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Zul Hakim Jumat · Saqib Hafiz Khateeb ·  
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Editors

# Islamic Finance, FinTech, and the Road to Sustainability


Reframing the Approach in the Post-Pandemic Era

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macmillan

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## PREFACE

The unprecedented economic downturn and global supply chain disruption caused by the recent pandemic have accelerated the urgency of identifying and relying on sustainable financing infrastructures that are agile, adaptable, and transformable. The global health and economic crises have pushed a vast number of populations into extreme poverty. The report of the World Bank soon after the pandemic hit revealed that daily wage workers across the world, including those in Muslim countries, have been impacted severely, and a previous report had highlighted that many people exclude themselves from benefitting from loans due to religious reasons (i.e., interest-based loans). Thus, the Islamic finance institutions come into the picture to play a vital role by structuring interest-free loans, while the essential underlying social good and ethical foundations of Islamic finance promise the sustainability of the individuals and the institutions of the economy irrespective of the good or bad times the economy has been going through.

Islamic social finance, through the institutions of *waqf* (Islamic endowments), *zakat* (compulsory charity), *sadaqah* (voluntary charity), *qard hasan* (interest-free loans), and crowdfunding platforms, has the potential to provide the urgently needed support for poverty alleviation, economic recovery, pandemic response, and sustainable development in the post-pandemic era. The funds and reserves at *amqaf* organizations with the general purpose of serving the people suffering from natural disasters can be a good source for easing the situation and energizing the small and medium sized entities of the economy. Islamic finance can

play a huge role in ensuring economic recovery from the current setback and can provide a prospect for a new chapter of human development by utilizing a good blend of both the United Nations Sustainable Development Goals (SDGs) and the higher objectives of Islamic law, otherwise known as the *maqasid al-shariah*. In the past, several initiatives have been undertaken by Islamic multilateral institutions like the Islamic Development Bank (IsDB) to ease the situation of natural calamities and disasters in Pakistan, Afghanistan, Sudan, other member countries. In present times, the prevalence of the internet and omnipresence of technology along with the enhancements in financial products help support the idea of stretching the social finance products and making them panglobal initiatives through the various platforms, which in turn serves both the aims of *maqasid al-shariah* and SDGs at once in times of emergency and otherwise.

The book, thus, provides critical discussions on the role of Islamic finance in the post-pandemic economic recovery. It highlights how selected Islamic finance tools can help usher in a new era that will not only ensure financial sustainability but also promote socio-economic policies that will aid the much-desired economic recovery. In particular, it focuses on the role of Islamic finance in the post-pandemic economic recovery while focusing its analysis to three key areas: sustainability and socio-economic recovery, social and sustainable impact financing, and the role of FinTech. An effort has been made to bring studies on the current issues related to the tools of Islamic social financing that provide opportunities to usher in much needed resilience in the post-pandemic era. It will help industry leaders, policymakers, and people from all income groups and nations, to navigate financial industry disruptions and transition to a new normal by harnessing converging technologies. Thus, the book aims to discuss the importance of leveraging social finance to mitigate the impacts of the raging pandemic while utilizing the digital world that in turn is creating both vast promises and potential perils. The book compiles current topics related to the adoption of FinTech and its related technologies that have been adopted by Islamic finance institutions, in addition to those promising technologies that may be adopted by them. In brief, it provides fresh discussion in relation to the 4th Industrial Revolution and its relevance to the Islamic Finance industry.

ICIF, the International Conference on Islamic Finance, an annual event at the College of Islamic Studies (CIS), Hamad Bin Khalifa University (HBKU), is the platform for sharing the research results

on the burgeoning area of Islamic finance and economy. The Islamic Finance MSc and Ph.D. programs and their faculty members serve as knowledge incubators for the generation of new ideas and concepts. The program under the leadership of its director, Professor Ahmet Faruq Aysan, along with Professor Nasim Shirazi's extensive experience in Islamic social finance continues to provide much leadership for the Center for Islamic Economics and Finance (CIEF). I am grateful to other faculty members; Professor Abdulazeem Abozaid, Dr. Dalal Aassouli, Dr. Mohamed Eskandar Rasid, and Dr Mustafa Disli, who continue to provide support and participate in CIEF-sponsored activities. It's their enthusiasm and interest which motivates CIEF staff to undertake challenging roles and activities. CIS student body deserves to be mentioned especially for their interest in CIEF events and for their keen participation in sharing their research findings.

CIS Dean, Professor Emad El-din Shahin, deserves special endorsement for his vision to make CIS a research-based college as part of HBKU. During the past five years under his stewardship, the college has transformed into creating a vibrant ecosystem by involving stakeholders' engagements in producing impactful research and publications. In this respect, the institution which has joined hands with CIS in this journey is Qatar Financial Centre (QFC) Authority, especially its CEO, Mr. Yousuf Al Jaidah and its Managing Director, Mr. Henk J. Hoogendoorn for their unconditional support and encouragement. QFC's vision and commitment to promote Islamic finance industry in Qatar and globally must be commended.

The chapter contributors and other academics who are behind producing this book are acknowledged for their support. Initially, it was a bit difficult to complete this monograph but their zeal and enthusiasm and availability to respond to our queries has made to produce this volume. Finally, my co-editors, Mr. Zul Hakim Bin Jumat and Mr. Saqib H. Khateeb who took the burden on their shoulders in completing this book. It was not an easy task to undertake especially since both of them are occupied with their roles as researchers at CIS. I would like to congratulate them in completing this volume and I am sure its readership will appreciate and endorse their efforts. We hope that this volume will advance the scholarship and knowledge and create good impact among the scholarly community.

To all those who helped in completing this project including CIEF staff, Ms. Bahnaz Al-Quradaghi, Mr. Umar Farooq Patel and CIEF student researchers, Mr. Mohammed M. Musab and Mr. Munir S. Khamis for their availability for their assistance and cooperation.

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