



**STATEMENT BY PREMIER HON. ALDEN MCLAUGHLIN ON VISIT
WITH BARONESS WARSI
IN THE MEETING OF LEGISLATIVE ASSEMBLY IN CAYMAN BRAC**

Madam Speaker,

As the reputation of the Cayman Islands continues to improve under this Administration, we are finding ourselves involved in more and more positive global roles.

Such was the case when I was invited earlier this year to join the Global Islamic Finance and Investment Group, which was announced at the World Islamic Economic Forum October last year. I wish to provide Honourable members of this house with a bit of background on this group.

In February of this year while in London to deliver the keynote address for the Chatham House Conference and appear on BBC's Hardtalk, I received an invitation to meet with the Right Honourable

Baroness Warsi who is FCO Senior Secretary of State and the chairperson of the group and this allowed us to further discuss this invitation.

In accepting the invitation on behalf of the Cayman Islands, I happily joined others in the group such as Humphrey Percy, the CEO of the Bank of London and the Middle East; Bermuda Premier the Hon. Craig Cannonier; Javed Ahmad, Managing Director of the Bank of Islam Brunei Darussalam; and others. Consequently, in March I again visited London, this time to attend a meeting of the Group.

Madam Speaker, please let me read briefly from the letter I received from the Right Honourable Baroness Warsi: "This ambitious Group brings together leading individuals in both industry and government to jointly set out a vision for the future of Islamic Finance in global markets". I share her view that if we all work together, we can make concrete recommendations to government, regulators and the industry to help secure Islamic Finance's place within global cross-border finance and I have articulated this to her at our last one-on-one meeting during my most recent visit to London.

Madam Speaker, Global Islamic Finance and Investment holds great prospects.

Ten of the world's 25 fastest growing markets are Muslim majority countries and globally, Islamic investments are set to grow by CI\$2.4 trillion by the end of 2014. British landmarks, including the Olympic Village and the Shard skyscraper, have been financed with Islamic investments, as have Britain's first deep-sea container port and the Battersea power station.

Madam Speaker, there are many reasons for Cayman's popularity among Islamic investors. As a British Overseas Territory, the Cayman Islands is politically stable and its laws are based on the English common law system. Since English law is the preferred governing law for Islamic law finance transactions, it makes sense for the offshore element to be based on English law.

Cayman law recognises the concept of a trust and it has proved flexible in response to the needs of the growing Islamic finance industry. Companies are already permitted to register their names in Arabic as well as English. Secondly, issuers could be categorised as mutual funds, meaning they would need to be regulated under the Mutual Funds Law.

Cayman is one of the largest banking centres in the world in terms of assets and has retained a rating of 'Aa3' from Moody's continuously since 2000. The outlook for the rating is stable,

encouraging investors to have utmost confidence in the jurisdiction. Too, Islamic Finance is growing 50 per cent faster than traditional banking.

Cayman has a high standard of professional services with lawyers, auditors, trust companies and fund administrators familiar with complex cross-jurisdictional structures. Our banks have proven to be reliable and responsive and the local infrastructure for communications is sophisticated.

Those of us who attended the meeting worked to identify the key global opportunities and barriers facing Islamic Finance, both those currently in the market and those that may appear in the future.

Madam Speaker, we came away with a number of concrete steps on which we agreed to take action.

The first one was communication. We recognise the need to build greater understanding and better communicate the value of Islamic Finance. We agreed a comprehensive analysis needs to be conducted on the current global market and a broad strategy developed to foster understanding and challenge any negative conceptions of Islamic Finance.

As for regulation, we acknowledge that Islamic Finance is a fast-developing industry that must operate in different domestic and international environments. Baroness Warsi has outlined her intention to ask relevant stakeholders to consider how best to pool resources and share expertise on Islamic finance, possibly through a physical or virtual hub.

Madam Speaker, the group recognises the huge investment potential both outside of and within the Muslim world, where an estimated 72 per cent of Muslims don't use any banking services at all and that insurance and pension funds are underdeveloped across the Islamic world. As a group, we will consider an engagement strategy for potential investors looking at innovative Islamic Finance products for the tech savvy generation as well as long term and potentially big growth areas.

Our group is going to meet on a bi-annual basis to drive progress and to continue to identify areas where collective action will lead to further opportunities.

Madam Speaker, I have heard disparaging comments from some members of this Honourable House and the general public about Cayman's inclusion in the Global Islamic Finance and Investment Group, but I must tell you, for the Cayman Islands to remain a

powerhouse in finance, we must keep up with the times and embrace these opportunities.

We did not become one of the largest, most respected Financial Service Centres in the world by ignoring the activities of the global market and as long as this Government is in the seat, Madam Speaker, we will remain mindful of all that we need to do to restore the world's confidence in this great little country, the Cayman Islands.