

ISLAMIC BANKING IN FIFTY YEARS: Past Achievements and Future Aspirations



Hall of Master Muhammad Awad bin Laden, Female Campus,
University of Prince Mugrin Madinah, Saudi Arabia



(16 - 17 APRIL 2025) - (18 - 19 SHAWWAL 1446)

Female Campus, University of Prince Mugrin
Madinah, Saudi Arabia



Side Events



(15 APRIL 2025) - (17 SHAWWAL 1446)

PREFACE:

Islamic banking has marked a turning point in the history of modern Islamic economy. It has proven that Islamic economy is a civilizational system capable of interacting with various challenges. It offers effective solutions to existing or anticipated economic problems and can provide liquidity and profitability under the principles of justice, development, and sustainability, without the negative consequences that are often seen in the conventional banking system.

This experience has represented a significant milestone in the history of this economy, having established contemporary financial institutions that leverage available technology and offer efficient products to attract savings and stimulate cash flow in the real economy, which is based on production, participation, and risk-sharing. As achievements continued to accumulate, and with the diversity and expansion witnessed in this experience, Islamic banking began to find its way to the global stage-not only through the recognition of many Western countries and major universities of the importance of Islamic finance but also through the establishment of Islamic banking institutions in these countries. These institutions either take the form of entirely Islamic banks or branches within Western banks that invest funds according to Islamic financing principles, which are distinguished by their ethical nature, setting them apart from Western financing models. Nonetheless, there remain further questions regarding the global potential of this experience in light of the various challenges the world faces today.

The success and spread of Islamic banking, both in the East and the West, are closely tied to the fairness and effectiveness of the Islamic finance models presented by scholars. This strongly points to the role played by Muslim scholars throughout different stages of Islamic economics history and encourages continued scientific inquiry into the stages this experience has passed through. The modern efforts that have followed the establishment of Islamic banking are based on the contributions of Muslim scholars across various eras, taking into account the circumstances of time and place. In-depth research could unveil these contributions, framing a series or episodes in the history of Islamic banking and demonstrating the extent to which these episodes have influenced the rooting and expansion of this experience.

Islamic banking began with a dream that captured the imagination of the pioneering "first movers" and their great hope for an Islamic banking system that would avoid usurious transactions, primarily based on the rules and financial structures of Islamic economics. However, their belief in the values and vast potential of Islamic economics did not allow them to linger long on this dream. They soon brought it into the spotlight through various intellectual, practical, and planning efforts. Once the attempt began, the experience quickly expanded, reaching long horizons within a few years, and the dream became a reality. The theoretical efforts materialized, heralding the birth of a new era-an era of Islamic economics, which was revived to establish a new concept of Islamic banking that aims at both profit and development, through an ethical economy where value is tied to profitability, different interests are integrated, and investments are directed toward the development of the earth and the promotion of a dignified life.

The success of this experience enticed conventional banks to compete in the same field, leading to the idea of "Islamic windows" as smaller-scale applications of Islamic banks. However, the establishment of these windows did not necessarily mean they were independent banking entities, especially when these windows were integrated into the administrative, legal, and financial systems of the conventional bank. As a result, they often lacked independent budgets and special regulations, which raised questions about the Islamic windows model-questions that continue to be debated in academic papers.

Undoubtedly, answering these questions depends on evaluating the role of these windows, analyzing their impact on conventional banking sectors, and assessing whether they adhere to and fulfill the principles and goals of Islamic banking. This also involves evaluating the challenges these windows face in fulfilling these roles, as well as the legislative, accounting, Lawful, and technical requirements to ensure that they genuinely reflect Islamic banking.

While Islamic windows represent a move by conventional banks to participate in the success of Islamic banking, there is also an opposite effort by Islamic financial institutions that have used acquisition as a radical solution to these challenges. Acquisition has been a smart strategy to shift these institutions from conventional banking toward Islamic banking. The concept of acquisition has been one of the most

important strategies employed by Islamic banking to achieve expansion and growth, and the various experiences in this regard demonstrate and prove the strength of this strategy in supporting the path of Islamic banking and enhancing its presence.

