



Islamic Insurance Association of London

Wednesday 8th December 2021

The Rt Hon The Lord Mayor of London
Alderman Vincent Keaveny

Hello everyone, it's a pleasure to be here with you all today, albeit virtually.

I am speaking to you live from the Mansion House, my home and residence for my time as Lord Mayor. To be more specific, I am speaking from the Venetian Parlour, where since the mid-1700s, Lord Mayors have held meetings with government officials, royal families, religious leaders and so on.

Interestingly, right from the very start, the Islamic world was represented in this very room.

Our historic records show that in this room and, indeed, throughout the Mansion House, Turkish carpets were used as one of the central forms of decoration. In fact, one was so big that it took six men to beat and brush it on a regular basis.

Thankfully, though, our modern relationship with the Islamic world is more fundamental and less ornamental.

Today, the UK offers more Islamic finance services than any other Western country, something we have been offering for nearly thirty years, and those services are expected to get even bigger, with annual growth between ten and twelve per cent per year.

The UK is ready to facilitate and support that growth and London is ready to play its part.

Our capital markets provide deep and international pools of liquidity, as well as a sophisticated and trusted listing regime for governments and firms wishing to raise finance in a Sharia-compliant fashion.

With its position as a leading international financial centre, alongside a vibrant Muslim population of over one million people, London has the strong foundations for this growth, and we have long been known as the Western Hub for Islamic Finance.

And, of course, insurance has an important part to play in this work.

As the birthplace of the modern insurance industry, the City of London knows how crucial insurance is to our financial and professional services sector. In fact, many of the Court of Aldermen here in the City – the group of people who either will become or have been Lord Mayor – have an insurance background.

So you can expect insurance in all its forms will be central in Mayoralities for years to come.

But, before we get ahead of ourselves, we should consider the challenges that face us today.

For some firms, there have been uncertainties created because of the UK's withdrawal from the European Union, as well as the pandemic, but we know that our UK domestic Islamic banks – like Gatehouse Bank and Al Rayan Bank – have said that these have had a limited effect.

This is very cheering news – but it does provide us an opportunity to think about what kind of future we want to create for Islamic Finance.

We want an industry that remains strong, and able to withstand any changes that come its way.

Right now, with the Islamic nations of Asia, the Middle East and North Africa are among the world's fastest growing economies, there is a real need to provide transparent and trusted services, services which provide Shariah compliant commercial insurance and risk products.

Research by the CBRE Group found that over forty per cent of the thirteen-billion dollars invested in Middle East sovereign wealth funds and businesses went into London, with more likely to be invested in Europe in the future.

This growth in the scale size and appetite for Islamic Finance has been rapid and London as a financial market has reacted to the challenge.

We are working on maintaining our reputation as the pre-eminent Islamic Financial centre outside of the Islamic nations.

We already have one of the best regulatory environments, one that aims to provide a level playing field for Islamic, and other alternative forms, of finance alongside conventional products.

With that mix of history and some of the most innovative firms, London can take the lead in designing new insurance products, with the specialist knowledge required to tailor services to specific clients across the world.

But if we really want to continue to support Islamic financial and professional services, I believe we're going to have to do much more than supply the products.

Some of you will know that I very recently became Lord Mayor, and my theme has this idea of shaping a future financial and professional services sector at its very core.

It's called People and Purpose: Investing in a Better Tomorrow.

When we consider the 'purpose' of financial and professional services, we must think of the great power this sector has to create positive change.

Many firms across the UK are rigorously focused on achieving ESG goals and in the run-up to COP26, companies were – rightly – focusing on their environmental impact.

Throughout COP, there were some significant steps made towards the financial and professional sector becoming more sustainable, greatly supported by the City of London Corporation and the Green Finance Institute.

Now, I hardly need to tell the Islamic FPS community about ESG Goals.

In a speech made this time last year, the Bank of England Executive Director of Markets – Andrew Hauser – spoke about Islamic Finance, specifically focusing on how these institutions could support a post-covid recovery.

And he outlined how Islamic finance seeks to avoid investing in socially detrimental activities, stating “it was pro-ESG before the term was ever invented!”

A great example of this is the Issuance of so-called 'green sukuk', which has risen sharply in the past three years, with the Islamic Development Bank issuing an innovative one-point-five-billion-dollar sustainability sukuk last June.

So – we know that when time and attention is given to these causes, Islamic financial and professional services can create great change.

During my Mayoralty – I want to support the great work we have already achieved on achieving environmental goals, but I also want to focus on the 'S' of ESG, achieving our social goals.

Now, that doesn't just mean hosting more conferences or social gatherings, no matter how welcoming and focused they are!

But what it does mean is supporting greater 'impact investment' which achieves a 'social' return on investment, whether that's better local transport, a cleaner environment or affordable housing.

We've already see how our financial and professional services 'ecosystem' can support our 'actual ecosystem', so now it is time to see how it can support the development of our social infrastructure.

And I would like to invite our Islamic professional services to be a part of this conversation, a conversation that will build to a Global Impact Investment Summit, which I will host next year, right here in the City. It will aim to set standards on this investment and unlock further capital for social infrastructure projects.

Ladies and gentlemen, London is proud of its Islamic financial and professional services, and I am proud to work alongside you during my Mayoralty.

We have seen throughout the years that there is a great appetite for your services – an appetite which shows no signs of being suppressed.

What's important to me is to continue developing our Islamic offer, to use the innovation, insight and moral fortitude at the heart of these services to achieve even greater things in the future.

Together, I know that we can not only define a clear path to delivery of great Islamic insurance, but we can continue to innovate and redefine that market as our successes keep in step with the modern world.

Thank you very much.