

Welcome

Thank you your Excellency.

I'm very pleased to be able to welcome you to mark the opening of the first European Summit of the World Islamic Banking Conference.

I know that it will be a great success.

The fact that it has been held for the first time in London is, I think, confirmation of the role that the UK's financial industry plays in helping to develop new markets, particularly for Sharia compliant products. This is good news.

Islamic finance presents the UK with many exciting opportunities. The market is currently estimated at \$500bn. Still very small when compared with the rest of the UK's financial services industry. But with annual growth estimated at 15% over the next few years the potential is clear to see that Islamic finance is emerging from hubs of activity to become a truly global industry.

The growth of Islamic finance in the past few years has been remarkable, and it has proven itself resilient to some of the recent shocks to the financial markets.

The Government is doing its bit, as you will have seen from recent announcements. We are listening and acting. The UK Treasury on tax reform and the research into the issue of a sovereign Sukuk; and my organisation, UK Trade and Investment, on implementing a world class promotional strategy.

We are involved in Islamic Finance events as far afield as Oslo, Berlin, Tokyo, Hong Kong and Istanbul. We were delighted to be involved in the World Islamic Banking Conference in Bahrain last December which was a great success.

We are working side-by-side across Government and with business to implement our commitment to making Islamic finance a global success in Britain.

2008 has gotten off to a fantastic start.

The FSA has licensed 2 new Islamic banks as well as the first stand-alone Islamic insurance provider in Western Europe. We know more will follow.

Working with you, our aim is to make the UK the partner of choice for Islamic finance with the Muslim World, whether it's to construct a multi-billion dollar bond issue, or take out a mortgage or insurance. Why? Because it makes good business sense and the City

knows this. The City, and by that I mean the UK financial services as a whole, is a World leader when it comes to financial services. We are a true one stop shop.

But with Islamic finance it's also about meeting the needs of an important part of our society and offering increased choice for everyone.

We are an inclusive nation. Islam is the UK's second largest faith. The 2 million Muslims living in Britain play a part in all areas of our society and contribute to our prosperity.

We also each year welcome thousands of visitors from Muslim countries.

The warm relationships that we have forged over many years mean that, for many, Britain is a second home. Therefore it is only right that Muslims should, if they wish, be able to invest their earnings, take out mortgages, and insure their assets in keeping with the principles of their faith. It makes good financial sense – having Muslims invest in the UK helps Britain's economy. It's about being competitive and responding to new demands.

The good news is that our high street banks and building societies have listened and are delivering Shariah compliant products to an ever growing number of customers. This is important since a strong retail sector benefits the whole industry.

And incidentally it's worth noting that the underlying ethical principles of Islamic finance are shared by many non-Muslims, opening up a wider market.

But it's not just about selling Islamic products in Britain: there are almost 100 million Muslims in Europe. The UK is ideally placed to tap into this market and British based firms have the expertise, and the products, to win this vital business.

An example of the UK Government's support for Islamic finance is the way that the FSA has ensured strong regulation without hindering innovation.

This is why the UK is home to 5 Islamic banks, an Islamic insurance provider and more conventional banks with Islamic windows than any other country outside the Muslim world.

The UK Offering

Britain has an enviable reputation in financial services.

The City is a truly global financial centre and the world leader in international finance. Financial expertise, reputation for innovation, and market liquidity are all regularly mentioned as being its great strengths.

But add in a large pool of skilled labour, World class lawyers and accountants, and our regulatory and legal systems, and we have a unique and complete offering.

It's why I believe that Britain is and will remain the leading Western centre for Islamic financial services and your gateway to Europe.

I want to stress the partnership opportunities. It is not about one financial centre dominating; I don't believe that is a realistic or sensible aim. It is about working together to the benefit of us all. By making the Islamic Finance market more global and more competitive, together we will increase the overall strength and capacity for everyone's benefit.

Going forward

The huge financial flows currently coming out of the Gulf and some Asian countries are driving the growth in the Islamic finance industry. Investors want, indeed expect, their investments to be Shariah compliant. Indeed this is not likely to decrease in the near future, but will become more prevalent.

British-based firms, and the UK Government, have risen to the challenge. We have a lot to be positive about and have much to share with Europe based on the lessons we have learned and the relationships we have formed with our colleagues in the GCC, South Asia and other parts of the Muslim world.

Closing

The Islamic financial services industry is prospering in the UK and further growth will follow both here and in Europe. I am confident this Conference will show why the UK is the ideal gateway to explore the European market. It will provide you with many exciting opportunities. We at UK Trade & Investment, through our pan-European and international networks, can help you achieve your aims and develop your business.

Islamic finance is here to stay and will continue to grow even with the current constraints in the conventional market. Thank you again for coming.