LEADERSHIP SCENE

EXCLUSIVE INTERVIEW

**Special interview with H.E. Mr. Hamza K. Bawazir,
Secretary General, General Council for Islamic Banks and Financial Institutions**

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H.E. MR. HAMZA K. BAWAZIR

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Question 1:

When non-Muslim countries first explore the Islamic economy? What is the most common assumption you see and how is reality different?

H.E. Mr. Hamza K. Bawazir:

The assumption was that Islamic banking will come with a solution, an intrinsically different solution, and it will give solutions for poverty and for ethical finance. But in reality, the world we live in follows international standards in a globalized system, and these standards are imposed on countries and financial institutions. These institutions have to abide by these standards, which at their core contradict Sharia requirements. So we need to do something about it and have dialogue with international bodies that set these standards to consider the special case of Islamic banking and Sharia requirements.

Question 2:

Many governments start by looking at Islamic financial products. In your view, what structural or institutional factors determine long-term success?

H.E. Mr. Hamza K. Bawazir:

Governments started considering Islamic banking, especially after the 2008 crisis, when the world realized that the current system is not safe and not the optimum way of doing finance between countries and within countries. So they were looking for other solutions. Islamic economy academics have always been talking about a different system that brings more ethical solutions, does not exploit the need of the needy, and focuses on the real economy, not making the rich richer and the poor poorer. But we need to make sure there is an infrastructure for this system. Any framework needs a full ecosystem that supports it from a legal, regulatory, and educational point of view. Governments are looking at Islamic banking seriously today, but what is needed is real Islamic banking, not the way it is implemented today.

> We are judging the Islamic economic system using conventional tools, while trying to fit it into a system that contradicts Sharia requirements.

Question 3:

Through your work at CIBAFI (General Council for Islamic Banks and Financial Institutions), and your interaction with different regulatory systems. What regulatory or institutional gap do you see most often when non-muslim markets begin evaluating Islamic economic activity?

H.E. Mr. Hamza K. Bawazir:

The tools used for evaluation are conventional tools. So we are judging the Islamic economic system based on conventional tools. We are trying to introduce Islamic solutions into a system that is conventional and contradicts Sharia requirements. What we need to do, and what institutions like CIBAFI, AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), IFSB (Islamic Financial Services Board), and regulators should do, is to speak with international bodies that set international standards and ask them to consider Sharia requirements. There are many examples, like Basel III, which was introduced to safeguard the banking system, but we have seen cases like Silicon Valley Bank where they were compliant and still failed. So we believe there is a solution in Sharia if it is properly implemented, but the current banking infrastructure does not cater to these requirements, and we need to rethink how banks operate from a Sharia perspective.

> The most important factor is the political will of the government. If it exists, agendas will be pushed.

Question 4:
The summit highlights political support, legal clarity, and institutional readiness. In new markets, which of these usually creates the first real push for the Islamic economy, and what triggers this push?

H.E. Mr. Hamza K. Bawazir:

The most important factor is the will of the government, which is political. If there is political will, agendas will be pushed. There is also a strong force, which is the demand of the population. If there is awareness and demand, this will put pressure on governments to respond, and they will introduce changes, including new regulations and laws that promote Islamic finance.

> Technology is the most important force today, allowing fintech companies to compete with banks and challenge traditional banking.

Question 5:
Which external forces, such as technology, demographic shifts, or regulations, are creating the strongest growth for the Islamic economy in non-Muslim regions?

H.E. Mr. Hamza K. Bawazir:

Technology is the most important force today. It allows small fintech companies to compete with banks, and traditional banks are now threatened by technology. Fintechs are offering alternative products to traditional banking products, so this is the major force we need to look at. Technology will also make it easier to implement Sharia requirements in both Islamic and non-Islamic countries.

Question 6:
Do you think that the emergence of Islamic digital banks will be a new trend or become more popular in the coming years?

H.E. Mr. Hamza K. Bawazir:

Yes, of course. Digital banks are the newcomers that can replace traditional banks. They represent an opportunity, especially if regulators support them, to offer real Islamic banking and real Islamic finance.

Question 7:
How do you envision the Islamic economy in non-Muslim countries?

H.E. Mr. Hamza K. Bawazir:

The first thing is to establish that the Islamic and Sharia-compliant framework is a solution. If we agree on that, we can start building on it. In non-Muslim countries, they need to bring Sharia experts along with finance and economic experts, because Sharia alone cannot offer solutions. These experts can provide solutions in finance and economy that cover the needs of societies, including financing, business, and economic activity. The goal is to meet these needs in a way that positively affects society in the long run, not negatively as seen today.

Question 8:
If young people and entrepreneurs want to start a business or investment that is Sharia-compliant, what do you advise them?

H.E. Mr. Hamza K. Bawazir:

They should study and follow AAOIFI and Sharia standards and use them as a foundation for their business to ensure compliance. They should hire a Sharia advisor who understands not only Sharia but also business, finance, and economics. They also need to educate themselves. These standards will help them navigate the industry. It is in their hands to make change if they are committed to applying Sharia standards, which are ethical standards. If something is labeled as Sharia but is not ethical, then it is not Sharia. Sharia and ethics always go together and do not contradict.