Corporate governance has become a necessity for modern business institutions, as it consists of specific standards that ensure a balance in the relationships among those responsible for managing these institutions. This is achieved through multi-level oversight, transparency in disclosing and presenting data, and fairness in distributing rights and responsibilities. With this importance in mind, Islamic financial institutions, particularly Islamic banking, are in urgent need of such governance. This need stems from the foundational principles of governance embedded in Islamic and in the hope of achieving the objectives of Islamic banking while adhering to the principles established by the pioneering "first movers".

The governance of Islamic banks' performance is one of the most important requirements for sustainability and is an objective condition to achieve the interests of all concerned parties. This means that there must be a provision for Shariah oversight at various levels, alongside defining the bodies and institutions that help achieve this requirement and clarifying their roles. Additionally, the challenges that prevent the full legal compliance of Islamic financial institutions must be identified. Distinct models of international Shariah standards have emerged, reflecting and embodying a form of governance that aligns with the values of Islamic economics, based on justice, transparency, responsibility, and accountability. However, in terms of application, these models face a range of challenges, such as the feasibility of generalization, their effectiveness, and their impact on innovation and development. These are questions that require in-depth studies and thoughtful research.

Since its inception, Islamic banking has been closely associated with social and voluntary roles, which have distinguished it from other financial systems. The concept of social responsibility has become an integral part of the identity of these institutions. The operational reality of these institutions reflects their significant contribution to activating the sector of charity and goodwill (Zakat, Sadaqah, Waqf, Qard Hasan). This sector has played a major role in fulfilling the social aspect of sustainable Islamic development, providing small and micro-enterprises with the necessary funding to

establish a dynamic local economy. Through projects that support talent and provide individual experiences with the necessary financing to expand local production within the country, Islamic banks have contributed significantly to community development. All of this requires a careful examination of these roles, highlighting, evaluating, and refining them when necessary. It is essential to direct efforts and mobilize expertise to establish standards and create indicators that measure the extent to which these roles are being fulfilled. Furthermore, it requires research into the impact of integrating social responsibility into the banking sector, as well as the feasibility of creating independent social institutions separate from this sector.

Crafting a promising future for Islamic banking that aligns with its early foundations requires studying the transformations this banking system has undergone, as well as the challenges it faces in terms of its global presence. This must be done in light of the various technological advancements and complex transactions emerging in the modern world. This study should lead to the development of new policies and the assessment of the current trajectory of Islamic banking, with focused efforts on overcoming these challenges, especially those related to legal aspects and the workforce. Additionally, it is vital to work on developing Islamic banking products in line with its vision, preventing it from merging into the conventional banking system.

Thus, a SWOT analysis of the reality of these institutions is necessary to identify strengths and weaknesses, as well as mechanisms for investing in opportunities to achieve a leading future for Islamic banking. Undoubtedly, Islamic banking, with the help of modern financial technology, economic liberalization policies, and structural changes in regulatory frameworks, enjoys significant opportunities for obtaining global, non-regional funding. However, it is also vulnerable to many risks associated with crises and market fluctuations, which often accompany the globalization of businesses and opening up to the global market. This calls for the development of new tools for managing market risks and enhancing sustainability for the future of Islamic banking.

The continued existence and sustainability of Islamic banking is not an unattainable dream, especially in light of successful experiences and banking groups that have contributed since the very beginning to pioneering the Islamic banking sector and

promoting the principles of Islamic economics. These efforts have helped bridge the gap between Islamic and conventional banking systems, emphasizing that Islamic banks are not merely an alternative to conventional banks but a sustainable option. This is due to their collaborative and integrative nature, which strengthens their foundation, expands their scope, and ensures their ability to survive and thrive. This relies on ongoing cooperation and the complementary financial channels between banks and investment companies, as well as the presence of Takaful (Islamic insurance) companies that provide financial protection for assets and investment projects. However, this depends on intelligent management that seizes opportunities and avoids risks, as well as maintaining the primary goal of Islamic banks, which is to achieve comprehensive social development, based on honoring human dignity and ensuring a decent standard of living, in accordance with the circumstances of time and place.

