



جامعة حمد بن خليفة
HAMAD BIN KHALIFA UNIVERSITY
كلية الدراسات الإسلامية
College of Islamic Studies



REPORT SERIES

LSE WORKSHOPS ON ISLAMIC FINANCE & LSE PUBLIC LECTURES ON ISLAMIC FINANCE

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ACKNOWLEDGEMENT

Dr Syed Nazim Ali¹, Director, Harvard Islamic Finance Project (Harvard-IFP) was organiser and convener of the London School of Economics (LSE) workshop and LSE public lectures. With Mr Husam El-Khatib (LSE alumni) as the co-organiser and co-convener of these events, they both jointly undertook all the responsibilities right from selecting the themes, conducting the sessions, producing reports to the detailed logistics in order to make the workshop a success. The aim has been to bring all important stakeholders together to deliberate the trends and developments taking place in the Islamic finance sector.

Professor Frank Vogel, Founding Director, Islamic Legal Studies Program (ILSP), Harvard Law School (HLS) has been playing a pivotal role as workshop moderator. He remains one of the key factors behind the attraction of these workshops. Over the years, he has earned a special place in the hearts of Islamic finance industry stakeholders, especially among the Shariah scholars. It may be worth noting that his book (co-authored with Professor Samuel Hayes of Harvard Business School), *Islamic Law and Finance: Religious, Risk and Return*, is one of the highly cited books in Islamic Finance.

Professor Baber Johansen of Harvard Divinity School, who served as ILPS Director from 2007 to 2010 made a sterling contribution to the workshop. It was he who impressed upon Sir Howard Davies, then LSE Director to host the workshop in London.

Sir Howard Davies, with his keen personal interest in Islamic finance, greatly inspired the workshop attendees. His charismatic leadership, involvement in chairing public lectures, and his engagement in the workshop were all testimonies of his keen interest in the field. Subsequently, the LSE was represented by Professor David Kershaw. Not only he maintained the momentum but also supported us in all possible ways to let us feel at home.

Two other important personalities who need special mention are Hon Justice William Blair and Hon Justice Ross Cranston. It was on their endorsement and interest in Islamic finance which facilitated the LSE Director to enter into the joint partnership. Their interest, enthusiasm and commitment to the making of the LSE events will always be remembered. Even today they remain one of our staunchest well-wisher and supporter.

Not to be forgotten, Dr Shariq Nisar, Dr Umar Oseni, Ms Jennifer Schwalbenberg and Mr Wijdan Tariq who all have been at the forefront in supporting the organisation of these workshops during the last challenging few years, particularly after Dr Nazim Ali's departure from Harvard.

Last but not the least, a special thanks to Dr Jonathan Ercanbrack for graciously accepting the invitation to host this important workshop at SOAS University of London from 2018 onwards. We all owe him our sincerest gratitude for providing his unconditional support and encouragement in organising the workshop at SOAS. It is hoped that under his able stewardship, the workshop and public lecture will continue to make a positive impact on the practices of Islamic finance and will continue to gather all important stakeholders to discuss the issues faced by this nascent but important discipline called "Islamic finance".

There are many individuals (listed in this report "Selected List of Workshop Participants") from the Islamic finance sector and others who have been hugely instrumental in bringing the workshop to its current level. Without their support and involvement, these workshops would not have been successful. There are no words to express the appreciation and gratefulness to all these individuals.

Finally, acknowledgement is due to Mr Zul Hakim for his assistance in compiling this report

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BACKGROUND OF THE WORKSHOP

The Islamic Legal Studies Program at Harvard Law School has housed a research project named, Islamic Finance Project (IFP) that was quite active and well recognized in its field. The idea behind the workshop was cropped up during discussions with IFP associates about the future of Islamic finance and economics. It was suggested that engaging key scholars in a debate on the role of Islamic finance and Islamic law (Shariah) in the current trajectory of the Islamic finance industry would be an essential; step to support the industry. The whole debate centered around two key stakeholders; i.e. economists and Shariah scholars. When we began the first Workshop in 2006, the idea was to bring Shariah scholars and Islamic economists along with selected practitioners to a roundtable and let them discuss threadbare the issues that they feel is critical and important.

In conjunction with the Seventh Harvard University Forum on Islamic Finance in 2006, a full day-long event (as Pre-Forum Workshop) was held without any formal presentations. All participants were instead advised to prepare for an interactive dialogue. Prof. Frank E Vogel, Founding Director, Islamic Legal Studies Program, Harvard Law School moderated the workshop. In this very first workshop, we invited a very selected group of people such as Prof M Nejatullah Siddiqi, Prof Monzer Kahf, Shaykh Nizam Yaquby, Prof Baber Johansen, Prof Mahmoud El-Gamal, Dr Humayon Dar, Mufti Abdul Kadir Barkatulla, Dr M. Adam El-Sheikh, Prof M. Kabir Hassan, Prof Samuel L. Hayes III, Dr Mohammad Iqbal Nadvi, D. M. Imran Usmani, Shaykh Taha Abdul-Basser, Dr S. Nazim Ali, and several other Islamic finance program affiliates.

