

## **The 7<sup>th</sup> World Conference of Science Journalists**

The 7<sup>th</sup> World Conference of Science Journalists organised by the World Federation of Science Journalists (WFSJ) was held in Doha from 27 – 29 June 2011. Despite tremendous challenges due to events scheduled in Cairo, the bi-annual world summit of science journalists was held successfully on time. Eight hundred delegates from 89 countries, of which more than 50 percent of delegates were from the developing world, met in Doha. 39 sponsoring organizations providing more than US \$ 1.6 million in support, with the key support coming from the Qatar Foundation.

The World Federation of Science Journalists (WFSJ) is a non-profit organization representing 40 national, regional or international associations of science journalists and two associate partners. It is an association of associations. The WFSJ seeks to further science journalism as a bridge between science, scientists and the public. It promotes the role of science journalists as key players in civil society and democracy. The Federation's goals are to improve the quality of science reporting, promote standards and support science and technology journalists worldwide.

The Federation seeks to organize regular exchanges between its member associations and their individual members. It encourages the foundation of associations where there are none and networking opportunities for science journalists across the globe. The WFSJ maintains a website to share information about advances and trends in science journalism. The Federation was founded in November 2002 at the 3<sup>rd</sup> WCSJ in São José dos Campos, Brazil, where Canadian science writer and broadcaster Véronique Morin was elected its first president. At the 4<sup>th</sup> WCSJ in Montréal, in October 2004, more than 600 participants from 58 nations attended, as well as representatives from 30 science journalism associations worldwide, and Australian science journalist and magazine editor Wilson da Silva was elected the Federation's second president.

On 1<sup>st</sup> July 2009, in London (United Kingdom), Dr. Nadia El-Awady was elected as the fourth president, she was first Muslim elected as a president. She

replaced Pallab Ghosh, science journalist with BBC, who had been elected 18<sup>th</sup> April 2007, in Melbourne (Australia). The Federation is governed by a seven-member board with representation from Africa, the Americas, Asia, Europe, and the Middle East. The World Federation of Science Journalists answers to the General Assembly of its member associations, with each association carrying one vote. The General Assembly is convened at the WCSJ once every two years.

Training and networking for science journalists, especially in the developing world, are key priorities of WFSJ. A major activity of the Federation is the periodic convening of the World Conference of Science Journalists (WCSJ). The 6<sup>th</sup> World Conference of Science Journalists brought 1,000 participants in June 2009 in London (United Kingdom). Previous conferences were Melbourne (2007), Montréal 2004, Brazil 2002, Budapest 1999, and Tokyo 1992. The last conference was held in June 2011, in Doha (Qatar).

At the inaugural programme of the 7<sup>th</sup> World Conference of Science Journalists a famed Egyptian-born scientist has challenged journalists in the Arab world to dispel a widespread and biased idea that Islam is anti-science. Dr Ahmed Zewail, a 1999 Nobel laureate in chemistry, was speaking June 27 at the start of the three-day World Conference of Science Journalists.

Dr Ahmed Zewail “There is nothing fundamental in Islam against science. It is all part of the unfair perception about Islam and Arabs in general,” Zewail told about 700 listeners during a keynote lecture to kick off the conference. He said journalists in the region bear part of the responsibility to help shake off this negative impression.

He urged journalists to pressure especially Western governments to support basic research and education in the developing world, explain the value of science as the precursor of development and highlight success stories to serve as motivation. Zewail, the Linus Pauling Chair of Chemistry and Professor of Physics at the California Institute of Technology, pointed to 21st-century advances in science, especially the revolution in communications and linked them to the Arab world.

“Today, we are able to visualize and control matter to some extent, decipher the genetic code, direct stem cells towards the making of new organisms and build telescopes that can look back into time. I was personally involved in the Egyptian Revolution, entirely communicated to the world from Tahrir Square through cell phones, Facebook, IPADs and so on. In my generation, we would

have used stones, sticks and guns,” he said. He suggested that research groups like the 15-year-old Qatar Foundation, which is hosting the WFSJ conference itself, are an indication that Arab countries are science-friendly. And his native Egypt has plans to create a science and technology city. The media in the Arab world were his target, not Islam. “There are more than 500 TV channels in the Arab world today,” he said. “But unfortunately, most of them are entertainers. How can we create entertainment at the expense of education?” He said information on the Web is not always informative, and the media in general too often opt for sensationalism rather than serious reporting.

