

Keynote Address By
HE Tahir Salim Al Amri,
Executive President, Central Bank of Oman

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Distinguished guests and Participants

السلام عليكم ورحمة الله وبركاته

It is an honor for me to address the IFN Oman Forum 2018 today. At the outset, I appreciate and thank the organizers on the initiative of organizing this event regularly.

I am pleased to know that IFN has proposed to use this Forum to highlight the Islamic Banking Sector's achievements so far and, also, discuss the key issues faced by the Islamic banking and finance industry. I am sure that the participants, coming with diverse backgrounds and experiences, will contribute to the discussions immensely and suggest viable solutions to the issues and challenges such as building and further improving a true image of Shari'a based banking and standardization of practices, products and services offered by Islamic banking institutions in a harmonious way so as to inspire market confidence.

It may be of interest, in the above context, to note Oman's Islamic banking initiative and its performance over the past five years.

As many of you would already know that:-

1. Oman opened its doors for Islamic Banking in May 2011 with the announcement to allow faith based banking system as a parallel approach, and Islamic banks / Windows formally started their operations in 2012/2013.
2. Over 5 years, the Islamic Banking sector in the Sultanate has been performing well with two full-fledged Islamic banks and Islamic Banking Windows of six conventional banks.
3. The number of Islamic banking branches has increased to 76 and these are well spread out in various parts of the country.
4. As of December 2017, Islamic banking has secured a 12.1% market share in assets, a 12.9% share in terms of financing and a 13.8% share in terms of customer deposits.

I truly believe that achieving these results over such a short span of time, is quite encouraging and congratulate the banks and Windows on the same.

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It has to be conceded that the impressive growth, hitherto, has been possible due to many factors including low base and ready availability of certain market segments. Growth rate is tapering and this would mean that greater and diversified business thrust is necessary – both in finance and funding.

I believe that, for Oman, development of human resources with essential skills and knowledge of Shari'a compliant banking and meaningful innovation in Islamic banking products and services are two of the key challenges that need our focus.

Competing with established conventional banks for business besides needing to ensure Shari'a compliance is a big task for the full-fledged Islamic Banks and the Islamic banking Windows in Oman. They need to realize that in order to achieve this, IBIs need to avoid mere replication of conventional banking approach and be innovative in their products and services.

New innovation in Islamic banking is, again, something very sensitive and needs to be managed carefully; merely replacing interest with profit is not the kind of innovation we are looking for. Our focus should be to improve efficiency of the processes and solutions for sectors that are key to the growth of economy as a whole.

CBO is rigorously working with concerned authorities to refine the required elements of the existing legal and other infrastructures and I am very positive that we have the full support from all parts of the Government and we are progressing in the right direction.

Distinguished Guests,

Let me conclude by expressing my appreciation to all the participants and respondents for their efforts in making this Forum possible. I look forward to sharing of the discussions / deliberations at this Forum for betterment of the Islamic finance industry. I also wish IFN all success in its efforts to promote Islamic banking and finance globally.

Thank you. **والسلام عليكم ورحمة الله وبركاته**