

Infinity Makes a Strong Case for Islamic Finance at Financial Inclusion Summit

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Infinity Consultants (Infinity) made a strong pitch for the introduction of Islamic finance as a key component in achieving the desired level of financial inclusion in India by participating in two roundtable discussions on the topic at the 29th Skoch Summit titled "Refuelling Growth" recently held in Mumbai.

The event at which Mr. Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission was the Guest of Honour and was attended by Mr. Prithviraj Chavan, Chief Minister of Maharashtra, Dr. K.C. Chakrabarty, Deputy Governor of the Reserve Bank of India (RBI), Mr. U.K. Sinha, Chairman of the Securities and Exchange Board of India (SEBI) and other leading policy makers and bankers in the country saw interesting viewpoints on how true and effective financial inclusion can be achieved across all marginalized groups and communities in the country. On a note of advice to banking institutions in the context of financial inclusion, Dr. K.C. Chakrabarty, stated that "If you do not act, then you will be forced to act", while mentioning that even though banks have made progress in the last two years by opening about 54 million no-frills accounts, a lot more steps are required to achieve actual financial inclusion which included reducing transaction costs by better using technology and making better use of RBI's relaxed know-your-customer (KYC) norms for small accounts by opening more branches in rural areas.

Infinity represented by its Managing Partner, Mr. Saif Ahmed took part in the roundtable "Community Participation for Growth: Rediscovering Development Banking and Insurance for the Poor," where issues such as linking Self Help Group (SHG) formation to livelihoods and formulating the best strategies for capacity building in the community and linking it to the financial sector were discussed by the panellists. Mr. Ahmed also participated in another roundtable titled "Financial Literacy - Financial Inclusion", where issues discussed included the role of financial literacy in promoting financial inclusion and analyzing the performance of Rural Development and Self Employment Training Institutes (RUDSETIs) that have been set up by many nationalized banks to address their financial inclusion mandates.



Presenting a strong case for policy and decision makers to incorporate a special focus on the largest minority community, and to consider the Muslim community perspective in order to enable true and broad-based financial inclusion in the country, Mr. Ahmed stated, "To have true financial inclusion in India and meet the goals set out by the government, it is imperative that the Indian Muslim community who are 15% of the population be considered from their actual needs and aspirations perspective – a significant development that is happening across the country is that Muslims are getting more aware of their faith and now realize that as a religion Islam governs all spheres of life including financial activity where there is a fundamental prohibition of interest. As a result, a growing number of Muslims will increasingly exclude themselves from the conventional banking and financial system due to their religious sensitivities and not because of poverty or illiteracy thus further marginalizing their already backward status as brought out through the Sachar Committee and other reports. Thus it is imperative that Islamic finance be introduced in the country and Muslims be allowed to conduct financial activities as per their preferences thereby including them in the financial

system and enabling their access to credit, which given Muslims greater relative dependence on self-employment is even more critical. For this to happen, the first step is to generate awareness of Islamic finance and its fundamental workings among all stakeholders so that we can gradually introduce Islamic finance in the country and meet the goal of overall financial inclusion.”

About Skoch Development Foundation

Established in 2008, Skoch Development Foundation (<http://www.skoch.org>) is an autonomous, policy oriented, not for profit policy think tank. The Foundation has been established as a "Not for Profit" Company under Section 25 of the Companies Act, 1956. It does not undertake any commercial activity. It is recognized by the Government of India as a "Charitable Organization" under Section 12AA of the Income Tax Act, 1961. The Foundation also qualifies for exemptions under section 80G of the Income Tax Act, 1961. The Foundation ensures transparency, accountability and adherence to corporate governance norms. Its main focus is empowering the marginalized and making inclusive development a reality by undertaking various research and grassroots intervention projects. The Foundation lays emphasis on social, digital and financial inclusion; strengthening of delivery systems and ensuring a transparent, participatory democracy for bringing about a systemic change.

About Infinity Consultants

Infinity Consultants (<http://www.infinity-consult.com>) is a Shari'a-compliant advisory firm based in Bangalore, India focused on delivering innovative financial advisory solutions to clients in the GCC region and advising on cross-border investment opportunities between India and the Middle East. Infinity is also pioneering several Islamic finance initiatives in India as part of its mission to introduce an ethical alternative to the conventional interest-based financial system and is also at the forefront of providing Islamic finance education and training in the country through its partnership with Ethica Institute of Islamic Finance, Dubai. Infinity's key resource base is its human capital with team members bringing a wealth of experience in investment banking, private equity, management consulting, and Islamic finance in the US, UK, Gulf, and Indian markets.