Right after he spoke, panelists at a session on “unveiling Arab science,” argued that science and Arab science reporting operate amid unique cultural, economic and religious limitations. Several Arab journalists and researchers agreed their work is frequently hampered by existing tensions between belief and reason. To illustrate the point, almost none of those interviewed agreed to be identified, but all said science and science journalism in the Arab world was hampered by autocratic regimes – the reason for their reluctance to have their names published – weak infrastructure and inadequate scientific publishing.

But they otherwise tended to agree with Zewail. Moroccan journalist Fatima Yassine said Muslim scientists and scholars have a range of viewpoints on the place and role of science within the context of Islam. “But the Qur’an speaks about science clearly and in positive terms in some verses. The Prophet Mohammed (peace be upon Him) also mentions and encourages science several times in the Holy Book. The pursuit of science in general is not in disaccord with Islamic teachings and religious belief, unless [the science] is rooted in evil intentions,” she said.

The 7<sup>th</sup> World Conference of Science Journalists (WCSJ ) with the move from Cairo to Doha and the involvement of two separate teams putting together delegate information, the approximate total number of participants in the WCSJ2011 in Doha was 800 from 89 countries. The Conference was the result of a unique collaboration between two associations in different regions of the world, the Arab Science Journalists’ Association and the United States’ National Association of Science Writers. It created a truly international event with 220 speakers, 5 pre-conference workshops, 3 opening keynotes, 3 opening plenaries, 3 afternoon plenaries, 42 parallel sessions, 10 lunch sessions, and 9 press briefings.

One session of the 7<sup>th</sup> World Conference of Science Journalists (WCSJ ) speakers pointed out that breakthroughs in medicine usually usher in moments

of celebration, but the mandatory preface to such achievements and their commercialization – drug trials on human subjects – has frequently backfired in Africa and the Third World. Critics have argued that there has been exploitation of Africans in clinical trials, especially by pharmaceutical companies from Europe and the United States. They say bad news linked to clinical trials conducted in Africa dwarfs the good tidings. Some have likened the practice to the “pharmaceutical colonization of Africa.”

But many don't agree. A leading bioethics expert at the World Conference of Science Journalists in Doha, has urged decision-makers to assume their responsibilities and halt the blame-blitz on the West. Professor Ames Dhai, director of the Steve Biko Center for Bioethics in South Africa, says Africa has allowed itself to be used. “I think we need to blame ourselves if nothing is changing. Why have we as African countries allowed this perpetuation of exploitation? And I think it's time we stopped blaming the West and started looking at ourselves and how we can approach the issue,” she told a forum of mostly developing world reporters at the conference on June 28.

A Witwatersrand University lecturer, she blamed poor governance, corruption, conflicts, illiteracy and drug-naïveté as the reason for Africa's powerlessness against “imperialist funders, pharmaceutical industries and research institutions.” They offshore clinical trials to the continent “with little or no consideration for ethics or the relevance of the drugs to the needs and pathology of trial subjects,” she said.

But limited counseling of the trial participants and a lack of public information culminated in an uproar. Those involved were accused of “using Cameroonians as guinea pigs for profit-making experiments” and had to leave the country. Some critics said the government was in league with the researchers and kept quiet. Today, most Cameroonians are skeptical about drug trials.

In Nigeria in 2001, 30 families sued the Pfizer company over trials of Trovan, an antibiotic intended to battle meningitis. Tests had been carried out during a 1996 epidemic and 11 children out of the 200 tested died, while others ended up with brain damage and paralysis. (No court found Pfizer liable, and the legal action ended in February of this year with a joint statement that said, “The cases have been amicably resolved after many years of litigation.”)

After the Nigerian families went to court, Muslim leaders in the north of the country launched a successful boycott against polio vaccinations. It was so

successful that polio spiked, and spilled over to Nigeria's neighbours and beyond. But despite such events, another school of thought argues that drug trials bring benefits to the continent. Professor Mona Khana of the University of Illinois said Africa can still gain from trials. She told the Doha session that local people are part of the workforce for the trials, "So they're actually doing a service by employing people and that does service to the community and helps bring medical care."

The former CBS and Wall Street Journal reporter said African decision-makers must legislate requirements that drug trial funders invest in local research expertise, and bring equipment and programs to benefit the locals. She urged that trial subjects be treated in keeping with international norms like those in the Helsinki Declaration, as well as local guidelines where they exist. Most Third World journalists leaving the discussion predicted continuing debate on who conducts trials in Africa and the developing world, and for what purpose.

