

# Believer's money: what financial attitudes for religious organisations?

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Here are some major principles of Islamic finance:

→ tangible assets: finance must be related to the real economic sphere.

→ fairness & equilibrium in contracts for transparent transactions

→ no banking interests on loans: in the Coran, money is considered as a simple mean of exchange. One cannot make extra value out of it.

→ No financial speculation: one cannot sell a good he does not own

→ Moral and ethics standards: no investments in gambling, in pornography, in weapons, in tobacco, in alcohol

→ sharing of the gains. eg: tax on fortune which is about 2.5% in Islamic countries (versus 1.8 in France)

→ Ethical compliance: high vigilance toward loyalty and ethics. Tools were set up by independant bodies to check these commitments.

I. Khalid OUDGHIRI presenting Islamic finance:

Islamic finance does not seem to suffer so much from the current international crisis. How is it possible? Maybe because Islamic finance follows very specific rules which better fit to financial responsibility and sustainability ....

3 issues tackled: 1. What is exactly Islamic Finance? 2. What are the religious fundamentals? Can Islamic finance be a reference to better ethical finance worldwide?

1. What is exactly Islamic finance?

300 Islamic financial institutions manage 700 billion dollars in 75 countries. These figures are to increase in a few years up to 1000 billion dollars.

Khalid OUDGHIRI added another important value which drives Islamic banking, and that is confidence. The current crisis went worst because of a loss of confidence toward banks. In Islamic banks, however, it was the other way around because trust in the Muslim religion is the most important thing. "One who cannot be trusted has no faith"

2. What are the religious fundamentals?

Mr Oudghiri wondered to what extent Islamic Finance refers to the Muslim faith. He quoted the main axioms (axiom is a truth that cannot be demonstrated) of the Muslim religion which drive Islamic Finance. He particularly insisted on one of them: human-beings have to accept the

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automatic return to the "creator" till the final judgement.

3. Can Islamic Finance be a reference to a better ethical finance worldwide?

Mr Oudghiri compared Islamic values to Occidental values. Freedom is a very strong value of Western countries and Mr Oudghiri highlighted the seamy side of the West "hyper liberalism" reminding us that in the Muslim religion, freedom has to be associated with responsibility. The vocation of Islam is to establish justice as God's justice. Mr Oudghiri made the following comparison: "Justice is to Islam what love is to Christianity".

II. Laura Berry presenting Protestant and Catholic behaviour toward financial issues. Laura Berry manages the Interfaith Center on Corporate Responsibility (ICCR) based in NYC. ICCR is a group of 300 faith-based institutional investors, religious communities, diocèses, pension funds, corporations and foundations. Relying on dialogues and exchanges between all stakeholders of the companies, ICCR has well known clients such Exxon, IBM or Total. ICCR has a strong research activity and forecasts corporate risks of a non ethical behaviour. ICCR aims at developing corporate sustainability without putting aside financial data and profits.

After the rountable, the two participants agreed and had the same conclusion: all religious groups should act in a sustainable way.