

Broad Overview of the Development of the Islamic Finance Industry, Showing Milestones, Earliest Islamic Banks and Events/Institutions Mentioned in This Book

1950s	<ul style="list-style-type: none"> • Start of the development of theoretical framework for Islamic economics and interest-free banking
1960s	
Early interest-free experiments	<ul style="list-style-type: none"> • Mit Ghamr Savings Bank in Egypt 1963 to 1967 • Tabung Haji established in Malaysia 1963 • Organisation of Islamic Conference (OIC) established 1969
1970s	
Kick start of operations	<ul style="list-style-type: none"> • 1st International Conference on Islamic Economics in Mecca 1976 • Start of the operationalising phase for Islamic banks • Dubai Islamic Bank 1975 • Islamic Development Bank (IDB) 1975 • Faisal Islamic Bank Egypt and Sudan incorporated 1977 • Kuwait Finance House 1977 • International Association of Islamic Banks 1977 • Jordan Islamic Bank 1978 • Bahrain Islamic Bank 1979 • First Islamic Banking Conference in Dubai 1979
1980s	
Dominated by Islamic banking	<ul style="list-style-type: none"> • Advancement of Islamic financial products in banking and funds management
Second phase of Islamic economics	<ul style="list-style-type: none"> • Islamic banks and investment houses open mainly in Middle East and North Africa, and Southeast Asia • Pakistan, Iran and Sudan start 'Islamising' their economies • Dar Al-Maal Al-Islami 1981 • Islamic Research and Training Institute (IRTI), part of the IDB 1981 • Malaysia's first Islamic bank - Bank Islam 1984 • Amana Income Fund in USA 1986 • American Finance House LARIBA 1987 • Al Baraka International Bank in United Kingdom 1982 (closed 1993) • Failure of Islamic money management companies in Egypt

(Continued)

(Continued)

1990s

- | | |
|---------------------------------|---|
| Rise of Islamic capital market | • Shell MDS first sukuk in Malaysia 1990 |
| Participation of global players | • Accounting and Auditing Organisation of Islamic Financial Institutions (AAOIFI) in Bahrain 1991 |
| | • Bank of Credit and Commerce International (BCCI) scandal |
| | • Harvard Islamic Finance Project in USA 1995 |
| | • Citi Islamic Investment Bank 1996 |
| | • HSBC Amanah 1998 |
| | • FTSE Islamic Index December 1998 |
| | • Dow Jones Islamic Market Index launched early 1999 |

2000s

- | | |
|--|---|
| Infrastructure-building institutions | • General Council for Islamic Banks and Financial Institutions (CIBAFI) in Bahrain 2001 |
| Sukuk market takes off | • Islamic Financial Services Board (IFSB) in Malaysia 2002 |
| Industry shows its mettle post global financial crisis | • International Islamic Financial Market in Bahrain 2002 |
| | • Malaysia's first global sovereign sukuk 2002 |
| | • Islamic Bank of Britain in United Kingdom 2004 |
| | • World Bank issues its first sukuk 2004 |
| | • INCEIF—The Global University for Islamic Finance in Malaysia 2005 |
| | • Sheikh Taqi Usmani 2007 sukuk pronouncement |

2010s

- | | |
|---|--|
| Internationalisation and cross-border focus | • International Islamic Liquidity Management Corporation (IILM) in Malaysia 2010 |
| | • Goldman Sachs US\$2 billion sukuk scandal 2011 |
| | • Islamic Interbank Benchmark Rate (IIBR) 2011 |
| | • IILM launches debut sukuk August 2013 |
| | • Dubai Islamic Economy drive 2013 |