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# Can Islamic finance solve basic economic issues?

*The Malaysian Reserve spoke to IRTI director-general Mohd Azmi on his challenges in running the Jeddah-based organisation*

**HABHAJAN SINGH**

THE demands on Islamic finance to solve basic economic issues like unemployment and growth in the Islamic world is one of the challenges facing Jeddah-based Islamic Research and Training Institute (IRTI) in the wake of what was called the Arab Spring and recent global financial crisis.

"The demand from member countries is great. Many are looking at Islamic finance to solve basic economic issues like unemployment and growth," IRTI director-general (DG) Prof Datuk Dr Mohd Azmi Omar told *The Malaysian Reserve* in a recent interview.

He said many countries

have gone to the Islamic Development Bank (IDB) Group, under which IRTI is placed, for solutions to their economic woes.

"Our capacity to support them is limited," he said.

The IDB Group, comprising 56 member countries and Muslim communities, has set itself the task of fostering the economic development and social progress of its members in accordance with the principles of Shariah.

One tricky challenge facing Dr Mohd Azmi and his team is the expectation placed on Islamic finance.

"Most countries think by implementing

Islamic finance, they can solve their problems. But that's not the case. It's part of the solution, not the only solution.

"We are concerned. What if the economies of the countries



Pic by Mohd Amin Naharul

**Dr Mohd Amin says most countries think by implementing Islamic finance, they can solve their problems. But that's not the case. It's part of the solution, not the only solution**

undertaking Islamic finance don't grow? They might say Islamic finance itself has failed," he said.

Dr Mohd Azmi, formerly a deputy vice chancellor at the

International Islamic University Malaysia (IIUM), became the first Malaysian to be appointed to the top executive IRTI position in January. He was the dean of IIUM Islamic Banking and Financial Institute when the three-year appointment took place.

"I was head hunted by IDB to lead this organisation. The process took some time," he said.

One industry executive familiar with IRTI said that the organisation was looking for someone with a strong academic background and with the appropriate leadership skills. Up against 16 other international candidates, Mohd

Azmi was found to have fulfilled the criteria.

As the DG, he is tasked to oversee research and training and advisory for member countries.