

## **[Keynote Talk]: Let Us Move to Ethical Finance: A Case Study of Takaful**

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**Abstract :** Ethicality is essential in our daily activities, including personal and commercial activities. This is evidenced by referring to the historical development of the corporate governance and ethical guidelines. The first corporate governance guideline, i.e. Cadbury Report from U.K. focuses the responsibility of board members towards the shareholders only. Gradually, realising the need to take care of the society and community, stakeholders are now concerns of business entities. Consequently, later codes of corporate governance started extending the responsibility to the other stakeholders in addition to the shareholders. One prevailing corporate governance theory, i.e. stakeholder theory, has been widely used in the research to explore the effects of business entities on society. In addition, the Global Reporting Initiative (GRI) is the leading organisation which promotes social care from businesses for sustainable development. Conventionally, history shows that ethics is key to the long term success of businesses. Many organisations, societies, and regulators give full attention and consideration to ethics. Several countries have introduced ethical codes of conduct to direct trade activities. Similarly, Islam and other religions prohibit the practice of interest, uncertainty, and gambling because of its unethical nature. These prohibited practices are not at all good for the society, business, and any organisation especially as it is detrimental to the well-being of society. In order to avoid unethicity in the finance industry, Shari'ah scholars come out with the idea of Islamic finance which is free from the prohibited elements from the Islamic perspective. It can also be termed ethical finance. This paper highlights how Takaful as one of the Islamic finance products offers fair and just products to the contracting parties and the society. Takaful is framed based on ethical guidelines which are extracted from Shari'ah principles and divine sources such as the Quran and Sunnah. Takaful products have been widely offered all over the world, including in both Muslim and non-Muslim countries. It seems that it is gaining acceptance regardless of religion. This is evidence that Takaful is being accepted as an ethical financial product.

**Keywords :** ethics, insurance, Islamic finance, religion and takaful

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