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**'Financial Policy and Stability: Recent Crisis and Lessons for Islamic Finance' joint public lecture by Central Bank of Republic of Turkey and INCEIF**

16 May 2013

ANKARA: INCEIF, The Global University of Islamic Finance, in collaboration with the office of the Economic Counsellor at the Embassy of the Republic of Turkey and the Central Bank of Republic of Turkey, today held a public lecture in Ankara. This is the second INCEIF joint public lecture to be held abroad. The first one was in Jakarta, Indonesia, in April.

The Embassy's Economic Counsellor Mr Muhammed Islami Onal said: "We look forward to increasing these collaboration opportunities in order to enhance the bilateral relations between two brother countries and increase the awareness of Islamic finance in Turkey."

The lecture, "Financial Policy and Stability: Recent Crisis and Lessons for Islamic Finance" was delivered by Prof Dr Abbas Mirakhor, First Holder of INCEIF Chair of Islamic Finance. Central Bank of Republic of Turkey Board Member, Mr Necdet Sensoy, delivered the welcoming remarks at the lecture held at the Bank.

Over 150 people from the local financial services fraternity, universities and CBRT attended the lecture which focused on conventional and non-conventional perspectives on the causes of the recent financial crises.

During his lecture, Prof Abbas highlighted the principles of an ideal model for Islamic Finance. These included exchange-based transactions, risk sharing and the emphasis on the liability side.

He listed the vulnerabilities of the present configuration of Islamic finance as asset-liability mismatch, "short-termism", and dependency on petrodollars. Moving forward, in order to induce the existing system to converge to the ideal model, there is a need for long-term instruments for hedging and liquidity management and new fiqh to allow development of multilateral and multi-counterparty finance.

Prof Abbas said an ideal Islamic finance system should also have:

- non-interest rate-based macro-economic policy
- a uniform and universal regulatory standards for risk sharing finance
- development of legal standards for shariah-compliant contracts compatible with all standards prevailing in major international financial centers
- increased financial awareness and literacy among the public

To achieve an ideal model Islamic financial institutions (IFIs) should return to their role, as true financial intermediaries and create educational and incentive framework for employees, management and shareholders, to understand that the spirit of Islamic finance is risk sharing.

IFIs should also be fully transparent in all aspects of their transactions, and consider allowing a cooling-off period for their customers before final commitment is made. Customers should be provided with financial guidance as to alternative modes of financing. And for their own safety, these institutions should have a strong capital base.

Ends



### About the speaker

Prof Dr Abbas Mirakhor is the First Holder of the INCEIF Chair of Islamic Finance since January 2012. A former Executive Director of International Monetary Fund (IMF) and acknowledged worldwide as a specialist in Islamic finance, Dr Abbas joined INCEIF following a distinguished career as an economist and academician with considerable contribution in the field of Islamic economics, finance and banking.

Dr Abbas is a graduate of the Kansas State University, USA, where he received his Bachelor, Master and PhD degrees in economics. In 1968, he started his academic career with University of Alabama, USA. With the exception of a two-year stint at the AzZahara University in Tehran, Iran, throughout his academic career, Dr Abbas has worked as a professor of economics at the University of Alabama, Alabama A&M University, and the Florida Institute of Technology.

In 1984, he joined the IMF in Washington DC as an economist. He spent 24 years with the IMF, serving as the organisation's Executive Director and Dean of the Executive Board, retiring in 2008.

Dr Abbas was conferred the "Order of Companion of Volta" for service to Ghana by the President of Ghana in 2005. In 2003, he received the Islamic Development Bank Annual Prize for Research in Islamic Economics, which he shared with Dr Mohsin Khan, another well-known economist at IMF. The President of Pakistan conferred him the "Quaid-e Azam" star for service to Pakistan in 1997.

He has published books, papers and research articles on a wide range of areas including microeconomic theory, mathematical economics and Islamic economics.

### About INCEIF

INCEIF, The Global University of Islamic Finance, is set up by Bank Negara Malaysia to develop human capital for the global Islamic finance industry. Apart from its academic programmes, which are Chartered Islamic Finance Professional, MSc in Islamic Finance and PhD in Islamic Finance, INCEIF also offers customised executive training programmes and

industry-focused  
line with its  
knowledge and  
Islamic finance.



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INCEIF syllabus is structured with inputs from industry players to bridge the gap between academic knowledge and industry experience. INCEIF faculty members, who are globally respected among the Islamic finance academia and industry, have a combined wealth of experience and diversity. The faculty, coupled with continuous support from the industry, provides INCEIF students with strong mentoring relationships and opportunities for professional development.

For more information, please visit [www.inceif.org](http://www.inceif.org)

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