The WCSJ2011 program was put together by an international program committee chaired by Deborah Blum. Approximately 15 program committee members were chosen from each region of the world in order to satisfy the needs of science journalists no matter where they came from. The program had approximately 220 speakers. Sessions were divided into the following tracks: Biomedical Track: 5 sessions, Planet Earth Track: 4 sessions, Public and Private Track: 5 sessions, Media Matters Track: 6 sessions, Exploring the Boundaries Track: 3 sessions, Communication Challenge Track: 7, Best Practices Track: 12 sessions

Five pre-conference workshops were organized on June 26 at the Georgetown University School of Foreign Service in Qatar: The Digital Storyteller: sponsored by Knight Science Journalism Fellowships, Reporting on Climate Change and Biodiversity: sponsored by UNESCO, Implementing a Science Journalism Curriculum: sponsored by UNESCO, Cancer: the Role of Journalists in Informing Attitudes and Beliefs: sponsored by European School of Oncology. Science Journalism Development Training for Beginning Arab-Region Journalists: sponsored by the Islamic Educational, Scientific, and Cultural Organization.

Reaching out to member associations and implementing a new electronic voting process for the election of board members were the two topics which Dr. Nadia El-Awady, President of the World Federation of Science Journalists from 2009 to 2001, made her priorities.

**Report from Nadia El-Awady, President from July 2009 to June 2011.**

Nadia began by reminding the representatives of associations that the World Federation of Science Journalists could not exist without them, since it is a Federation of their associations. She also stressed the dedication of the World Federation to independent science journalism that provides an arm's length critique and comments on science and technology

Jean-Marc Fleury, Executive Director, walked the assembly through the 2009 – 2011 WFSJ Report bringing to the attention of delegates that the World Federation now includes 40 associations as members, 5 of them news associations which joined since 2009.

She then officially congratulated the new board members and introduced their new Board chaired by Vesa Niinikangas (Finland) of Finnish Association of Science Editors and Journalists (FASEJ)

In her report to the General Assembly, Ms. Nadia El-Awady was proud to say that it is under her presidency that the Federation created its first Facebook group and first Twitter thread. She added that a total of 79 news stories were published on the Federation's web site and these stories elicited some 175 comments from science journalists all over the world. Regarding the electronic voting of board members, Ms. El-Awady said it now gives a possibility for any science journalist to be a candidate. The success of the new system was proven with the election of a great team for the 2011 – 2013 term.

The Report's highlights include the welcoming of new associations from Argentina, Benin, Italy, Kenya, South Africa and Togo; the full rewriting and updating of the 8 lessons of the online course in science journalism with the addition of two new lessons on statistics and social media; the first WFSJ intern, updates on the ongoing huge SjCOOP project in Africa and the Arab World with the first steps towards similar projects in Asia and Latin America; and the financial report.

**Mir Lutful Kabir Saadi**

Journalist and Researcher

## **Seminar on ‘The Global Financial Crisis & the Strength of Islamic Banking System’**

An international seminar on “The Global Financial Crisis & the Strength of Islamic Banking System” was held during 24-25 May, 2011 at Panpacific Sonargaon Hotel, Dhaka. It was organized by Islamic Banks Consultative Forum (IBCF). The forum members are 11 in number. Those are: AB Bank Limited, Al-Arafah Islami Bank Limited, EXIM Bank Limited, Social Islami Bank Limited, Shahjalal Islami Bank Limited, First Security Islami Bank Limited, ICB Islami Bank Limited, Prime Bank Limited, Southeast Bank Limited, Dhaka Bank Limited. These banks are full fledged Islamic banks or have either Islamic bank branches or windows. A souvenir of the seminar was published in which messages of President, People’s Republic of Bangladesh; Finance Minister, Government of Bangladesh; Chairman, Parliamentary Standing Committee on Ministry of Finance; Governor, Bangladesh Bank; President, FBCCI; Chairman, IBCF; Chairman, Bangladesh Association of Banks were published.

Besides two IDB scholars, 5 (five) more internationally renowned economists and bankers from different countries of the world were also attended and presented the keynote papers in the seminar. Their informative and well-structured papers and thoughtful discussions have given us guideline to take the Islamic banking sectors well ahead. In addition to the foreign scholars and keynote speakers, the eminent internationally recognized bankers, economists, professionals, researchers graced the business session as the session chair and also the discussant.

