

Statement of H.E. Dr. Savaş Alpay, Director General of SESRIC
At the Opening Session of
The 3rd Meeting of the OIC Member States' Stock Exchange Forum
24-25 October 2009, Istanbul, Republic of Turkey

Mr. Chairman,
Distinguished delegates,
Ladies and gentlemen,

It gives me a great honour to address this important gathering on the occasion of the 3rd Meeting of the OIC Member States' Stock Exchange Forum.

At the outset, I would like to add my voice to the voice of H.E. the Secretary General of the OIC, Prof. Ekmeleddin Ihsanoglu, to express my deep thanks and gratitude to the Istanbul Stock Exchange and its Chairman, Mr. Huseyn Erkan, for the leading role in making this Forum a permanent platform for promoting and enhancing cooperation among the stock exchanges of our member countries.

Indeed, I have a great honour to be here today in my capacity as the Director General of SESRIC, the OIC subsidiary organ which has contributed actively to the early idea of the initiative of establishing this active and successful Forum.

The successful progress of this Forum gives us, at SESRIC, a sound reason for fostering our enthusiasm to provide the necessary and up-to-date data and background information on the issues of immediate concern to our member countries that would make them better informed of each other's capacities and needs as well as challenges and potentials and, thus, facilitates their elaboration of cooperation projects and integration schemes.

Mr. Chairman,
Distinguished delegates,

Allow me in this connection, to dwell briefly on two of our recent activities and initiative which may have certain connection to your work in this Forum.

First, we have started, since May this year, preparing a series of monthly reports on the current global financial crisis and its impacts on the developing countries including the OIC members. These reports, which are available at our website, aim at monitoring the developments related to the current global financial crisis and highlight the actions taken at the global, regional and national levels to contain the its negative impacts.

In fact, during the early stages of the crisis, there was an almost international consensus on the dire need to work out measures for the transformation of the international financial architecture. Yet, although the need for restructuring the international financial system has been voiced by many world leaders, it seems that these voices have been recently dwindled, and the momentum towards transforming the financial system has been lost.

Without any doubts, failure to introduce fundamental changes in the financial system, will lead to repetition of financial crises in the future, making them regular as opposed to exceptional phenomenon. This will be the biggest burden of the financial crisis, worse than all the loss in economic growth and employment, and should be avoided at all costs.

Within this understanding, SESRIC monthly reports on the current financial crisis attempt to highlight the fact that the Islamic principles-based financial system, which call for equity-based financing and real activity-based transactions, has been recently more attractive in many countries around the world as many people come to argue that such a system, as a feasible potential alternative, could provide the solution to the weaknesses of the conventional financial system.

As well known conventional financial instruments such as collateral debt obligations (CDOs) and credit default swaps (CDSs), which have aggravated the deepening of the crisis, are either not allowed or regulated very tightly in a financial system based on Islamic principles. Consequently, the current global financial crisis could have been avoided if such a system had been in place instead of the conventional one. Though the Islamic finance industry has been slightly affected by the negative impact of the current crisis, with a drop in Sukuk issuance and a fall in the value of equity funds, it is reported that Islamic banks have been less affected than many conventional banks since they are not exposed to losses from investment in the so-called “toxic assets”.

Recently, a number of banks around the world have started building up their Islamic finance units, tapping into an emerging industry which is estimated to be growing annually by 15 to 20 percent. Today, investments through Islamic finance systems are acceptable in a significant number of countries –both Islamic and others– such as GCC countries, Iran, Malaysia, Turkey, France, England, and the USA, and continue to expand to many other countries as an alternative or complementary to the conventional financial and banking system.

Therefore, we believe, Mr. Chairman, that strengthening cooperation in this context among the stock exchanges of the member countries, with the aim of promoting and encouraging financial instruments based on Islamic principles, such as Sukuks, and developing common trading and settlement rules and procedures for these instruments, could be one of the most concrete and useful outputs of this Forum to the benefit of the OIC Member Countries.

Distinguished delegates,
Esteemed participants,

On the other hand, over the last three years, our Centre has been undertaking a Capacity Building Programme (CBP) mainly regarding the needs and capacities of the National Statistical Organisations (NSOs) of the member countries. However, this programme has been recently extended to other national institutions in the member countries such as the Central Banks.

In this connection, I would like to express our readiness at SESRIC to strengthening our cooperation with the stock exchanges of our member countries in the area of capacity building. I am pleased to inform your august Forum that SESRIC is ready to assume the role of OIC coordinator for technical cooperation and training activities in capacity building for stock exchanges in our member countries. We are confident that only with your support and encouragement we can extend and enrich our training programmes for more benefits to our member countries in this important area. Moreover, I think it will be very timely to extend the strong ties that we have realised among stock markets to the Capital Market Authorities of OIC member countries. As SESRIC, we are ready to facilitate the Meeting of Capital Market Authorities in the near future.

At the end, I would like to thank the Istanbul Stock Exchange once again for the excellent arrangements made for hosting this meeting, which I wish a great success and pray God Almighty to

help all of us and guide our steps to achieve the prosperity and welfare of our people and all the humanity.

Thank you for your kind attention, Wassalamu Alaykum we Rahmatullahi we Barakatuhu.