

General Council for Islamic
Banks and Financial Institutions



المجلس العام للبنوك
والمؤسسات المالية الإسلامية

ICD - CIBAFI Webinar Cryptocurrencies – A Double-edged Sword: Challenges and Opportunities for Islamic Finance



25th October 2021 at 13:00hrs. (GMT +3)

Background

Cryptocurrencies have been surging for a decade now as a new digital mean for payment and a financial asset for investment. In May 2021, the market capitalisation of cryptocurrencies reached an all-time high of USD1.7 trillion from USD16.7 billion by the end of 2016¹. This surge has been seen by many as a positive move towards decentralizing financial transactions and allowing for a more equitable system with cheaper, more accessible, and more secure transactions.

However, there have been several concerns about the high volatility of cryptocurrencies and their unclear source of value making them a speculative investment rather than a novel mean of payment. Other concerns were also raised on the risks of terrorism financing and money laundering, low protection of users' rights, sustainability concerns on energy consumption, and others associated with the use of cryptocurrencies.

The popularity of cryptocurrencies in addition to the associated concerns pushed Central Banks to start taking actions leading to creating their digital currencies called Central Bank Digital Currencies (CBDCs). The Islamic view of cryptocurrencies has also been very controversial. While voices are supporting its use as it is similar to the known fiats in the market, others raised concerns related to Shariah permissibility given the issues associated with cryptocurrencies.

In this context, CIBAFI and the ICD join forces for the second time this year to fuel a discussion on cryptocurrencies. The webinar will look at the emergence of cryptocurrencies in the last decade, their impact on the financial ecosystem, and the role of multilateral development banks (MDBs) in creating a trustworthy cryptocurrency ecosystem. It also aims to discuss the issues concerning cryptocurrencies' application in Islamic finance and what opportunities and challenges its integration can bring for the development of the industry.

¹ (Statista, 2021). Available at: <https://www.statista.com/statistics/730876/cryptocurrency-maket-value/>

About ICD

The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral development financial institution and is part of the Islamic Development Bank (IsDB) Group.

ICD was established in November 1999 to support the economic development of its member countries through the provision of finance for private sector projects, promoting competition and entrepreneurship, providing advisory services to the governments and private companies and encouraging cross border investments.

ICD has an authorized capital of \$4 billion. Currently, the shareholders of ICD are the IsDB, 55 Islamic countries and five public financial institutions.

ICD fosters sustainable economic growth in its member countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to business and governments. ICD financing projects are selected on the basis of their contribution to economic development considering factors such as job creation, Islamic finance development, contribution to exports etc. ICD also provides advisory services to governments and private sector groups on policies designed to encourage the establishment, expansion and modernization of private enterprises, development of capital markets, best management practices and to enhance the role of the market economy. ICD operates to complement the activities of the IsDB in member countries and also that of national financial institutions.

About CIBAFI

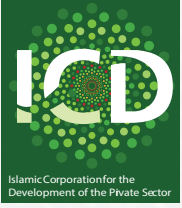
The General Council for Islamic Banks and Financial Institutions (CIBAFI) is an international non-profit organisation that represents the Islamic financial institutions (IFIs) worldwide. It was founded by the Islamic Development Bank (IsDB) and a number of leading IFIs. CIBAFI is affiliated with the Organisation of Islamic Cooperation (OIC). Today with over 130 members from 34 jurisdictions, CIBAFI is recognised as a key component of the international architecture of the Islamic finance industry. CIBAFI's members vary from Islamic banks, multilateral banks, to Takaful companies, international standard-setting organisations, regulators and other professional services firms.

CIBAFI's mission is to support the Islamic financial services industry (IFSI) by providing specific activities and initiatives, aiming to strengthening the growth of the industry, deepening Shariah objectives in financial dealings and transactions, and facilitate cooperation between members and institutions of common interest.

CIBAFI is guided by its Strategic Objectives, which are 1) Advocacy of Islamic Finance Values and Related Policies & Regulations; 2) Research and Innovation; and 3) Training and Professional Empowerment.

Agenda

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|---------------|---|
| 13:00 - 13:10 | Welcoming / Opening Remarks |
| 13:10 - 14:05 | Session 1: The Emergence of Cryptocurrencies: What Effects on the Financial System and Central Banks' Decisions? <ul style="list-style-type: none">• Driving forces for the development of the cryptocurrency market.• The financial system's response to cryptocurrencies.• What regulatory actions were taken in response to the surge in cryptocurrencies?• Spotlight on CBDCs and their implications on the banking sector.• The role of MDBs for introducing and sponsoring a trustworthy cryptocurrency ecosystem. |
| 14:05 - 14:55 | Session 2: How to Embrace Cryptocurrencies for the Growth of Islamic Finance? <ul style="list-style-type: none">• Shariah views on cryptocurrencies and the challenges in its adoption.• What opportunities can cryptocurrencies have for Islamic finance development?• The merits of the introduction of an asset-backed cryptocurrency ecosystem.• How can cryptocurrencies be used for financial inclusion and development purposes, supporting Maqasid Al Shariah?• How to overcome the sustainability concerns of cryptocurrencies? |
| 14:55 - 15:00 | Closing |



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Registration Form

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Industry: -----

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Please send the completed form to CIBAFI Secretariat

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