Almost three hundred delegates of different Islamic banks, financial institutions, training academy and research organizations have contributed attending the business sessions of the seminar. The details observations and recommendations from the two days long presentation and discussions from the eminent scholars both at home and abroad are discussed below:

The inaugural session of the Seminar which was graced by President, IDB Group as Chief Guest, also attended Honorable Governor of Central Bank of Bangladesh Dr. Atiur Rahman as Special guest where Prof. Dr. Ausaf Ahmed presented the key note speech on “The Global Financial Crises and the Strength of Islamic Banking System”. The session was chaired by Prof. Abu

Nasser Muhammad Abdus Zaher the Chairman of IBCF while Mr. Nazrul Islam Majumder, the Vice Chairman of IBCF gave welcome speech.

The 2<sup>nd</sup> day of the program, there were five business sessions where five papers were presented by renowned scholars of banking, finance & economics & discussed by the distinguished discussants & participants. Details of the said business sessions are given below:

Paper-1 on “the Global Financial Crisis: some Suggestions for Reform of the Global Financial Architectural in the Light of Islamic Finance” of Dr. M. Umar Chapra was presented by Dr. Ausaf Ahmed from India. Chaired by Dr. A.B. Mirza Azizul Islam, former Advisor, Caretaker Government of Bangladesh. The paper was discussed by Dr. Shariq Nisar, Director, TASIS, India; Mr. Md. Aftabul Islam, FCA, Chairman; SME Foundation, Bangladesh & Mr. Mohammad Abdul Mannan, Managing Director of Islami Bank Bangladesh Limited.

Paper-2 on “the Global Financial Crisis and Islamic Finance Solution” was presented by Prof. Dr. Kabir Hassan, USA. Chaired by Mr. Mahbubur Rahman, President of ICC, Bangladesh. The paper was discussed by Prof. Dr. Ayubur Rahman Bhuiyan of DU; Prof. Muzahidul Islam, Banking Department of DU & Mr. Md. Fariduddin Ahmed, Head of Islamic Banking Division, AB Bank Ltd.

Paper-3 on “the Global Financial Crisis and Emergent Islamic Finance Trend” was presented by Mr. Yakub Bobat, Global Head of HSBC, UAE. Chaired by Mr. Abdul Mueed Chowdhury, former Advisor, Caretaker Government of Bangladesh. The paper was discussed by Dr. Shariq Nasar, Director, TASIS of India; Prof. Dr. Abdul Ghafar Ismail of Malaysia & Mr. Abdur Rahman Sarker, Managing Director of Shahjalal Islami Bank Ltd. Bangladesh.

Paper-4 on “Status of Islamic Banking in Bangladesh and the Agenda for 21<sup>st</sup> Century” was presented by Mr. M. Azizul Huq, Islamic Banking Consultant and former CEO of IBBL. Chaired by Mr. Mohammad Mohsin, former Assistant Secretary General of OIC. The paper was discussed by Dr. Md. Akhtaruzzaman, Economic Advisor of Bangladesh Bank; Mr. Muhammad Ali, MD of SIBL & Mr. Abdul Awal Sarker, DGM of Bangladesh Bank.

Paper-5 on “Scarcity, Self Interest and Maximization from Islamic Angle” was presented by Prof. Zubair Hassan of INCIEF, Malaysia. Chaired by Dr. Akbar Ali Khan, former Advisor, Caretaker Government of Bangladesh; The paper was discussed by Dr. Md. Shamsul Huq, VC of NUB; Prof. Dr. Toufic Ahmad



Chowdhury, DG of BIBM & Mr. Kazi Masihur Rahman; MD of EXIM Bank Ltd, Bangladesh.

From the presentations & discussions in the Seminar, the following observations came up:

