

Welcome Address by: Dr. Haifa Jamal Allail, President of Effat University
Islamic Finance Conference
Block chain, Smart Contracts and Islamic Financing

December 5th 2018

Location Effat Library and Cultural Museum

Time: 11:05am

بسم الله الرحمن الرحيم

الحمد لله والصلاة والسلام على اشرف الخلق والمرسلين
سيدنا محمد عليه افضل الصلاة وازكى التسليم

➤ Your Royal Highness Princess Nourabint Turki Al Faisal, Member of the
Board of Trustees

Dear guests, faculty and students I am very excited to introduce to you:

➤ You're Excellency Dr. Ahmed Al Kholifey, Governor of Saudi Arabian
Monetary Agency

➤ Distinguished Guests and Scholars

➤ My Effat family members Faculty, staff and students,

Good afternoon and my heartfelt wishes to all of you with blessed rainy day.

Let me start with a small and short Doaa for 50 seconds to bless the day insha

Allah asking for God protection and Baraka :

دعاء نزول المطر: "اللَّهُمَّ صَيِّبًا نَافِعًا، اللَّهُمَّ صَيِّبًا هَنِيئًا، اللَّهُمَّ اجعلها أمطار خيراً وبركة،
اللهم لا تقتلنا بغضبك، ولا تهلكنا بعذابك، وعافنا قبل ذلك، اللهم إني أسألك خيرها وخير
ما فيها، وخير ما أرسلت به، وأعوذ بك من شرها، وشر ما فيها، وشر ما أرسلت به، اللهم لا
تقتلنا بغضبك، ولا تهلكنا بعذابك، وعافنا قبل ذلك، سبحان الذي يسبح الرعد بحمده
والملائكة من خيفته."

اللهم اسقنا غيثاً مغيثاً مريئاً نافعاً غير ضار، اللهم أنت الله لا إله إلا أنت الغني ونحن
الفقراء، أنزل علينا الغيث، واجعل ما أنزلت لنا قوة وبلاغاً إلى حين"

"اللَّهُمَّ حَوَالَيْنَا وَلَا عَلَيْنَا، اللَّهُمَّ عَلَى الْآكَامِ وَالظَّرَابِ، وَبُطُونِ الْأُودِيَةِ، وَمَنَابِتِ الشَّجَرِ،

حوالينا لا علينا، اللهم على الآكام والظراب وبطون الأودية، ومنابت الشجر."



I would like to welcome all of you to the 4th Islamic Finance Conference held at Effat University. It is our privilege and honour to lead such discussion in the kingdom of Saudi Arabia with such esteemed scholars, distinguished speakers and great participants.

Ladies and Gentlemen,

We are living in the age of technology and in an era of extreme innovation; with every passing day we are harnessing new possibilities and existing opportunities using technology. Nowadays, one of the most talked-about topics in the financial services industry is Blockchain technology and cryptocurrency that is fundamentally changing the conventional banking industries and enabling banks to process payments more quickly and more accurately while reducing the costs of processing transactions. Not only that

but we see more and more banks in the Islamic world — a community of nearly 2 billion people worldwide — are adopting blockchain technology.

So why Blockchain became more popular in general and in the Islamic banking industry?

With Blockchain, we can imagine a world in which contracts are embedded in digital code and stored in transparent, shared databases, where they are protected from deletion, tampering, and revision. Currently, the global financial market is huge, but transferring money, especially worldwide, is a hassle. While you can send an SMS or email to anyone around the world in seconds, transferring money can take days to arrive at its destination. Blockchain will reduce the number of middlemen while increasing security,

both of which will reduce costs. Blockchain combines the security of cryptography, the storage and transmission of data in coded form, with peer-to-peer networks to create a shared database of transactions that is trusted.

The beauty of Blockchain is that something can be unique and stored digitally with ease, without needing an equivalent in the real world. If Blockchain finds uses in various industries, we could see a more digitally integrated global economy; something that could enhance economic growth and decrease poverty.

In the Islamic banking and as we all know that some of the key principles guiding Islamic banking are:

One is the Islamic principle is the prohibition of Riba which is the payment or collection of interest. **The second** principle is that Islamic banks



are only allowed to create debt when it is backed by goods and services; specifically, transactions must have “material finality,” meaning they must be connected to a real underlying asset, like gold. This stipulation rules out options, futures and most derivatives, which naturally makes working with Western financial firms tougher. In themselves, these principles do not prohibit or inhibit doing business with non-Islamic banks. But abiding by these principles in practice creates higher transactional costs than most non-Islamic firms are used to. Why? Contractual relationships are very important to Islamic banks, more so than to others, with deals typically involving three or more contracts, several parties, and an emphasis on averting uncertainty, speculation, and interest.



As a result, there are more legal and administrative processes, and redundancies, which raise the cost of doing business. Using blockchain technology means digital transactions on a decentralized network, smart contracts with an essential automation for the whole contractual process for Islamic institutions, including enforcing the terms of the contract. These principles attracted most of the Islamic banking industry.

The obvious question is, why would Effat University sponsor a conference on Blockchain? How would such conference add value to Effat stakeholders and the community?

Undoubtedly, Effat would like to be in the heart and centre of such technological development. Effat has always been in the forefront of



introducing brave and advanced solutions that challenge the existing status quo. With our Master degree program in Islamic finance, Blockchain technology, smart contracts, and cryptocurrencies present timely and pertinent research questions that deserve the attention of our great researchers, faculty and students. This attention from all is needed to participate in the development of such movement in the banking industry in the kingdom of Saudi Arabia and the whole Islamic world.

To end, I hope through this conference today presents an opportunity to all participant with the goals we aspired to achieve regard understanding Blockchain, smart contracts and cryptocurrencies and how it influenced financial transaction in general and how it benefited from the Islamic Financing principles.

I would just like to thank our speakers, our sponsors and all members of Effat College of Business for their effort in organizing this conference, the facility team, the PR and Communication and team and all people who contributed to such great event,.

Thank you and God bless you all,

Thank you..