Believing in the importance of the history of Islamic banking and the role it plays in advancing Islamic economics in both thought and practice, as well as achieving its objectives and supporting development at all levels, the 45th Al Baraka Annual Symposium for this year is themed: "Islamic Banking in Fifty Years: Past Achievements and Future Aspirations"

Aiming to reaffirm this idea by hosting and inviting experts from various aspects of this topic, for contributing their recommendations from the perspective of Islamic economics.



OBJECTIVES OF THE SYMPOSIUM:

The main objective of this year's Al Baraka Symposium is to assess the role of Islamic banking in advancing Islamic economics at both the intellectual and practical levels, in achieving the objectives of Islamic economy, and in supporting development at all levels. Additionally, the Symposium aims to look forward to the future of Islamic banking in light of the challenges it faces. In line with this overarching goal, the following specific objectives have been outlined through the sessions and topics of the Symposium:

1 Exploring the roots of Islamic Banking and investigating its foundations as well as to explore the efforts of the pioneering "first movers" in terms of vision, planning, implementation, and expansion strategies, from local to global, and from individual entities to large banking groups.

2 Studying the impact of innovative strategies for expansion, such as Islamic windows and acquisitions that transformed conventional banks into Islamic banks, and to assess how these strategies have reinforced the identity of Islamic banks and expanded the scope of Islamic finance.

3 To identify the requirements and mechanisms for governance in Islamic banking, the role of Shariah standards in regulating the performance of Islamic banks, and the key challenges faced in implementing these standards, particularly technological challenges and compliance with Shariah principles.

4 To shed light on the social roles of Islamic banks, including their contribution to the activation of the charity and goodwill sector, supporting small and medium-sized enterprises (SMEs) to build a strong local economy, and examining some banking experiences in this regard.

5 To explore the future of Islamic banks and their potential to lead the global market in light of financial, administrative, and legislative challenges, as well as the available promising opportunities, particularly those offered by financial technology, which has removed many barriers to the expansion of Islamic banking institutions.

6 To evaluate the role of Islamic banking groups in pioneering the Islamic banking sector, promoting the concepts of Islamic economics, and exploring opportunities for international and regional expansion, along with the challenges that hinder such expansion. This also includes assessing the social and humanitarian role of these banking groups.

And our success is only achievable by the Grace of Almighty Allah; upon Him we rely, from Him we seek help, and to Him is the return and the ultimate outcome

SIDE EVENTS - TUESDAY, 15TH APRIL, 2025



Female Campus, University of Prince Mugrin, Madinah



1:30 PM - 8:30 PM

Reception

1:30 pm - 2:00 pm

Workshop

2:00 pm - 4:00 pm

**The AAOIFI Governance and Ethics Board (AGEB) Governance Standard
“Shari’ah Decision-Making Process”**

Break Asr Prayer

4:00 pm - 4:30 pm

Workshop

4:30 pm - 6:30 pm

**Mechanisms and Means of Developing Islamic Financial Products
in Light of Financial Engineering Tools**

Break Maghrib Prayer

6:30 pm - 7:00 pm

Lecture

7:00 pm - 8:30 pm

Cherished Memories in Islamic Banking History and Present

FIRST DAY - WEDNESDAY, 16TH APRIL, 2025



Hall of Master Muhammad Awad bin Laden, Female Campus, University of Prince Mugrin, Madinah



9:30 AM - 4:00 PM

Reception

9:30 am - 10:00 am

Opening of the First Day of the Symposium

10:00 am - 10:15 am

Welcome Speech

First Session

10:15 am - 11:45 am

The Journey of Islamic Banking: From Beginnings to Universality

Themes for the Session:

1. The Missing Link in the History of Islamic Banking: The Impact on the Industry's Development.
2. Impact and Fingerprints of Jurists and Shari'ah Scholars: Establishing the Legal Framework for Islamic Banking.
3. The Global Expansion of Islamic Banking: Boundaries and Prospects.
4. The Pioneers' Vision: Building the Dream and Creating the Future.