1. One of the major causes of global financial crisis is the absence of risk sharing which dilutes market discipline in the financial system and leads to excessive lending, high leverage, speculation and unsustainable rise in asset prices.
2. Risk sharing along with the availability of credit for primarily the purchase of real goods and services that Islamic finance aims at introducing can help inject greater discipline into the system and thereby substantially reduce finance instability.
3. Islamic economics has a built in mechanism that enables the global financial system to perform in an orderly manner and avoid systemic collapse.
4. The current global financial crises would not have occurred if the Islamic principles of finance were implemented in international financial markets.
5. Islamic Banking has an in-built motivation for allocation of resources to ensure productivity-maximization
6. The Research and Development on Islamic Economics and social principles is necessary to face the complex economic problem of the Modern Society.
7. The Islamic Finance & Banking still facing daunting challenges in the international areas due to a fewer number of short -term liquidity Management products. Steps should be taken to introduce short term Inter-Bank Money market products.
8. Islamic Banking through its Mudaraba and Musharaka can create an ideal environment for promotion of entrepreneurship.
9. Islamic banks can reverse the trend of unequal distribution of income attaching top most priority to SME financing and microfinance.
10. Islamic Banks can address deprivation of the depositors by using a two-tier Mudaraba and allocation of resources.
11. The Seminar appreciates the effort taken by the Bangladesh Government, the Islamic Development Bank and the Muslim world for enhancing Islamic finance & Banking.

## Recommendations

On the basis of the deliberations & observations the following recommendations are adopted:

1. A uniform regulatory and legal framework supportive of an Islamic financial system has not yet been developed. Development of such framework would further enhance the sustainability of financial institutions.
2. Islamic financial industry should introduce more assets backed, non-interest bearing and risk sharing devices.
3. Islamic financial institutions should build a strong alliance to put forward the divine concept in the western world.
4. Cooperation should be ensured among all Islamic financial institutions for economic restructuring, greater integration, and also to facilitate cross border financial flows.
5. The development and further growth of the Islamic banking Industry will largely depend on innovative and creative Shari'ah compliant structured products which should be taken into active consideration.
6. In order to establish the superiority of Islamic banking over traditional counterparts, the Muslim countries should exchange technologies, ideas and experiences on regular basis.
7. The seminar feels the need for forming a focus group to work for framing & structuring different policies, products and regulations for implementation of recommendations in the context of Bangladesh.
8. In order to help asset back financing to grow conventional banking desirous of converting to Islamic banking shall be economy.
9. IBCF should take an agenda to sit with the regulators to disseminate knowledge as there still remain huge knowledge gap in policy.
10. Suitable innovation be introduced in the financial system to ensure that borrowers are able to get adequate credit at affordable terms.
11. Zakat and Awqaf funds should be used to make interest free loan.
12. Zakat should be treated as allowable expenditure for the companies including financial institutions.
13. Banks should avoid excessive & imprudent lending to ensure financial stability.

14. Islamic financial institutions should contribute more in PLS mechanism in the asset pool.
15. Banking must conform to social values and should not solely focus on maximizing of profit.
16. Some arrangements need to be made to make credit available to subprime borrowers at affordable terms. For those who are unable to pay the society should help them.
17. Leverage needs to be controlled to ensure that credit does not exceed the ability of the borrowers to repay.
18. Depositors must be protected against the one-sided impact of inflation which is very much a common scenario in the interest based banks.
19. Banks should hold the debt on their books until maturity and sale of collateralized debt obligations (CDOs) may be permitted provided that there is full transparency
20. Credit needs to be confined to priority transactions that are related to the real sector so as to ensure that credit expansion is more or less in step with the growth of the real economy and does not promote destabilizing speculation and gambling.
21. The Banks need to address Syndicated /club financing with strong alliance of all Islamic Banks/Windows so as to enable them to share risk of large investment.
22. To develop a comprehensive Islamic financial approach for addressing the common problems which have been threatening the progress of Global financial system.
23. Financial institutions should contribute towards social responsibility.
24. Reasonable provision should be made in the budget & contribution form Banks cooperates & individuals should be invited to provide a part of the seed money for establishment of non profit co-operative housing societies.
25. Islamic banking can work as a stability factor developing a congruity of interest between the client and the bank's success or failure.
26. The proportion of equity in total financing needs to be increased and that of debt reduced.
27. Derivatives market needs to be properly regulated to allow only hedging and to remove the element of gambling

28. All financial institutions need to be properly regulated and supervised so that they remain healthy and do not become a source of systematic risk
29. The seminar requests Government of Muslim World to take necessary steps to execute and implement the ideas of Islamic economic in all fields of operations as superior economy than conventional one.
30. Priority should be given to the transactions that can be benefited to the society at large rather than just for profit maximization.
31. Islamic banks should spend more on R & D to offer the world with alternative finance solutions.
32. Government Government of Muslim countries should play active role in developing Islamic Capital Market.
33. Islamic banks should meet the expectations of the customers though innovative products.
34. Muslim scholars should concentrate on excellence in science, Management & economics.
35. For enhancing the strength of Islamic financial system, financial literacy of its population needs to e increased.
36. Talent development in financial sector is to be taken as a priority for addressing complexities in finance.

