

Scotland urged to create an Islamic finance house

By Jane Bradley, Business reporter, The Scotsman

John Wright has called for the creation of a dedicated Islamic finance house in Scotland

SCOTS banking veteran John Wright has called for the creation of a dedicated Islamic finance house in Scotland to attract more investment from the Middle East.

Wright, the retired former chief executive of Clydesdale and Yorkshire Banks, who also headed up the Oman International Bank for seven years, said the presence of an Islamic bank north of the Border would signal an "open door" for Islamic investors to do business in Scotland.

The facility would ideally be a joint venture between Islamic groups with financial backing and an existing Scots banking institution, Wright said. The Scottish Government yesterday said it had had "preliminary discussions" with Islamic organisations about the issue through its Scottish Development International arm.

Islamic banking complies with Sharia law, which prohibits the payment of fees for the renting of money, as well as investing in businesses that provide goods or services considered to be contrary to its principles.

A number of banks offer a range of business and retail banking accounts for the Islamic community, but there is no dedicated Islamic bank in Scotland.

Wright's comments came at the launch of the Scottish Islamic Foundation's Etisal event, a conference of Scottish and Islamic businesses to be held in Glasgow in October. Wright told The Scotsman: "Scotland is a financial centre and, despite the recent setbacks in the economy, we should definitely create a capability in Islamic finance. Given our huge financial services capability, it would be logical to do this here.

"There is a huge opportunity to set up links to sell product and generate investment from the Gulf, which at the moment is left untapped."

He said a number of Scotland's larger companies – such as Weir Group, Wood Group and Aggreko – had a presence in the Gulf, but added that hundreds of other firms were missing out.

He added: "The building blocks are there. Whether there is enough appetite on the part of any commercial bank at the moment, is the question. We need someone to say 'what about forming a joint venture?' Royal Bank of Scotland would be the obvious partner, although this may not be the ideal time for them. An Islamic financial facility would be an open door to investors to show them that we want them to come here."

He added: "In the last few years, it has been clear that it isn't just Muslims who are interested in the principles of Islamic banking. In the current climate, people are perhaps looking for an alternative to the mainstream banks."



John R Wright

Wright said that there was a "vast opportunity" to tap into investment in renewable energy companies, such as those specialising in wind or wave power. He said: "Scotland has so much to offer in terms of natural resources. The environment is an issue which is very important to the Islamic community – there are a lot of funds which could invest in that area."

Representatives from the Scottish Islamic Foundation, including chief executive Osama Saeed, recently visited Jakarta in Sri Lanka for the World Economic Islamic Forum, where they made contact with sovereign wealth funds in Malaysia.

Saeed said: "In the Middle East, there is still plenty of liquidity in sovereign wealth funds. We have made contact with the head of a Malaysian sovereign wealth fund which may come to Scotland in October to attend Etisol and potentially do business."

He added: "Scotland stands to benefit a great deal through creating this gateway to the Muslim world."

A spokeswoman for RBS said there were no immediate plans to create an Islamic banking facility in Scotland, but pointed to the bank's existing Sharia mortgage provision.

She said: "We have a full range of banking products and services aimed to suit all customer and business sector needs, including a team of relationship managers who focus on meeting the demands of specialist customers."

Lloyds Banking Group said it offered a range of products for the Muslim community through its Lloyds TSB arm, but it did not comment on a possible tie-up to create an Islamic financial capability in Scotland.