Break for Zuhur Prayer

11:45 am - 12:30 pm

Second Session

12:30 pm - 2:00pm

**Innovative Approaches for the Islamic Banks' Growth:
Islamic Windows and Acquisitions as Expansion Strategies**

Themes for the Session:

1. Islamic Windows: Their Emergence and Objectives?
2. Preserving Islamic identity: How Can Shari'ah Compliance be Achieved.
3. Banking Acquisition as a Means of Transformation: Bank Al Jazira's Experience.

Third Session

2:00 pm - 3:30 pm

Toward Integrated Shari'ah Governance: The Solid Foundation for Islamic Banking

Themes for the Session:

1. Toward Comprehensive Shari'ah Governance: From Legal Framework to Operational Practice.
2. Shari'ah Supervisory Committees: The Guardians of Shari'ah in Islamic Banks.
3. International Shari'ah Standards: Successful Applications and Challenges.

End of the First Day's Sessions

3:30 pm - 4:00 pm

FIRST DAY - WEDNESDAY, 16TH APRIL, 2025

Guest entry time - «7:30 pm - 8:30 pm»

Opening Ceremony

9:00 pm

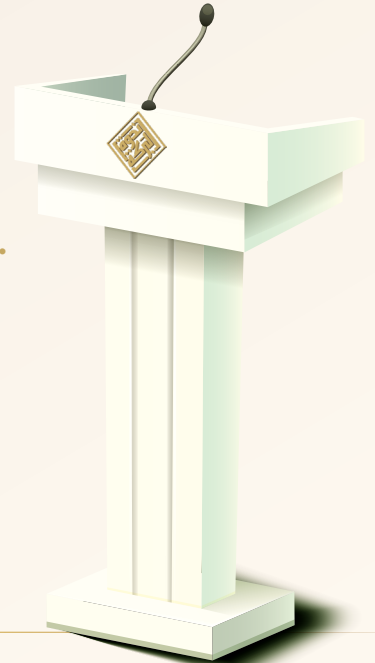
Opening Speeches.

Short Video:

« Glimpses of Islamic Banking: From Origins to Contemporary Reality ».

Saleh Kamel Islamic Economics Award Program.

Signing Memorandums of Understanding (MoUs).



SECOND DAY - THURSDAY, 17TH APRIL, 2025

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9:30 AM - 3:30 PM

Reception

9:30 am - 10:00 am

Fourth Session

10:00 am - 11:30 am

Islamic Banks: Engines of Socio-economic Development

Themes for the Session:

1. Reactivating the Benevolence and (Berr) Sector: Islamic Banks in Servicing a community.
2. Supporting Small and Medium Enterprises: How do Islamic Banks Contribute to Building a Strong Local Economy?
3. Assessing the Gulf Banks' Contribution to Social and Development.

Fifth Session

11:30 am - 1:00 pm

The Future of Islamic Banking: Challenges and Promising Opportunities

Themes for the Session:

1. Legislative and Legal Challenges.
2. Innovation in Islamic Banking: From Product Development to Fintech.
3. Global Competitiveness: How can Islamic Banks Lead the Global Market?

Break for Zuhur Prayer

1:00 pm - 1:45 pm

Sixth Session

1:45 pm - 3:00 pm

Special Panel Discussion:

Islamic Banking Groups and Their Role in Pioneering the Islamic Banking Sector and Promoting Islamic Economic Concepts

Discussion Topics:

1. Islamic Banking Groups and their Role in Promoting the Concepts of Islamic Economics.
2. Regional and International Expansion of Islamic Banking Groups: Opportunities and Challenges.
3. Competition between Islamic and Conventional Banks.
4. Human Preservation and Community Development in the Business and Objectives of Banking Groups.

Closing Remarks and Reciting of the Symposium Recommendations

3:00 pm - 3:15 pm

Announcing of the AlBaraka 46th Islamic Economics Symposium

3:15 pm - 3:30 pm

End of the Second Day's Activities