From the above mentioned discussion, it can be concluded that Islami Bank Bangladesh Limited has established under the kind patronage of IDB as the first Islamic Bank in South Asia, has now become the largest private sector bank in Bangladesh and its success has inspired as many as 7(seven) banks to pursue full-pledged Islamic Bank and 18 (Eighteen) conventional Banks to open Islamic Banking Branches or Windows. It may be hoped that the seminar will be a milestone towards facilitating further expansion, wide familiarization of the system and to address the possible challenges of the industry.

**Mahmood Ahmed, Ph.D**  
Executive Vice President, IBTRA

## **Seminar on ‘Enhancing Shari’ah Structure and Compliance in Promoting Financial Stability’**

The ‘Seminar on Enhancing Shari’ah Structure and Compliance in Promoting Financial Stability’ is jointly organized by International Shari’ah Research Academy of Islamic Finance (ISRA) and Islamic Financial Services Board (IFSB) on January 24, 2011 in Kuala Lumpur, Malaysia. The seminar was held at Lanai Kijang, Bank Negara Malaysia and it received remarkable response from prominent industry practitioners, academicians and scholars from various parts of the world.

The seminar focused on pertinent issues on how to enhance the Shari’ah structure and its compliance with the ultimate goal of endorsing financial stability.

Three world-known figures of the Islamic financial services industry, namely, Professor Dr. Volker Nienhaus, Mr. Murat Hasan Unal and Mr. Peter Casey were engaged in the panel discussion on Enhancing the Shari’ah Structure and Compliance in Promoting Financial Stability, chaired by Dr. Akram Laldin (Executive Director of ISRA).

The main indication of the above mentioned topics are discussed in brief hereunder:

### **Topic- 1: Guiding Principles on *Shari’ah* Governance System for Institutions Offering Only Islamic Financial Services**

Abdullah Haron, Member of the Secretariat, Islamic Financial Services Board conferred the background and objectives of four guiding principles on the Shari’ah Governance System. First guiding principle was prepared only for Islamic Financial Services (IFS – excluding Islamic insurance/takaful institutions and Islamic mutual funds)– IFSB3 in 2007, second was for Islamic Collective Investment Schemes – IFSB6 in 2008, third was Takaful (Islamic Insurance) Operations – IFSB8 in 2009 and in the same year Islamic Financial Services Board prepared the comprehensive guiding principle on the Shari’ah Governance System for Islamic Financial Services Industry (IFSB-10). This piece is the complement other prudential standards issued by the IFSB, facilitates better understanding of Shari’ah governance issues, provides an

enhanced transparency in terms of issuance, and audit/review process for compliance with Shari'ah rulings and provides greater harmonization of Shari'ah governance structures and procedures across jurisdictions. He mentioned in his paper competence, independence, confidentiality and consistency as the key components of Sound Shari'ah Governance System. Finally, he remarked that these components of sound Shari'ah governance system will improve the overall Shari'ah governance of the IFS.

Topic-2: The Small World of Islamic Finance - *Shari'ah* Scholars and Governance - A Network Analytic Perspective

Murat is a Doctoral Candidate focusing on Social Network Analysis and its impact on Strategy but particularly Corporate Governance. In the paper, he defined the influence of *Shari'ah* Scholars by using Social Network Model in terms of the number of board positions, the shortest way for a scholar to access all other scholars within the network and being linked to powerful others within the network or even the value of one's network. Finally, he raised some questions regarding potential conflicts of interest when *Shari'ah* Advisory firms not only consult but also engage in auditing of the institution at the same time, the optimal number of board memberships, Shari'ah scholars' more formal training in economics and finance etc which need to be answered to play the leading role to promote corporate governance by the Shari'ah Scholars.

Topic -3: Shari'ah Governance Systems: Different Structures, Common Principles, Similar Problems

Prof. Dr. Volker Nienhaus stated different structures of governance such as centralized/hierarchical, decentralized/ individualistic and external *Shari'ah* advisory services. After describing the Common Principles and Similar Problems, he recommended some policies for Independence and Effectiveness of Shari'ah Boards (SBs). He emphasized more on mentorship among junior and senior members, evaluating Shari'ah Board and Individual members and diversity regarding school of law and nationality. After that he raised some controversial issues such as asset based Sukuk with repurchase at face value, organized Tarwarruq, total return SAWPs etc. questioned on the authority and quality of Shari'h board approvals and same scholars in Shari'ah Boards of market players and standard setters. Finally, he ended his paper showing the dominance of AAOIFI scholars in the Islamic Financial Industry.

