

MANAGEMENT CONFERENCE 2006

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The Department of Commerce, University of Karachi organizes Management Conferences each year. This year, Management Conference 2006 was held in September. Vice Chancellor, Karachi University, Dr. Pirzada Qasim Raza Siddiqui was the Chief Guest. The seminar's theme was "Islamic Financial Products – Problems and Prospects."

The Chairperson of the Department of Commerce, Professor Dilshad Zafar in her inaugural speech explained the rationale of the Management Conference series as a forum where topics of serious market concern are discussed to enlighten the students in her department. She said that the Islamisation of the economy is inevitable in Pakistan as most Pakistanis are Muslims. She said that every process of modern economic management and operations could be Islamized as Islam is the only true religion. She said that the transformation from conventional to Islamic banking could take place easily if the major problems are known. She said that the SBP guidelines specially mention that nothing needs to be reinvented.

Mr. Mohammad Ayub, Head of Islamic Banking, SBP outlined the historical development of Islamic Banking in Pakistan and discussed Pakistan's role as a pioneer of the Islamic Banking movement. He said that for the success of Islamic Banking it is necessary that there exist awareness about Islamic Banking especially among academicians, bankers, students, regulators etc. He said that the purpose of Islamic Banking is to avoid *riba*, *qimar* and unethical practices. He said that the ultimate objective of Islamic Economics is to achieve socio-economic and distributive justice. He went on to explain the various types of contracts within the Islamic framework. He stressed that Islamic Banking does not mean the provision of free loans and that money would still be loaned out at a premium in the Islamic financial system.

Mohammad Imran, Head, Islamic Banking of Standard Chartered Bank, Pakistan, stressed that Islam has a very strong relationship with economics that has its roots in history. He said that the environment of Madina established the relationship between Islam and economics. He went on to compare how production and distribution are done in the capitalistic, socialist and Islamic economic systems. He stressed that Islam accepts the rights to own property and maximize profit. He said that Islamic Banking has four basic principles: interest free transactions, risk sharing, assets and services based

financing and gharar free contracts. He suggested Standard Chartered Bank's Mushara Car as a case study for students.

Dr. Javed Akbar Ansari, a known opponent of the Islamic banking movement, characterized the Islamic Banking movement as nothing more than a Saudi sub-imperialist plot. He said that Islam is a complete way of life and rejects any subjugation or subservience to any other system in any form or shape. He said that mixing Islam and capitalism is like mixing chalk and cheese. He criticized the Islamic Banking movement for accepting the capitalist supervisory framework. He said that due to the phenomenon of Islamic Banking, there is a huge flight of capital from the Muslim World to the West. He stressed that it is necessary for Islamisation of the economy that the economy is delinked from global finance. He said that the abolishment of capitalist property and money market are also a must. He presented the tamveel system adapted by Hezbollah and argued that it was much closer to the Islamic model.

Mr. Yousuf Nasir's, (EVP MIS at HBL) speech was general and had nothing to do with Islam, Islamisation or Islamic Banking. He made a motivational speech, motivating the students to join the banking sector.

The last speaker was **Dr. Shahid Hasan Siddiqui**, Chairman and Chief Executive, Research Institute of Islamic Banking and Finance. He said that interest is forbidden as it breeds injustice. He said that any bank, calling itself Islamic, must have three qualities: no riba, no capitalist shortcomings, and it must promote Islamic social justice. He said that the current methods do not encompass the Islamic system of social justice. He also said that Islamic banks, which account for two percent of the whole banking sector, cannot change the norms set by conventional banking.