



ELEVENTH HARVARD UNIVERSITY FORUM ON ISLAMIC FINANCE
TAKAFUL AND ALTERNATIVE COOPERATIVE FINANCE
Challenges and Opportunities

April 25–27, 2014
Austin Hall, Harvard Law School
Cambridge, Massachusetts, U.S.A.

The Harvard University Forum on Islamic Finance was introduced in 1997 to engage scholars, practitioners and regulators in productive dialogue about the then-nascent field. Previous forums have focused on recent economic and political developments in Muslim-majority societies, innovation and authenticity, the global recession, and points of contact between Islamic finance and other types of ethical finance.

Islamic finance literature frequently refers to economic justice, equitable distribution of opportunity and wealth, ethics, morality, equity, and fairness in business dealings. Critics, however, contend that the current practice of Islamic finance is not adequately informed by such ideals. Can cooperative financial models such as *takaful* facilitate the development and growth of financial solutions that more clearly reflect the ideals of Islamic finance?

The Eleventh Forum seeks to reassess and critically engage with issues of risk sharing, mutuality, solidarity, and socioeconomic welfare in the context of a discussion about *takaful* and other types of cooperative financial solutions.

The Forum will be a two-day conference, structured around three plenary sessions and six smaller parallel sessions. A formal banquet dinner will be held at Harvard on the evening of April 26, followed by a speech by one of the forum luminaries. A schedule of this event will be posted soon.

Papers are requested on the following sub-themes:

MUTUALITY: CHALLENGES AND ISSUES

Mutuals and cooperatives are relatively rare in the Islamic financial services sector. Is there a need for a greater number of mutuals and cooperatives to replace the debt-based products predominantly being offered? What factors (profitability, business models, legal/regulatory frameworks, government support, etc.) could problematize the development and growth of Islamic financial products and institutions based on the concept of mutuality?

Topics:

- Alternative models and their associated challenges
- Investment models and profitability
- Shari'a-related, legal, regulatory and governance concerns
- Points of contact between *takaful*, mutual banking and other cooperative financial solutions
- Surveys of pre-modern and modern cooperative financial products and trends in practice

RISK-SHARING

The theoretical literature emphasizes the significance and benefits of risk-sharing, as opposed to risk-shifting. What factors complicate the sector's on-going effort to develop and encourage the evolution of solutions that favor risk-sharing over risk-shifting?

Topics

- Innovative risk-sharing and the challenges of product development

- Risk-sharing: social concern or commercial venture?
- Analyses of various risk-sharing and risk-shifting models and approaches
- The theoretical and empirical significance of various risk-sharing models and approaches
- Risk-sharing in the context of *takaful* and other types of cooperative finance

MARKET PENETRATION: STRATEGIES AND ACTIONS

Various factors contribute to the relatively low penetration of certain financial products in Muslim communities. What role might Islamic finance in general—and *takaful*, in particular—play in changing this state of affairs?

Topics

- Obstacles to the growth of Islamic finance, particularly *takaful* (e.g., lack of effective distribution; lack of human capital and capacity; ineffective financial architecture and unsatisfactory track record)
- Increasing the penetration of Islamic finance with particular regard to *takaful* in Muslim-majority societies, and Muslim communities in Muslim-minority societies
- Resources and strategies for the establishment and development of Islamic cooperative finance institutions

SOCIO-ECONOMIC BENEFITS

Critics contend that the prevailing practice of Islamic finance is not sufficiently informed by its theoretical ideals and that it offers little, if anything, that is not already offered by conventional finance. To what extent is such criticism valid? And if so, how can Islamic finance be “re-connected” to its ideals?