The primary aim of this workshop was to have an ongoing and scholarly conversation between prominent economists and Shariah experts on certain pressing ethical and methodological issues in the field of Shariah-compliant finance. Specifically, the workshop was meant to address Shariah and economic issues associated with establishing Shariah-compliant finance products, services and practices. Issues included were:

- 1) The use of legal stratagems by Shariah experts;
- 2) The consideration of the aims of the Shariah (maqāsid al- shariah) by Shariah experts and economists;
- 3) Ethical concerns about perceived conflicts of interest among Shariah experts, and
- 4) The philosophical and methodological ramifications of the multidisciplinary nature of the field.

The meeting could not have been timelier since these issues had started attracting increasing attention among the specialists and non-specialists both. Through this workshop, we managed to provide greater opportunity to interact and cooperate for better understanding and appreciation of ground level issues and considerations.

The reviews of workshop participants were highly encouraging. All found it a good beginning towards a constructive dialogue and wanted to continue such gatherings, where academics and practitioners could meet and speak openly and frankly behind closed doors, on matters of their choice and concerns. It was also felt that since Harvard is already organizing a biennial event, it would be better if this workshop could be organized in London for its better proximity to Islamic finance practices. Consequently, Baber Johansen, the ILSP Director wrote to London School of Economics (LSE) Director, Sir Howard Davies, requesting to partner with Harvard in convening the next workshop in 2007.

Since the workshop was designed for closed-door deliberation with selected invitees, it was felt that for the general public and students, it would be better to organize a public lecture on a preselected theme. Thus, we began with the public lecture in the evening which is open for all and full day Workshop the next day for selected invitees. The first LSE Public Lecture on Islamic Finance was inaugurated in 2007 where we invited two guest speakers Mr. Michael Hanlon (Founding Managing Director of Islamic Bank of Britain) and Dr Mohammed Elgari (Shariah Scholar). Prof Frank E Vogel and Mr Iqbal A Khan (currently CEO, Fajr Capital) also participated, and the event was Chaired by Prof. Justice Ross Cranston.

The first Harvard-LSE Workshop on Islamic Finance was chosen to be on Tawarruq. This workshop on Tawarruq marked the beginning of a formidable partnership between Harvard and LSE in the area of Islamic Finance and Economics.

During 2007 to 2014, this joint Harvard-LSE workshop engaged numerous leading scholars, academicians, industry experts and legal luminaries in Islamic finance. In addition to contributions to international scholarship and industry, both IFP at Harvard and the LSE gained extensive benefits from this exercise. When Harvard decided to close IFP in 2014, Dr Syed Nazim Ali, decided to move to Qatar where he assumed a new role as Research Professor and Director at the Center for Islamic Economics and Finance (CIEF), College of Islamic Studies (CIS), Hamad bin Khalifa University (HBKU). Since the interest of LSE was still there, the workshop continued under a new collaboration with HBKU. The new partnership brought greater academic exposure to HBKU.

Twelve workshops on a wide variety of themes have been hosted in total. The first eight workshops (2007-2014) were organized as collaboration between the IFP at Harvard University and the LSE. From the ninth workshop onward was organized as a joint workshop between HBKU and LSE. All past Islamic finance workshops organized are listed below:

Year	Theme
2017	FinTech and Islamic Finance
2016	Islamic Infrastructure Finance and Sustainable Development Goals
2015	Revisiting Islamic Securitization and Structured Products
2014	Use and Abuse of Limited Liability
2013	Insolvency and Debt Restructuring in Islamic Finance
2012	Islamic Financial Intermediation: Revisiting the value proposition
2011	Reappraising the Islamic Financial Sector
2010	Islamic Financial Ethics and Ethical Governance
2009	Risk Management: Islamic Economic and Ethico-legal perspective on Risk Management
2008	Sukuk: Economic and Jurisprudential Perspective
2007	Tawarruq: A Methodological Issue in Sharia-Compliant Finance
2006	Select Ethical and Methodological Issues in Shari`a-Compliant Finance

WORKSHOP FORMAT

The impetus for the workshop came on the heels of realization that the meteoric rise of Islamic Finance in recent years has caused a gap to emerge between the two influential groups of people required for its success; Shariah scholars as well as Islamic economists. Although both groups have played significant roles in its developments, it was felt that there remains a need for further understanding and cooperation between the two segments. For this reason, the gathering is sought to be arranged, it is never the intention to pass any judgment through any of these workshops.

Approximately 30-35 highly selected experts and scholars are invited to contribute a paper/comments on a pre-selected theme. They then participate for the entire duration of the day through presentations and exchanges.

All the workshops (from 2006 to till date) have been moderated by Prof Frank Vogel, the Founding Director of Islamic Legal Studies Program at Harvard Law School, a highly recognised expert in both Law and Shariah.



