



Lord Sheikh Keynote Speech
UKIFC / ISRA Thematic Workshop (London)
Wednesday 21st February 2018

As patron of the Islamic Finance Council UK (UKIFC) it is a distinct pleasure to be invited to speak at today's Thematic Workshop. I believe this event is an important platform to facilitate open and honest discussion to progress the Islamic finance sector.

With our position as a global finance centre for conventional finance, and the Western leader in Islamic finance, it is fitting that we are hosting the narrative here in London. Indeed I would like to extend a very warm welcome to the City to those who have travelled from near and far to be with us today.

The global market for Islamic finance services increased by 7.5% to \$2 trillion in 2015. This growth has been driven by financial inclusion, FDI, market diversification, financial resilience and economic growth strategies amongst other things. This represents a great opportunity for the UK.

According to TheCityUK's "*Global Trends in Islamic Finance and the UK Market*" we have 5 fully Sharia compliant banks and over 20 banks offering Islamic finance services in the UK. As the first Western nation to issue a sovereign Sukuk we now have 65 Sukuk, totalling \$48 billion, listed on the London Stock Exchange. There are \$728 million net assets of Islamic funds in the UK. With over 69 courses we are the world's largest provider of Islamic finance courses.

Today we will explore the role Islamic finance can play in the ethical finance market which, according to Ethical Consumer, is valued at just under £40 billion in the UK, almost doubling since 2010.

As Muslim, and having developed and grown successful financial businesses, I have a strong personal interest in both Islamic and ethical financial. This event is an excellent opportunity for me to combine these interests.

I must commend the UKIFC for their work in promoting discussions, synergies and innovation between Islamic and ethical finance. As well as speaking at the 2015 and 2017 Global Ethical Finance Forum the UKIFC co-organised in Edinburgh I have been an active participant in their pioneering shared values joint venture with the church. I look forward to hearing an update on this project later today.

This year's workshop will build upon the individual ethics theme from the 2016 conference to take a more holistic view and explore the question of "How Ethical is Islamic Finance?"

In my business career as an independent financial advisor I have supported mutual life offices and building societies as I believe in mutuality and transparency which, of course, are the hallmarks of Islamic and ethical finance.

Today, as Chairman of four businesses I firmly believe in strong governance and that operating in an ethical and transparent manner does not have a detrimental impact on profit.

I currently Co-Chair the All-Party Parliamentary Group for Islamic Finance which aims to promote the understanding and development of Islamic finance both domestically in the UK and overseas as well as look at the role Islamic finance can play in the wider ethical finance sector. The APPG is an active body with 10 officer holders and a further 20 supporters from across the parties and from both sides of the house.

Having gained some political buy-in the APPG held its inaugural stakeholder meeting in November where Baroness Uddin and I were joined by 25 representatives from financial services, professional services and academia.

A key priority for the APPGIF is to encourage the Government to expedite the introduction of Shariah compliant student loans. In this regard APPGIF members Lord Newby, Lord Hussain and Lord Gordon all spoke in favour of an amendment tabled by Lord Sharkey in March last year. We will



continue to monitor progress, encourage and support the Government to introduce alternative student finance.

The APPG is also keen to promote Shariah compliant start-up loans. To that end I recently met with Peter Lovell MBE, CEO of Financing Shariah Enterprise. Mr Lovell will be speaking later today but his organisation is the only delivery partner working with The Start-Up Loans Company, a subsidiary of the British Business Bank, to offer a fully Sharia-compliant Start-Up Loan equivalent, which is based on a profit-sharing model.

Whilst this product is available awareness is limited and uptake is low. The APPG is therefore exploring ideas to help address these challenges and will raise this with the Economic Secretary.

The lack of availability of and access to suitable retail products emerged as a theme at the recent stakeholders meeting. The APPG is keen to support Islamic financial institutions to develop in this area to ensure UK consumers have suitable options when making financial decisions. I feel that online banking services may have a role to play here.

In fact, innovation through financial technology represents a significant opportunity for the UK and the APPG welcomes the establishment of the UK Islamic Fintech Panel. Fintech could lead to new advances using Blockchain and other new developments that push the boundaries of Islamic finance into a more demonstrably ethically aligned space. The APPG stands ready to assist in any way it can if asked to do so by the Panel.

The APPG is also pursuing matters relating to a second UK Sovereign Sukuk. With the first issuance 10 times oversubscribed Sukuk represents an alternative financial instrument to attract investment and support economic growth. The Economic Secretary John Glen wrote to me earlier this month to advise that officials are progressing work to prepare for a possible reissuance of the UK Sovereign Sukuk when the current one matures in July 2019, subject to further assessments being completed.

A further priority for the APPGIF is to help position the UK as a western hub for Islamic finance. As we review our post-Brexit trade position we believe that Islamic finance represents an opportunity to access new markets and build new relationships. We have hundreds of accountants, solicitors and consultants who are highly trained in Islamic finance and the APPG is keen to promote our expertise to countries seeking to develop and implement Islamic financial structures.

We are in touch with the Commonwealth Enterprise & Investment Council about arranging a fringe meeting around the Commonwealth Heads of Government Meeting taking place in London in April. We are also in contact with DfID and have offered to support the development of their Islamic finance proposition.

Separately I have been invited by the President of the Republic of Tatarstan to lead a delegation to Kazan in May and Islamic finance is high on the agenda. There is also interest in Islamic finance from Uganda and I hope to arrange a meeting on the fringes of the Commonwealth conference to discuss opportunities.

We are now planning a series of focused APPG stakeholder meetings with the first one themed around education and awareness. Details will be announced shortly and if you are interested in getting involved please leave your details with our Secretariat Chris Tait at the UKIFC stand.

In conclusion I would like to reiterate my support for today's Thematic Workshop and commend the UKIFC, ISRA and K&L Gates for organising this unique gathering of influential leaders in the Islamic and ethical finance industries. I look forward to a day of engaging debate and discussion as we seek to help drive the Islamic finance sector forward. The event certainly receives my support.