Topics:

- Lessons that conventional cooperative finance (e.g., credit unions, building societies, cooperative/mutual banks, etc.) and Islamic finance can learn from each other
- Alternative Islamic financial ecosystems
- The impact-driven design of Islamic financial products (especially *takaful*) to serve low-income and at-risk members of society

- The implementation and execution of *takaful* and other “social” shari‘a-compliant practices (e.g., *zakat*, *waqf* and microfinance)

EMERGING ACADEMIC RESEARCH AND FUTURE DIRECTIONS

As in previous Forums, a section will be devoted to advanced graduate-level research in Islamic cooperative finance and related aspects. Students are encouraged to submit their works for consideration.

PROCEEDINGS

The publication of the proceedings from the second, third, fourth, and fifth forums – the first reference works of their kind in the industry – has endowed the Harvard Forum with additional significance. From the Sixth Forum onwards, the Project began publishing a book of selected papers for every Forum:

Sixth Forum: *Islamic Finance: Current Legal and Regulatory Issues* (ISBN 0-9702835-5-5)

Seventh Forum: *Integrating Islamic Finance into the Mainstream: Regulation, Standardization and Transparency* (ISBN 0-9702835-6-3)

Eighth Forum: *Islamic Finance: Innovation and Authenticity* (ISBN 0-9702835-7-1)

Ninth Forum: *Building Bridges Across Financial Communities: The Global Financial Crisis, Social Responsibility, and Faith and Finance* (ISBN 0-9702835-9-8)

Tenth Forum: *Islamic Finance and Development* (in press)

All publications can be purchased by contacting ifp@law.harvard.edu.

Accordingly, we intend to publish a thematic collection of selected papers from the Eleventh Harvard University Forum on Islamic Finance.

For further information on publications from previous forums, please visit

<http://ifp.law.harvard.edu/ifphtml/index.php>.

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ABOUT THE ISLAMIC FINANCE PROJECT

The Islamic Finance Project (IFP) is the continuation of the Harvard Islamic Finance Information Program (HIFIP), which was established by the Center for Middle Eastern Studies in 1995. IFP is now part of the Islamic Legal Studies Program (ILSP) at Harvard Law School. It aims to study the field of Islamic finance from legal and shari'a points of view by analyzing contemporary scholarship, promoting collaboration among scholars within and outside of the Muslim world, and increasing the interaction between theory and practice in Islamic finance.

Since IFP's inception, and particularly over the last ten years, the subject of Islamic finance has attracted growing interest among academics, students and professionals around the globe. In addition to the

above-listed forums, the IFP also hosted specialized workshops on topics such as “*tawarruq*,” “*sukuk*,” “Risk Management in Islamic Finance,” “Micro-Finance: Toward a Sustainable Financial Model,” “Reappraising the Islamic Financial Sector” and “Insolvency and Debt Restructuring in Islamic Finance.” The Project also assists students and other researchers with advice on and direction to the academic resources, as well as through sponsoring other events such as panel discussions on “Could Islamic Finance Have Prevented the Crisis?” and “Bankruptcy, Financial Distress, and Debt Restructuring.” IFP attracts luminaries to deliver lectures and seminars, including Robert Merton who delivered the keynote speech on “Innovation in Islamic Finance” at the Eighth Harvard University Forum.

REGISTRATION

The Islamic Finance Project invites you to attend the Eleventh Harvard University Forum on Islamic Finance. We hope that on April 25–27, 2014 you and your organization will join us for this event on the Harvard University campus.

You may register by e-mailing the information requested in the registration form below to ifp@law.harvard.edu or fax the form to IFP at (617) 496-2373.

Registration fee: US\$400/person for corporate
Registration fee for academics: US\$100/person
(Harvard affiliates may attend without charge but still need to register for the conference.)

Please make checks payable to “Harvard University” and mail them to:

Islamic Finance Project
Harvard Law School
Austin Hall 108
1515 Massachusetts Ave.
Cambridge, MA 02138, USA

Checks must be in US dollars and drawn from banks in the United States only

REGISTRATION FORM

Please register the following for the Eleventh Harvard University Forum on Islamic Finance (fill out separate forms for each registrant):

Name: _____

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