#### Topic – 4: Shari’ah Structure and Governance: a Prudential Regulator’s Perspective

Peter Casey mentioned two broad objectives of a prudential regulation in his paper. Objectives are to protect customers from failure of financial services firms and to protect the financial system from systemic impacts. Principal tools of the prudential regulators are Capital requirements, Liquidity requirements, Risk management, Disclosure to the market, Governance in support of these ends, Deposit insurance, Lender of last resort and Resolution. In case of capital and liquidity, regimes must be based on risks and clarity is essential. For example: Attribution of assets and liabilities, who bears risks and position in insolvency etc. Further Shari’ah risk and Regulatory arbitrage deserves special consideration. To smooth the risk management procedure, responsibility must be clear and ultimate responsibility rests with the board. Disclosures must be decision-useful and in relation to prudential risks. Deposit insurance is not only for consumer protection; rather it has a systematic value. It does not need to be restricted to deposits, but coverage must be clear through Maturity transformation and need Shari’ah clarity. Central bank should think ahead, ensure available instruments to take prompt decision in the face of crisis as a lender of last Resort. Finally, failure should be minimized; clarity on rights and obligations needs to be addressed.

#### Topic -5: Shari’ah Structure & Governance: Perspectives from Prudential Regulations

It’s a guideline of the central bank of Malaysia called Bank Negara Malaysia (BNM) that describes the Shari’ah structure and governance issues from prudential regulations’ perspective. This paper found that Shari’ah governance is important to ensure strict Shri’ah-compliant, instill public confidence and promote financial stability. Then it described three models of Shari’ah Governance practicing today’s world. First model has both centralized Shari’ah advisory body and Shari’ah committee at IFIs and this model is followed in Pakistan and Malaysia. Another two models have no centralized Shari’ah advisory body but model two has Shari’ah committee at IFIs followed in Kuwait, Qatar and model three has only a special committee to supervise the Shari’ah Governance issues which is largely followed in Hong Kong. Then the guideline provided a snapshot about the evolution of Shari’ah Governance in Malaysia from 1983-84 to 2010 and four stages of development were found.

First stage builds the foundation of legal, regulatory & Shari'ah framework; Second stage institutes dedicated Shari'ah Advisory Council at national level to address Shari'ah compliance issues; Third stage establishes SAC as the highest authority in Islamic finance and fourth stage recognizes SAC as a centralized body in issuing fatwas. Finally, salient feature of the new Shari'ah governance framework for Islamic financial institutions was added in the presentation.

#### Topic – 6: The Role of Transparency

This empirical paper evaluates the present status of Shari'ah market and shows some future directions. Issues like Shari'ah degree of expertise, expertise diversity, education diversity, industry exposure, board positions, scholars and their positions in Banking, Asset Management and Takaful, number of junior scholars on Board and sizes of the Shari'ah committee are analyzed in this paper. Majority of scholars have no educational diversity, few famous scholars hold more than one position in the industry and juniors hardly get any opportunity to be included in the Shari'ah committee.

#### Topic – 7: Market Discipline: A Check & Balance on Shari'ah Structure and Compliance

Dr. Ashraf Md. Hashim presented the significance and models of Shari'ah Governance. Centralized, Laissez Faire and Hybrid models were discussed. Iran, Sudan, Malaysia, Indonesia and Brunei are practicing centralized structure; most of the GCC countries, new entrants and non-Islamic jurisdictions have Laissez faire structure of Shari'ah governance and Hybrid Shari'ah Structure Governance is practiced in Pakistan and UAE. Then he defined Shari'ah advisory, Shari'ah Application: Roles and Responsibilities and Shari'ah Risks. In next, he mentioned there stages- beginning, improvement and best practice – of Islamic finance from Shari'ah perspective and stated that Islamic finance are now in the improvement stage. Further, he provided the vital components of the check and balance on Shari'ah structure and compliance. Finally, he concluded the paper giving some attribute of a good Shari'ah advisor.

**Foyasal Khan**

Master Student, Department of Economics  
International Islamic University Malaysia (IIUM)