

Looking back, I am deeply grateful for that stint in Banking, which forced me to learn about the intricate world of government financial institutions, foreign banks with full operations (of which there were only four at the time: Bank of America, Standard Chartered, Citibank, and Hong Kong and Shanghai Banking Corp.), development and rural banking, and Islamic finance.

Admittedly, I initially struggled to understand why there was a need for a separate banking system specifically for Islamic finance and how it differed from mainstream banks. However, after thorough briefings on its principles, I came to realize that Islamic banking is not merely a religious mandate but an alternative financial system. It provides profit-based financing instead of interest-based loans, as prescribed by Shari'ah or Islamic law.

Based on the 2020 census, Muslims comprise about 6% of the Philippine population, roughly seven million people. Islamic banking primarily caters to this community, but its significance goes beyond providing services to Filipino Muslims. Promoting the growth of Islamic finance in the Philippines could help attract investments from Arab countries and regional neighbors such as Indonesia, Malaysia, and Brunei.

In 2022, the Philippine government issued its first-ever Islamic or "Sukuk" bonds. These 5.5-year dollar-denominated bonds raised approximately \$1 billion, with 30% reportedly purchased by Middle Eastern investors. Unlike conventional bonds, Sukuk grants investors ownership rights in assets or projects instead of interest payments, adhering to the principles of Islamic finance.

Over three decades ago, the government-owned Al-Amanah Islamic Investment Bank was the sole institution engaged in Islamic banking in the Philippines. Fast forward to today, only Maybank Philippines and CARD Bank, Inc., which recently opened an Islamic banking branch in Cotabato City, have joined the field. Additionally, two insurance companies now offer Islamic insurance or

## Islamic finance



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*takaful*, further expanding Sharia-compliant financial services in the country.

Islamic banking deserves a closer look for its potential and growth prospects. However, many policymakers, businesses, and the public remain unfamiliar with the principles of Islamic finance. Addressing this knowledge gap is essential to ensure

successful implementation. Congress may also need to revisit the Islamic Banking Act (RA 11439) to explore ways of better supporting Sharia-compliant banking, such as through tax incentives for investors.

Equally important, Islamic

Equally important, Islamic banks must clearly differentiate themselves in the market and prove their value proposition not just to the Muslim community but to non-Muslims as well. Collaboration with international Islamic financial institutions may play a critical role in achieving

this. The Islamic banking industry needs to prove itself capable, reliable, and dependable.

While deeply rooted in Islamic law, Islamic banking emphasizes universal values such as ethics, equity, and shared prosperity — principles that resonate with both Muslims and non-Muslims. It prioritizes ethical investments and risk-sharing, setting it apart from conventional banking, which relies on interest (*riba*) and speculative practices (*gharar*). Moreover, it prohibits investments in *haram* industries like gambling and alcohol.

The Philippines stands to benefit from promoting Islamic banking. For one, it discourages exploitative practices like charging or earning interest. Instead, investments are tied to tangible assets and real economic activities. Islamic banking also discourages excessive speculation and emphasizes sustainable, ethi-

Key Islamic banking principles include *Murabaha* (Cost-Plus Financing), where the bank purchases an asset and sells it to the client at a markup, ensuring

cal growth.

transparency and shared risk; *Ijara* (Leasing), where the bank buys an asset and leases it to the client, allowing the client to benefit without ownership burdens; *Musharaka* (Partnership), where the bank and the client contribute capital, sharing profits and losses equitably; and, *Mudaraba* (Profit-Sharing), where the bank provides the capital, and the client manages the investment, dividing profits based on preagreed terms.

Approximately 20 years ago, during a visit to Singapore, I had the opportunity to listen to then Senior Minister Goh Chok Tong explain Singapore's strategy to attract Middle Eastern investments. In the wake of the 9/11 attacks, when Arab investors faced increased scrutiny in the West, Singapore seized the opportunity to position itself as a hub for Islamic finance. This strategic foresight is something the Philippines could emulate.

Islamic finance can empower Filipino Muslims, particularly in underserved regions like BARMM, by providing access to culturally sensitive banking services. It can also encourage financial inclusion, bringing more of the unbanked population into the formal economy. This, in turn, fosters greater economic participation and regional development.

