

**ADDRESS BY  
H.R.H. RAJA NAZRIN SHAH  
REGENT OF PERAK DARUL RIDZUAN  
AT THE LAUNCH OF THE BOOK  
“AN INTRODUCTION TO ISLAMIC AND  
CONVENTIONAL CORPORATE FINANCE”  
TUESDAY, 15<sup>TH</sup> JANUARY AT 11:00 A.M.  
SIME DARBY CONVENTION CENTRE, KUALA LUMPUR**

*Bismillahi Rahmani Rahim  
Assalamualaikum Warahmatullahi Wabarakatuh  
Salam Sejahtera.*

1. Segala puji milik ALLAH SUBHANAHU WATA'ALA, yang menyeru manusia supaya membaca dengan menyebut nama Tuhan Maha Pencipta, serta mengajar manusia dengan perantaraan kalam; Dia adalah Tuhan yang mengajar manusia apa yang tidak diketahuinya<sup>1</sup>. Selawat dan salam ke atas Junjungan Besar Nabi Muhammad Salallahu 'Alaihi Wassalam, ahli keluarga dan para Sahabat Baginda, serta para Tabiin dan para ulama'. Semoga memperoleh ihsan di hari kebangkitan.

Distinguished guests, ladies and gentlemen:

2. Good morning and a Happy New Year to you all. It is a great pleasure for me to be invited to launch the book 'An Introduction to Islamic and Conventional Corporate Finance'. This is the product of seven prominent lawyers of the ZICOLaw network. I want to say how really happy I am when I come across Malaysians who put pen to paper -- or in this day and age, finger to keyboard -- in order to produce textbooks and reference works. I look forward to seeing many more high quality publications from these lawyers and from ZICOLaw.

3. Works such as these place Malaysia on the intellectual map. They give prestige and gravitas. Sometimes they are capable of great influence, ones that become classics that stand the test of time, like a landmark legal judgement. And if these were not already good enough reasons, a wise person once said, "If you want to learn, write". As we write, our understanding increases and we become even better at what we do. It is therefore my hope that many more Malaysians will take up the challenge of dedicating themselves to contributing to the storehouse of knowledge, not just in finance but in every field of endeavour.

4. The fact of the matter is that Malaysia has, and Malaysians have, a great deal of knowledge to share. We are taught from a young age not to think too highly of ourselves or of our achievements. Culturally, we frown on those who are boastful or undertake shameless self-promotion. This, however, should never discourage us from striving to be the best. It should also not prevent us from taking quiet satisfaction from the compliments that are paid to us.

5. Two months ago, the Managing Director of the International Monetary Fund, Ms. Christine Lagarde, addressed the Malaysian Economic Association here in Kuala Lumpur and also gave a television interview. She spoke highly of Malaysia's economic management, particularly during the Asian Financial Crisis. She also praised Bank Negara Malaysia and its Governor, Tan Sri Dr Zeti Akhtar Aziz, and expressed confidence in the Economic Transformation Programme and the Financial Sector Blueprint.

6. The January 5th issue of The Economist magazine focuses on Malaysia's role in the field of Islamic finance, calling us "the world's most important Islamic finance centre". It noted that the country was the first ever issuer of sovereign sukuk in 2002. Other countries, including non-Muslim ones, have since followed in Malaysia's footsteps. Since that time, other countries have also started issuing Islamic bonds but Malaysia has remained the market leader. In the first three quarters of 2012, for example, we were responsible for 80 per cent of global sukuk issues.

7. The article recognised the roles of the International Centre for Education in Islamic Finance (INCIEF) and the Islamic Banking and Finance Institute of Malaysia (IBFIM).

8. It is also good to see that more universities and business schools are beginning to offer research, education and training in Islamic finance. Assuming that high standards continue to be maintained, this will ensure a healthy supply of specialists and professionals in time to come.

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<sup>1</sup> Al Quran, Surah Al 'Alaq, chapter 96 verses 1 - 5 (Surah name: The Clot)

9. More generally, Malaysia's rankings in a number of international surveys such as the World Bank's Doing Business and the International Management Development Centre's World Competitiveness Yearbook are rising. Add this to a rising trend in foreign investment, and I believe that there is a basis for more confidence and optimism about the country's future than there appears to be locally.

10. Being complimented does not, of course, mean that we can afford to rest on our laurels. The nature of success is that one has to be constantly on the move, constantly thinking, planning and innovating, and constantly improving against a rising tide of competition. Indeed, success is something that is better seen in the rearview mirror just in case it blocks our view of the road ahead.

11. Malaysia's advantages in the field of Islamic finance are, without doubt, considerable. We have one of the most complete and developed value chains in the world. We have invested heavily in scholarship and research, education and training, in legal and regulatory institutions, and product development and promotion. We have been strengthening, and are continuing to strengthen, bank and non-bank financial institutions, as well as other market participants.

12. As a result, the size and reach of the pipeline of issuers and investors have also expanded. But Malaysia is not looking at the growth of Islamic finance purely in a narrow and self-interested manner. The promotion of Islamic finance is considered a religious obligation that benefits not only the ummah but potentially all humanity. The country, for example, trains students from over 80 countries and opens its doors to co-operate widely with interested Muslim countries.

13. Ironically, the future for Islamic finance after the 2008 Global Financial Crisis seems brighter than before. The demand for syariah-compliant financial instruments by religiously-observant households, many of whom are entering the ranks of the middle-class, and by those who own and run corporations, is much greater than before. The amount of global liquidity that is intermediated through Islamic financial institutions is also growing.

14. Whereas before, oil-rich countries had few avenues to invest their surpluses in Islamic instruments, today these are a distinct and rapidly growing asset class. At present, there are more than 300 Islamic financial institutions worldwide operating in more than 75 Muslim and non-Muslim countries. Islamic finance has grown by 15 to 20 percent per annum since the 1990s and now amounts to more than 1.2 trillion US dollars globally. While this is less than one percent of global financial assets, it is expected to quadruple in the next decade.

15. In short, Islamic finance offers investors an alternative to conventional modes of finance. This is particularly so as the number of investors seeking the productive yet lower risk profiles of Islamic financial assets are expected to grow over time.

16. We should not forget that although we have made a very strong start, the Islamic financial system is still a work-in-progress. For example, the liquidity of secondary markets for Islamic financial instruments has to be worked on so that markets clear efficiently and accurate pricing can be ascertained. Longer-dated debt maturities have to be developed if they are to offer viable alternatives to conventional finance. More efforts must be made to devise and promote financial instruments that can manage risks. Legal and regulatory frameworks need to respond to the ever-evolving environment.

17. This book by Dr Nik Norzul Thani and his co-writers addresses an important class of readers: Those who require a book that is accessible to the layman. The book does an admirable job of explaining the terms, institutions and legal frameworks of both Islamic and conventional financing in a simple and straightforward way.

18. My heartiest congratulations to the authors, ZICOlaw, as well as the publisher, Sweet and Maxwell Asia. It is with great pleasure that I now declare the book, "An Introduction to Islamic and Conventional Corporate Finance", officially launched. Thank you.