



Keynote Address

Yang Berhormat

Dato Seri Setia Dr Awang Haji Mohd Amin Liew bin Abdullah
Minister at The Prime Minister's Office and
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16th IFSB Global Summit

"Islamic Finance and Financial Stability in an Evolving Environment:
Navigating Emerging Risks"

Wednesday, 8 May 2024 corresponding to 28 Syawal 1445

Indera Samudra Hall
The Empire Hotel

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Excellencies

Governors and Deputy Governors of Central Banks

His Excellency

Dr. Ghiath Shabsigh

Secretary-General, Islamic Financial Services Board (IFSB)

Yang Mulia

Chairman and Members of the Board of Directors of Brunei Darussalam

Central Bank (BDCB)

Permanent Secretaries

Managing Director, BDCB

Deputy Permanent Secretaries

Senior Executives from the Public and Private Sectors

Distinguished Speakers, Panelists and Participants,

Ladies and Gentlemen,

Assalamu'alaikum Warahmatullahi Wabarakatuh and a very good afternoon,

1. I am delighted to be here at the 16th IFSB Global Summit as the keynote speaker, especially to see many esteemed attendees from various countries here in Brunei to discuss and deliberate on pivotal Islamic finance issues centred around the theme "Islamic Finance and Financial Stability in an Evolving Environment: Navigating Emerging Risks".

2. The theme of this Summit is especially relevant in light of the multifaceted challenges encountered by the world in recent years, spanning from global health crises to economic turbulence, digital disruptions, and geo-political tension. We have also witnessed a dynamic and challenging environment that necessitates our combined resilience and strategic responses. In this context, we must consider the role of Islamic finance in tackling these challenges and promoting sustainable and ethical economic growth.

3. Brunei Darussalam is honoured to host this summit and witness the remarkable progress and development of the global Islamic finance industry. At the same time, the hosting of this summit will also be able to showcase the Sultanate's strong dedication and commitment in furthering Islamic finance agendas, and play a part in contributing to the growth and success of the global Islamic financial industry.

Excellencies and distinguished participants,

4. The global economy and financial industry were significantly hit by the COVID-19 pandemic, which served as an important lesson for all of us. Many countries experienced prolonged economic recessions as a result. After experiencing a significant slowdown in 2022, followed by a further decline last year, the World Bank projected another decrease in global economic growth for 2024, marking the third consecutive year of deceleration.

5. The world is also facing other challenges resulting from climate-related events, such as rising global temperatures and sea levels, extreme weather events, and ocean acidification. These have posed additional threats and risks affecting the performance of global economic growth.

6. At the same time, the financial services sector and traditional banking models continue to be challenged and disrupted by digital innovation, including Artificial Intelligence, blockchain, mobile applications; non-bank players; and startup and tech companies, which together foster a more competitive landscape.

Excellencies, Distinguished participants,

7. Islamic finance strives to promote economic prosperity, achieve socio-economic equality, and create socio-economic justice. These fundamental attributes bolster its resilience against financial downturns, climate risks, digital disruptions, and geopolitical tensions.

8. Through a study conducted by the International Monetary Fund (IMF) on the banking sector performance during the 2008 subprime crisis, the Islamic finance industry was proven empirically to be more resilient than its conventional counterpart during times of crisis and vulnerability.

9. Islamic finance has also witnessed significant growth over the years. According to the Standard & Poor Report 2024-2025, the Islamic finance industry continued to expand in 2023, with an increase in assets by 8.0%, driven by significant growth in Islamic banking and Islamic capital markets in key regions.

10. In our local context, I am pleased to share that, as of Q4 2023, Islamic financial assets represented 57.9% of the country's total financial services market share. Deposit-taking institutions, comprising both banks and finance companies, played a pivotal role in the growth of the Islamic financial services industry, contributing 95.2% to the total Islamic finance assets. Takaful entities, while holding a smaller share, still made a notable contribution of 4.8%.

11. The success in developing Islamic finance in Brunei Darussalam is attributed to the concerted efforts of many stakeholders, including BDCB, relevant government agencies and the financial industry. As the financial regulator, BDCB has played a pivotal role in establishing the necessary framework to cultivate a thriving ecosystem for Islamic finance.

12. At the same time, the financial industry has also made significant contributions towards advancing Islamic finance. These include the pledging of BND2 billion by a local Islamic bank towards sustainability efforts; the introduction of digital solutions for takaful products; the offering of Islamic investment products and the milestone of a local Islamic asset manager becoming a signatory to the United Nations Principles for Responsible Investment.

13. Beyond the financial sector, other industry players, such as FinTech and telecommunication companies, have similarly played their parts in the progress of Islamic finance in Brunei Darussalam. We have seen the introduction of e-Zakat payment gateways and crowdfunding platforms for MSMEs – initiatives that have also contributed to the realisation of the country's vision to become a Smart Nation.

14. Brunei Darussalam's Islamic finance sector has been forging ahead with digitalisation initiatives, revolutionising traditional financial practices with cutting-edge technology tailored to Islamic principles.

15. Last year, the first mobile application that offered digital signature and digital contracts was introduced. Implementation of this digital transformation will enhance our ability to offer customers greater convenience, security and accessibility to financial services. With this transformation, we aim to foster inclusivity and ensure our continued adaptability in an increasingly digitalised banking industry.

Excellencies, Distinguished Participants,

16. I am pleased to share that Brunei Darussalam is also committed to addressing climate change issues at the national and global stages. In 2020, Brunei Darussalam submitted its Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC). In the same year, Brunei Darussalam launched the Brunei Darussalam National Climate Change Policy (BNCCP), which outlines the country's strategies in addressing adverse changing climate patterns to pave for Brunei Darussalam's low carbon and climate-resilient pathways for a sustainable nation.

17. At the regional level, Brunei Darussalam, as a member of the Association of Southeast Asian Nations (ASEAN), has made several commitments to address climate change under the ASEAN Working Group on Climate Change (AWGCC). At the international level, Brunei Darussalam has announced at the 26th United Nations Climate Change Conference or Conference of the Parties of the UNFCCC (COP 26) in 2021 its aspirations to move towards net zero by 2050.

18. Brunei Darussalam is also spearheading the establishment of the ASEAN Centre for Climate Change (ACCC), as the host of the Centre. The establishment of the ACCC was Brunei Darussalam's initiative and commitment under its ASEAN Chairmanship in 2021. The purpose of the ACCC

is to facilitate regional cooperation and coordination on climate change initiatives among ASEAN Member States [AMS] with relevant national governments, regional and international organisations, and to provide policy recommendations on addressing climate change to AMS.

19. As we convene here at this Summit, let us prioritise sustainable growth, innovation and financial inclusion. I am confident that the collective wisdom and expertise that stand before me will lead to constructive and impactful outcomes that will contribute to the advancement of Islamic finance and the promotion of financial stability worldwide.

I wish everyone a fruitful and engaging Summit ahead insya Allah.

Wabillahi Taufik Wal Hidayah Wassalamu Alaikum Warahmatullahi
Wabarakatuh