Globally, countries like the United Kingdom have embraced Islamic finance through institutions such as Al Rayan Bank and sovereign Sukuk issuances. Japan and South Korea are also exploring Islamic finance to attract Middle Eastern investments, while Singapore and Hong Kong have emerged as regional hubs for Islamic banking in Asia. These initiatives highlight the potential of Islamic finance to strengthen trade relations and economic ties with Islamic nations.

The Philippines, too, can leverage Islamic banking to attract investments in *halal* industries, infrastructure, and renewable energy. Additionally, it could target tourism from Islamic countries, not just in the Middle East but also in Africa and Southeast Asia. Islamic banking is more than an alternative financial system; it serves as a bridge to inclusivity, cultural recognition, and economic prosperity.





## Turning the tables

By Tony Samson

PLAYING the persecuted victim, after being portrayed as a bully and villain, turns the tables on critics and adversaries. It is a marketing technique like "rebranding" of a product or personality.

Can a road rage incident caught on video turn an overbearing VIP berating a traffic enforcer from bully to the victim of police abuse instead? The traffic cop relates catching the car owner using the bus lane illegally, complete with flashing lights and horn-blowing. His narrative is one of being picked on by an abusive VIP just for doing his job. Add to that the fancy car of the apprehended traffic violator. The plate number of the vehicle is identified, with the car owner's full name and address.

With all the media coverage, the VIP comes out of hiding. He is exclusively interviewed in an undisclosed place by invited media. The traffic violator presents himself as a victim. He was accosted while in his car on the special bus lane. Was this apprehending cop a hitchhiker, or worse a highway robber? Who knew?

The original beaten-up traffic enforcer, now healed of the bruises inflicted on him, is now projected as the villain who provoked the incident. (Why did he not identify himself? Anybody can wear a fake uniform of a traffic enforcer.)

There is then the convenient surfacing of "other victims" of abusive cops. As if following a script, apprehended Grab drivers, sidewalk vendors, and other vagrants denounce the now abusive traffic enforcer by name.

So, this *teleserye* ends with the bruised and battered enforcer now looking healed, assuming a new role as villain. (Does he have a good lawyer too?)

The growing PR function of lawyers now includes being the spokesperson of the accused and dealing with media. The client is made to look contrite and misunderstood (I thought he wanted to extort me) while the lawyer makes sure the script is holding together — we wish to settle this case, even if our client is the victim here. (Did you hear the table creak when it turned?)

The pattern of playing the victim card seems to be a standard defense tactic. It can be used for road rage as well as other crimes of personal violence like wifebeating (I was the victim of her infidelity) or even rape (her attire

was provocative, and she seemed to consent to my advances. I was entrapped.)

Does turning the tables work in political situations too? Is it possible to rebrand a bully being investigated for unaccounted expenditures into the sympathetic victim of political intrigue? (I could have headed the ticket.)

What is needed to rebrand a natural bully and overlook charges of unaccounted budget depletion into a victim of powerful forces out to get her? Defenders of the bully who publicly issues threats if "something happens to her" are not limited to defining such pronouncements as "conditional threats." Is it okay to dismiss a threat if it is on condition of being first its casualty?

The victim card requires the coverage of media which always likes this sort of mayhem, switching the interviewer from one side to the other and assisting in the obfuscation of the issue by bringing in other character witnesses who play supporting roles in the drama.

Supporters of the bully jump into the fray. They change the topic to the higher dollar remittances from OFWs, then, if they ever go back to the subject of traffic enforcers or congressional

investigations, they may include infrastructure, and not missing intelligence funds.

There will always be stories of conflicts, complete with villains and victims. Switching roles, especially when one has already been a media personality in the past, can be challenging. Sometimes, villains just get too comfortable with their old roles. Investigations only reinforce past misdeeds.

This tale of villain and victim switching roles doesn't always go according to plan. Sometimes, a long history of being a villain makes it difficult to turn the tables and be convincing as a victim. Certain villains with their aggressive bullying tactics from before are always perceived as rogues.

While the wolf in sheep's clothing may prey on the flock, one that growls too loudly may find it difficult to blend in. Some wolves just can't behave like sheep. They just stand out in the herd.

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