

## Takaful or Islamic insurance — what would be the best appellation for European markets?



**TAKAFUL & RE-TAKAFUL (EUROPE)**

By Ezzedine Ghlamallah

**Takaful must be made available to non-Muslims. There are more non-Muslims than Muslims in the world and many of them could appreciate the ethical, transparent and fair nature of Takaful. Takaful should not be marketed exclusively to Muslims but in an inclusive way for everyone.**

As Takaful strengthens its foundations, many consumers, regardless of their religion, will be attracted by this new form of insurance based on its principles of transparency, ethics, solidarity, mutuality, risk-sharing, lack of speculation and enrichment.

This is one of the reasons why we prefer the term 'Takaful' – which can easily be translated as 'solidarity' – to 'Islamic insurance'. In order to allow for the greatest number of people to participate in the products and services offered, it is important that Takaful is for everyone and not only for Muslims.

Indeed, the term 'Islamic' is not inclusive and has many disadvantages: a non-Muslim person might tend to believe that this type of insurance is only for Muslims while a Muslim person will have the impression that religion is used for commercial purposes. Muslims regard religion as sacred, immutable and perfect. Many people think that Islamic finance as an imperfect human construction does not deserve this qualification, especially since many practices in the industry are not necessarily ethical (Sukuk based on tax havens, lack of transparency, financing of industry pollutants harmful to the environment, conflicts of interest, lack of compliance, excessive remuneration

and such). The 'Islamic' appellation has the effect of reducing the potential for development by driving away non-Muslims and arousing Muslim mistrust.

More recently, in France, the city of Nice has banned a broker from affixing the term 'Islamic finance' to its brand for fear of disturbing public order. This appellation may also have the effect of maintaining amalgamations that are not necessary for the industry to further develop.

We are not saying that we need to go back to the foundations of Islamic finance and Takaful – risk-sharing and backing of the real economy, prohibition of Riba, Gharar and Haram activities, etc – but that it is necessary to develop a model that, in addition to being respectful of Shariah law and local law, is ethical.

The term 'ethics' comes from the Greek word 'ethos' meaning 'rule of life', as well as 'morality'. It indicates ethics is different from the rule of law because it is based on goodwill, is not subject to sanctions in the case of non-application and is not binding. This is why this model must impose itself to go beyond legal constraints, for example by refusing any investment in activities that are harmful to humans, animals and the environment. This way, an alternative to the current 'modern' finance that is based on interest and speculation can emerge: a 'traditional' finance, revived and respectful of the three monotheistic and Aristotelian teachings, which can meet the needs of many individuals in search of a form of finance that is more respectful. ☺

*Ezzedine Ghlamallah is the executive director of SAAFI which specializes in Islamic finance and Takaful solutions. He can be contacted at ezzedine.ghlamallah@saafi.fr.*



### IFN Sector Correspondents

**CROWDFUNDING:** Craig Moore  
CEO, Beehive

**DEBT CAPITAL MARKETS:** Imran Mufti  
partner, Hogan Lovells

**EDUCATION:** Dr Kamola Bayram, project director for training and research at the International Council of Islamic Finance Educators

**ISLAMIC LEASING:** Shoeb Sharieff  
president, ijara CDC, ijara Community Development Corp

**LAW:** Paul McViety  
partner, head of Islamic finance, DLA Piper Middle East

**MERGERS & ACQUISITIONS:** Burak Gencoglu  
partner, Gencoglu Law Firm

**MICROFINANCE:** Mohammed R Kroessin  
head of Islamic microfinance, Islamic Relief Worldwide

**PRIVATE EQUITY & VENTURE CAPITAL:**  
James R Stull, partner, King & Spalding

**REAL ESTATE:** Philip Churchill  
founder partner, 90 North Real Estate Partners

**RETAIL ASSET MANAGEMENT:** Muzzammil Dhedhy,  
chief operating officer, Hejaz Financial Services

**RISK MANAGEMENT:** Dr Ken Baldwin  
senior lecturer in finance, Coventry University

**SHARIAH & CORPORATE GOVERNANCE:**  
Prof Dr Mohamad Akram Laldin  
executive director, International Shariah Research Academy for Islamic Finance

**SRI ETHICAL & GREEN:** Dr Mohamed Wail Aaminou,  
general manager, Al Maali Consulting Group

**TAKAFUL & RE-TAKAFUL (ASIA):** Marcel Omar Papp  
head of Retakaful, Swiss Re Retakaful

**TAKAFUL & RE-TAKAFUL (EUROPE):** Ezzedine Ghlamallah  
director, Solutions Insurance and Islamic Finance (SAAFI)

**TAKAFUL & RE-TAKAFUL (MIDDLE EAST):**  
Dr Sutan Emir Hidayat  
assistant professor, head of Business Administration and Humanities Department, University College of Bahrain

IFN Correspondents are experts in their respective fields and are selected by Islamic Finance news to contribute designated short sector reports. For more information about becoming an IFN Correspondent, please contact sasikala.thiagaraja@redmoneygroup.com