Harvard-LSE Workshop on Tawarruq, 2007

RESEARCH OUTPUT

Prior to the workshop, each invitee is asked to write comments on the issues related to the chosen theme. Also, each participant is provided with an opportunity to read others' comments to better prepare for the discussions so that the workshop can start on a higher note. The comments received from the participants become the basis of agenda for the workshop discussion. After the conclusion of the workshop, the proceedings of the roundtable are published in the form of short reports.



Harvard-LSE Public Lecture 2007

PUBLIC LECTURE

LSE Public lectures are organized in the evening, prior to the workshop for the benefit of students at LSE and other interested in the subject. The format of the lecture series, usually, is such that one expert is invited from academia and one from the industry or a Shariah expert. Both speakers are given the same topic for their talk. This format greatly helps in appreciating the various perspectives on the same issue. Audios of all LSE public lecture are available on LSE website, and some details of the public lectures are below:

Year	Chair	Industry Professional	Academician/Scholar	Theme of the Public Lecture
2017	Justice Ross Cranston	Volker Nienhaus	-	FinTech in Islamic Finance Shariah and Regulatory Aspects
2016	Justice William Blair	Aamir Rehman	Siraj Sait	Revitalising Islamic and Social Finance: Rising to Current Humanitarian Challenges
2015	Justice William Blair	Jaseem Ahmed	-	Islamic finance standardization: is it a mirage?
2014	Prof David R Kershaw	Farmida Bi	Paul Mills	Risk sharing and Cooperative Finance
2013	Justice William Blair	Azman Mokhtar	Frank E. Vogel	Islamic Finance and Shari'a Compliance: Reality and Expectation
2012	Justice Ross Cranston	Mukhtar Hussain	Volker Nienhaus	Global Calls for Economic Justice: The Potential for Islamic Finance
2011	Sir Howard Davies	Iqbal Khan	Haytham Tamimi	Building Bridges Across Financial Communities
2010	Sarah Worthington	Stephen Green	M Umer Chapra	Global Perspectives on Islamic Finance
2009	Sir Howard Davies	Ian Pearson	Esam Ishaq	Islamic Finance in the United Kingdom: Current Initiatives and Challenges
2008	Justice Ross Cranston	Usman Ahmed	Nizam Yaquby	Advancements in Contemporary Islamic Finance: From Practice to Scholarship
2007	Justice Ross Cranston	Michael Hanlon	Mohammed Elgari	Islamic Finance: Relevance and Growth in the Modern Financial Age

IMPACT OF THE ISLAMIC FINANCE WORKSHOPS AT LSE

These workshops on Islamic finance at the LSE have come at a critical time. Several prominent Islamic economists expressed disappointment with certain aspects of the current practices in Islamic finance and sought innovative and authentic solutions. On the other hand, many Shariah scholars are frustrated with the significant increase in regulations and the complexity of business practices. At the same time, there is a strong need to enthuse and guide the next generation of professionals to engage constructively with the emerging challenges facing the world.

The proposed leadership of HBKU, alongside the LSE, to organize closed-door workshops have provided the entire sector with a unique platform where all the different stakeholders can join together and discuss complex Shariah, legal, financial and social issues faced by the industry. With the facilitation of LSE and HBKU, specific themes were chosen through consensus and debated by Islamic finance professionals, economists, Shariah scholars and industry leaders. The immense popularity of the previous workshops for the quality discussion and dialogue have been exceptionally instrumental in closing the gap between academia and economists on the one hand and between Shariah scholars and the industry on the other.

SELECTED LIST OF WORKSHOP PARTICIPANTS – 2006-2017

WORKSHOP ORGANISERS

Dr. S Nazim Ali, Director, Center for Islamic Economics & Finance, College of Islamic Studies, Hamad Bin Khalifa University, Doha, Qatar

Mr. Husam El-Khatib, Counsel | Corporate, Finance, Mergers and Acquisitions, Dechert LLP, Riyadh, Saudi Arabia

WORKSHOP MODERATOR

Prof. Frank E Vogel, Founding Director, Islamic Legal Studies Program, Harvard Law School
Principal Investigator, Study of the Commercial Law of the Kingdom of Saudi Arabia www.saudilawstudy.org

WORKSHOP PARTICIPANTS (*in alphabetical order*)

Shaykh Taha Abdul-Basser, Shariah Scholar, New York, NY, USA
Dr. Rula Al-Abdulrazak, Senior Lecture, University of East London, London, U.K.
Prof. Habib Ahmed, Professor, Durham Business School, Durham University, U.K.
Prof. Khurshid Ahmed, Eminent Islamic Economist, Karachi, Pakistan
Mr. Usman Ahmed, CEO, Citibank, Manama, Bahrain
Dr. Saleh Alagla, Dean, Islamic Economics & Finance, Umm Al-Qura University, Makkah, Saudi Arabia
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Dr. Syed Salman Ali, Senior Economist, IRTI, Islamic Development Bank, Jeddah, Saudi Arabia
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Ms. Gohar Bilal, Director, Consulting Structure Limited, London, U.K.

Hon Justice William Blair, Professor of Financial Law and Ethics , Queen Mary University of London
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