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# Value-based Intermediation and Islamic Finance

UK Islamic Finance Week

5 September 2018

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# Today's dominant financial system

*“Bankers are paid the earth for socially useless activities, taxpayers fund large state subsidies in the shape of too-big-to-fail guarantees, and clever young mathematicians create new, dangerously obscure instruments to keep trading rooms busy. Now, as then, profit is privatised and risk nationalised.”*

Philip Stephens, Financial Times, 31 August 2018

**Can Islamic finance with a  
values-based focus provide an alternative?**

# Key Elements of Sharia <sup>1</sup>

- Avoiding harm both in this world and the next
- Larger interest of society takes precedence over the interest of the individual
- Wealth and property are just intermediary means

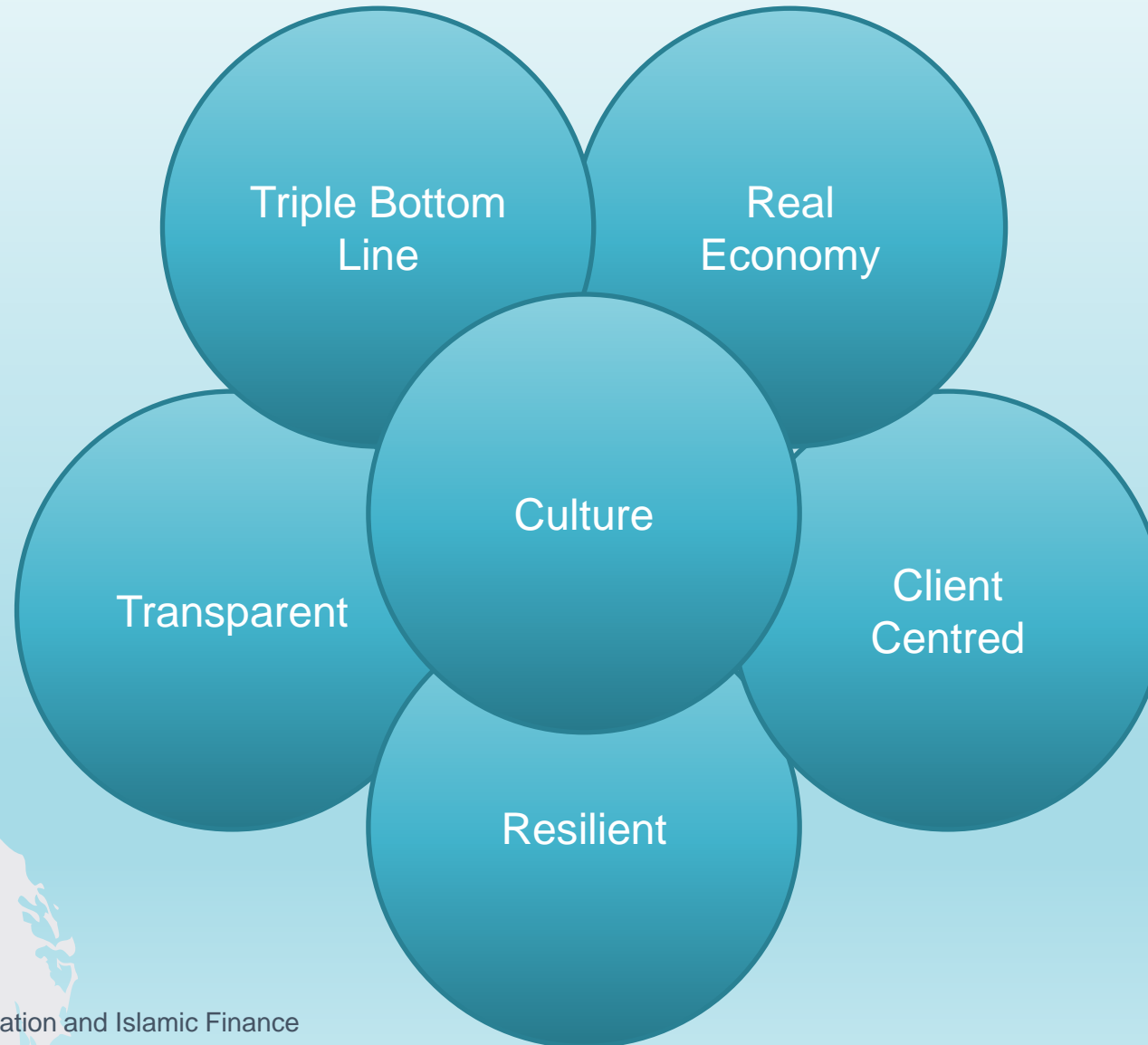
1) INCEIF, Introduction to Sharia, 17 May 2017

# Value-based Intermediation <sup>2</sup>

- Intermediation that aims to deliver intended outcomes of Shariah through activities that generate positive and sustainable impact to society consistent with sustainable financial returns
- A more holistic observation of Shariah ensuring Islamic banking offerings and practices not only comply with requirements but also achieve the intended outcomes of Shariah

2) Bank Negara Malaysia, Value-based Intermediation: Strengthening the Roles and Impact of Islamic Finance, 12 March 2018

# Principles of Values-based Banking



# Value-based Intermediation – Why?

- *“The only way to address the fear of the future is to have a picture of the future we want” - Sir Fazle Abed, BRAC*
- *“Values-based banks start by determining a human need to be met and then determine how to sustainably finance enterprises meeting that need” – Thomas Jorberg, GLS Bank*

# Tomorrow's financial system

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# More information



**Global Alliance for Banking on Values**  
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