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Islamic Finance in a European Financial Services Framework

Malta 12-16 October 2009

**“Pilot Project Genoardo – Islamic finance and
the Mediterranean sea: a long story”**

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Summary

- The 1997 'Pilot Project Genoardo'
- The contemporary Mediterranean: a divided area
- The Fatimid Mediterranean: a closely knit trading area based on IF
- Shariah-compliance in business: cause or effect of prosperousness ?

The 1997 'Pilot Project Genoardo'

- purpose: how to deal in the Med with Islam, an entity that transcends sovereignty and national powers
- methodology: a multi-pronged approach that embraced the present and the past (history, architecture, urban planning, economy, sociology, immigration policies, religious dialogue, law and financing)
- findings:
 - latent demand of regional identity
 - individual pent-up demand for Shariah-compliant services across the board: individuals, traders ...
 - need of IF to glue together the services and therefore of a Mediterranean Development Bank based on IF

The contemporary (1997) Mediterranean: a divided area

- *al-bahr al-abyad al mutawassit*: a major economic hub: 8% of world population, 13% of the world GNP, 17% of external trade, 45% of tourism movement
- four antinomies: North-South, East-West, Christianity-Islam, Europe-Arab World
- powerful divides: I-F-SP/AL-EG-GR-TR/DZ-EG-LY-SY/EG-JO-GR-MO-TR
- the issues of production, trade, tourism, finance ...
- the failure of the 'Barcelona process' and current flops ...

The Fatimid Mediterranean: a closely knit trading area based on IF

- at the end of the XIX century an almost daily eye witness account stretching from 969 – 1250 on trade and finance in the Muslim Mediterranean world is discovered in the *Cairo Geniza*
- Goitein's *Mediterranean Society. The Jewish Communities of the Arab World as Portrayed in the Documents of the Cairo Geniza*
- the documents reflect the general conditions prevailing in the Mediterranean region during the Middle Ages
- widespread use of the *wakala*, the Muslim commenda (*mudharaba*), the *musharaka* used across the board !

Shariah-compliance in business: cause or effect of prosperousness ?

- lack of any state interference: free trade, growing exchanges and free movement: a *de facto* custom union
- existence of legal tender
- inclusion of *all* different communities with no forced integration
- application of personal status: self regulation
- high level of interfaith cooperation
- liberal treatment of foreigners



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