



Lord Sheikh Keynote Speech
Global Ethical Finance Forum (Edinburgh)
Wednesday 13th September 2017

As patron of the Islamic Finance Council UK (UKIFC) it is a distinct pleasure to be invited back to Edinburgh to speak at the second Global Ethical Finance Forum. I believe the Forum is an important platform to discuss global opportunities and barriers facing ethical finance. By harnessing the extensive knowledge, expertise and experience of participants I believe that, together, we can learn from each other to create a fairer, more inclusive and socially responsible global financial system.

A number of factors are driving the growth in ethical finance.

We have just passed what is generally considered the 10th anniversary of the beginning of the financial crisis. Since then we have been living in a state of uncertainty typified by lingering risk aversion by lenders, austerity, depressed wages and low consumer confidence.

Only last week The Archbishop of Canterbury, Justin Welby, said that Britain's economic model is broken, as the gap between the richest and poorest parts of the UK widens. Financial exclusion remains a significant challenge for 21st century Britain with over 1.5 million people still without access to a bank account.

Now more than ever we have an awareness of the detrimental impact our activities are having on the natural environment and how we address the challenge of meeting present day needs without compromising those of future generations.

All of these factors are influencing the thoughts and behaviours of the millennials, the next generation of consumers who are keen to ensure their financial decisions influence the issues they care about.

As Muslim, and having developed and grown successful financial businesses, I have a strong personal interest in both Islamic and ethical financial. Through my role as Patron of the UKIFC I also have a close affinity with Scotland. The Global Ethical Finance Forum is an excellent opportunity for me to combine these interests.

The theme of the inaugural event held in 2015 was "Growing the Global Ethical Finance Industry through Collaboration and Convergence". The forum highlighted the challenges and opportunities in integrating global approaches to Socially Responsible Investing, Environmental, Social and Governance and faith based investing. These segments share the same values-based approach but are separated by boundaries of geography, perception and methodology.

This year's forum will build on the conversations from 2015 to look at "Ethical Finance: Merging Profit & Purpose". In so doing it will consider topics such as Sustainable Capitalism, Impact Investments, Sustainable Development Goals, Green Bonds and Sukuk, ESG Risk Mitigation, and the role of ethics in 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 am particularly pleased this year to see greater emphasis being placed on the banking sector as well as participation from local Scottish experts.

I think it is very fitting for GEFF to be hosted in Edinburgh. Scotland has a distinguished history in financial services dating back over 300 years. From Adam Smith to the Reverend Henry Duncan, founder of the world's first commercial savings bank, Scotland has been a global pioneer in financial innovation and the development of professional standards.

Indeed the founder of one of the earliest contemporary Islamic banking attempts in the 1970s in Egypt based his model on the savings bank structure developed in Scotland.

As a keen historian I am a great admirer of the work of the philosopher and father of modern economics thinking Adam Smith. His acclaimed Theory of Moral Sentiment, an antithesis to the human condition of selfishness, was published in 1759.

This was followed 7 years later by his masterpiece - The Wealth of Nations – which examined the freedom of economic association and its consequences for nations and politics. The Wealth of Nations was a precursor to the modern academic discipline of economics. It was instantly influential and has never been out of print.

During my last visit to Edinburgh I took the time to visit the Adam Smith's statue on the Royal Mile. The imposing statue faces down the high street towards his home town of Kircaldy in Fife. Despite his serious and stern expression I understand he was a likeable man, fond of socialising and entertaining.

In recent years Scotland has become synonymous with ethical finance. As well as hosting GEFF in 2015 and this year, an Ethical Finance Hub has been established, a joint-venture between Islamic finance and Church has been launched and the UKIFC won the prestigious Ethical Finance Innovation and Challenge Award in Dubai. I also note that as a direct result of conversations that took place at GEFF2015 Al Ryan Bank opened its first Scottish office last year.

It feels right to convene the debate in Scotland where momentum is definitely building.

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, including Lord Gordon Co-Founder of Radio Clyde, and a further 20 supporters, including Lord Foulkes and former First Minister Lord McConnell.

We are currently looking at the introduction of Shariah compliant student finance, raising awareness of Shariah compliant start-up loans and exploring Shariah compliant export finance. I am aware that the Scottish Government is currently conducting an Independent Review of Financial Support for Students in Scotland and, in the spirit of financial inclusion; I do hope Shariah compliant solutions are considered.

We are also keen to explore the issuance of a second sovereign Sukuk. The £200m bond was 10 times oversubscribed and a second issue could help to encourage corporate and local authority Sukuk as well as attract investment into UK development infrastructure, thus supporting economic growth. This is something the Scottish Government or Local Authorities may wish to consider to raise capital.

A fundamental part of the UK's economic success strength stems from bilateral trade. This will be more important than ever before as we embark on a new era for our country post-Brexit. In particular, I believe that we must now seek greater economic and trade ties with our friends from across the globe and forge new trading agreements. In this context the APPG believes that Islamic and ethical finance can offer a gateway to building new relationships and accessing new markets.

The UK is a truly global financial centre employing over 7% of the UK workforce, producing nearly 12% of total economic output, contributing £66bn in taxes and generating a trade surplus of £72bn. It is important that we sustain this position and continue to promote new strengths and capabilities.

The financial services sector in Scotland employs over 100,000 people and generates around £8 billion for the Scottish economy. Edinburgh is one of the most important European financial centres outside of London. With local expertise in banking, asset management and servicing, pensions, co-



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operatives and mutuals as well as a growing reputation in social finance and venture philanthropy. Edinburgh and, indeed Scotland, is well positioned to lead the way in ethical finance.

In conclusion I would like to reiterate my support for the Global Ethical Finance Forum and commend ME Global Advisors, UKIFC, RBS and Scottish Government for organising this unique gathering of influential global leaders in the ethical finance industry. I look forward to two days of interaction and discussions where we can share knowledge and best practice as well as develop new innovative ideas to help drive the ethical finance sector forward. The conference certainly receives my support.