

KEYNOTE ADDRESS BY HONOURABLE BASIRU NJAI, FIRST DEPUTY GOVERNOR, CENTRAL BANK OF THE GAMBIA, AT THE WORKSHOP ON “BUILDING ISLAMIC FINANCE IN THE GAMBIA, NIGERIA AND SIERRA LEONE” AT OCEAN BAY HOTEL, IN THE GAMBIA ON MONDAY, SEPTEMBER 14, 2015

Mr. Chairman,
Distinguished Guests,
Ladies and Gentlemen,

It is with great pleasure that I welcome you all to this workshop on “Building Islamic Finance in The Gambia, Nigeria and Sierra Leone”, which is the last activity of the project on Enhancing Financial Literacy and Capacity Building on Islamic Financial Instruments being implemented by the Financial Supervision Department of the Central Bank of The Gambia (CBG), in partnership with the Central Bank of Nigeria and the Bank of Sierra Leone. At the outset, I would like to profusely thank the Standing Committee for Economic and Commercial Cooperation (COMCEC) of the Organization of Islamic Cooperation (OIC) for funding the project. I would also like on behalf of the three Central Banks to extend a special welcome to Mr. Rustam Mohd Idris, Deputy Director, Islamic Banking and Takaful Department and Mr. Mohd Shah Shukree Salim, Manager, Islamic Banking and Takaful Department of Bank Negara Malaysia to Banjul to share Malaysia's rich experience in Islamic finance with the workshop participants.

Distinguished ladies and gentlemen, this workshop is aimed at building Islamic finance in The Gambia, Nigeria and Sierra Leone, using the experiences of Malaysia, the leading Islamic finance hub in the world as a point of reference. More specifically, the workshop would seek to, inter alia, map out the roadmap on promoting greater awareness and use of Islamic financial instruments in the three countries, as well as identify areas of technical cooperation and joint collaboration towards developing a broad and deep Islamic finance sector in the sub-region.

Mr. Chairman, distinguished guests, ladies and gentlemen, even though Islamic finance represents a small share of the global financial market, the sector is growing exponentially and has fundamentally transformed the financial landscape in several countries in Asia and the Middle East. This trend is expected to continue, driven in particular by strong economic growth in countries with large, unbanked, Muslim populations.

Data from the IMF indicates that Islamic finance assets grew at double-digit rates during the past decade, from about US\$200 billion in 2003 to an estimated US\$1.8 trillion 2013. However, despite this strong growth, Islamic finance assets are still concentrated in the Gulf Cooperation

Council (GCC) countries, Iran and Malaysia, and represent less than one percent of global financial assets.

Islamic banking outperformed conventional banking over the past decade, increasing its penetration rate above 15 percent in a dozen countries in the Middle East and Asia. Over the same period, Sukuk issuance increased twenty-fold to reach US\$120 billion in 2013, and its issuer base is broadening with new issuances in Africa, East Asia and Europe.

The potential of Islamic finance, especially in countries in Africa with significant Muslim populations and low levels of Islamic finance penetration is no doubt huge. To realize the potentials of the sector requires a multi-pronged approach and concerted efforts from all players in the value chain, namely the regulators, government, private sector finance companies (banks, insurance, microfinance and capital market operators), entrepreneurs, purveyors of knowledge in Islamic finance and the broad financial services consuming public. More importantly, is the need to increase understanding and awareness as well as build capacity in Islamic finance, which are the objectives of this COMCEC Project. To that end, I salute and commend Bank Negara Malaysia, who have played an instrumental role in the implementation

of the Project by hosting a study tour of banking supervisors from the three central banks as well as providing facilitators for this workshop in the persons of Mr. Rustam Mohd Idris and Mr Mohd Shah Shukree Salim.

Mr. Chairman, ladies and gentlemen, although the primary remit of the CBG is price stability, the Bank is also concerned with the development of the financial sector. The Bank sees the broadening and deepening of Islamic finance as critical and is thus fully committed to not only implementing the best international practices to achieve the optimal regulatory environment, but also taking a leadership role to support all aspects of the sector's development including achieving and sustaining macroeconomic stability, promoting effective use of technology to enhance efficiency and to enable Islamic finance institutions better manage risks and developing a system of research and evaluation.

Mr. Chairman, ladies and gentlemen, let me conclude by underscoring that we are fully aware of the challenges that stymie the rapid development of Islamic finance. The best way to confront the challenges in order to achieve an Islamic finance industry that we can all be proud of is by shared experiences. It is my expectation that the participants in this workshop would be forthcoming in learning from

each other in our collective quest to promote the development of Islamic finance.

On this note, it is my singular honour to declare the workshop open and I wish you fruitful deliberations.

Thank you