

FINAL DECLARATION

7th Islamic Economics Workshop

The Current Monetary System; Key Source of Exorable increase in Interest Rates and Inflation!

Research Center for Islamic Economics (IKAM) in collaboration with Scientific Studies Association (ILEM) and, Turkish Entrepreneurship and Business Ethics Association (IGIAD) organized 7th Islamic Economics Workshop, which was hosted by Marmara University, Faculty of Theology from 5 to 7 April, 2019. The theme of this year's workshop was "Monetary Issues in Islamic Economics." In the opening session of the workshop on Friday April 5, 2019, Islamic Economics Awards were also presented following the inaugural speeches and a panel discussion. Within the framework of the workshop's theme, papers were presented, and evaluations and discussions were made for three consecutive days and the council gathered under the auspices of IKAM presented various thoughts with a broad understanding over several key points. The need for devising pragmatic policies towards achieving an Islamic monetary system was accentuated with special attention to the following dimensions:

1. A major part of problems existing in contemporary economies are rooted in the monetary system in practice.
2. That the learned council has gathered to address and arrest the challenge faced at national and international level because of the contemporary monetary and financial system.
3. The current monetary system is not only a key source of exorable increase in interest rates but also a principal cause of inflation and collapse in value of money in many countries.
4. The modern usurious alchemy is at the heart of fractional reserve banking and its controversial ability to create fictional purchasing power by charging interest on money.
5. The challenges in international context are equally abstruse where few reserve currencies are ruling over international market with exorbitant advantage over others leaving the weaker ones exposed to daily artificial fluctuations of exchange rates.
6. The problematic aspect of current monetary system is closely related to the credit creation mechanism in the system.
7. The Islamic Financial Institutions and products have not or have marginally helped the countries in paving a way to Islamic Monetary System.

8. The dual banking system, rather than helping in achieving Islamic monetary system at macroeconomic level in different countries has instead made Islamic monetary policy implementation rather abstruse.
9. The neoclassical axioms have long proved themselves as poor imitation of real behavior of economic agents.
10. The heterogeneities in the behavior of agents should be considered in modeling human behavior and making inferences.
11. The ideal monetary policy should reflect a correlation between money growth and real economic growth.
12. The countries should reduce their dependence on reserve currencies and vehicle currencies specially dollar in their bilateral trade.
13. The pioneers have blazed the trail and therefore it is the responsibility of new researchers to prove themselves as better alchemists and develop a comprehensive theory of Islamic monetary economics.
14. That ultimately, though an Islamic Monetary system would derive its normative and ethical foundations from teaching of Islam, how those features would be embedded in theory and practice is the job of contemporary economists which they have to clearly devise in light of the aforementioned.

For this, IKAM has received the honour of providing a platform in form of 7th Islamic Economics workshop where experienced voices from the world gathered in order to argue, debate and elucidate issues related to monetary conundrum in Islamic Economics and to set a unanimous future course of direction. Though different, rather diametrically opposing thoughts were put across the table about some issues, with the grace of Allah consensus was reached over various others. It is hoped that IKAM's endeavour in shape of IEW 7 assuredly will enlighten minds and set appropriate directions for future research in Islamic Economics as well as in devising pragmatic policies in order to counter the evils of contemporary financial and monetary system.