



*Highlights of*

# ADFIMI- SME BANK INTERNATIONAL DEVELOPMENT FORUM

KUALA LUMPUR

05-07 JULY 2012

*Transforming Nation:  
Changing Mindset*

*Excellency Tun Dr. Mahathir Mohamad - Honourary Member of ADFIMI*

ADFIMI Development Forum this year was held in Kuala Lumpur jointly with SME Bank of Malaysia. Islamic Development Bank, Istanbul Chamber of Commerce and Bank Rakyat Malaysia were among the co-sponsors.

Honourable Tun Dr. Mahathir Mohamad, the Fourth Prime Minister of Malaysia was the Chief Guest of Honour who inaugurated the Meeting and addressed the audience on "Transforming Nation: Changing Mindset". The meeting was organized to present him the honorary Membership of ADFIMI.

There were over 300 participants from over 15 countries. The event lasted 1 ½ days. There were 12 speakers.

The meeting essentially dealt with the issues surrounding the SME Finance.

Following dignitaries honoured the Forum with their presence:

- HE Dato' Seri Ahmad Husni Mohamad Hanadzlah, Second Minister of Finance
- HE Dato Sri Mustapa bin Mohamed, Minister for Trade and Industry of Malaysia
- HE Prof. Dr. Davut Kavranoglu, Vice Minister of Science, Technology and Industry of Turkey
- HE Dr. Ahmed Mohamed Ali, President of Islamic Development Bank Group
- HE Serap Ataay, Ambassador of Turkey to Malaysia

Co-Sponsored by:



# Tributes to

*By Mehmet Emin Özcan*  
*ADFIMI Chairman*



...I am indeed infinitely grateful to Allah almighty for blessing me with this unique opportunity to address your Excellency on behalf of ADFIMI. This indeed is ADFIMI's moment.

...We at ADFIMI, made it a principle to appreciate the exemplary work of the eminent personalities from amongst IDB member country nationals in the sphere of development and its finance by conferring ADFIMI's Honourary membership .

...You are, without the slightest doubt, one of the most outstanding of such personalities in the Muslim world. You are a living legend.

...You took the position that nations like the individuals do not live in isolation. They are not neutral players in the global arena. They have goals and aspirations. They identify with causes and they take positions. they are part of a larger community, and they too, need to know their

place in it. The role of a nation's foreign policy, therefore , is to articulate a nation's positioning to reflect its identity.

...You have defined Malaysia's international identity by developing a positioning in three areas of foreign policy

- Solidarity with the third world
- Engagement with the Muslim Ummah
- Economic modernisation

...On economic modernisation you have transformed Malaysia into an industrial country.

...You called upon Malays to show all, that followers of Islamic faith have the capacity to develop the organisational skills that are needed to live and compete in the modern world. To play this role they must reconstruct their own identity which under your leadership they did.

...Today indeed Malaysians have a distinct identity. They fully lived up to the motto "Malaysia boleh !"

...Your message to Muslims everywhere was the same. The revival of the Muslim identity requires the islamic community to demonstrate an ability to address political and socio economic problems in a concrete manner. It is probably time that we change the mindset of Muslims and introduce "Muslims boleh!"

...As a token of our admiration and appreciation please accept our honorary membership so that our members can always remember you and be inspired by your achievements.

...May Allah almighty be pleased with you and grant you eternal happiness.

*(Full text available at [www.adfimi.org](http://www.adfimi.org))*





# Tun Mahathir

*By HE Dr. Ahmad Mohamed Ali  
The President of IDB Group*

I would like to thank and congratulate ADFIMI and the SME Bank of Malaysia for organizing this event and inviting me to jointly welcome everyone to this important platform, and more importantly to honor a special icon of the Islamic World H.E. Tun Mahathir Mohamad, the former Prime Minister of Malaysia, who has inspired, the IDB Group as well as many of our Member Countries in their national transformation efforts.

...H.E. Tun Dr. Mahathir Mohamad, during his premiership, has inspired many developing nations in transformative visioning, despite the changing global environment and limited resources that H.E. had to confront. His Excellency Tun Mahathir innovative policies, such as the “Look East Policy” are certainly pioneering and original, demonstrated the power of ‘South –South Partnership’ at work. In many ways H.E. Tun Dr. Mahathir is ‘business smart’, able to nurture and transform the private sector of Malaysia from a nascent state to be among world class global suppliers of solutions and services today.

...H.E. Tun Dr. Mahathir is a man with passion for equitable growth, with his various “Growth with equity” policies....

...Perhaps the most fundamental transformative effect of Tun Dr. Mahathir is that of mindset change. H.E. Tun Dr. Mahathir has been able to transform the mindset of the growing populations of Malaysia from an agrarian-based, to industrial-based, to knowledge-based society.



...On behalf of your institution the IDB Group, I would like to express my sincere appreciation to H.E. Tun Dr. Mahathir for this inspiring leadership, not only for development practitioners from the developing world, but also, for having significantly elevating the image of the Muslim world.

...The IDB Group, in recognition of this changing world and the opportunity to leverage more on the South-South partnership, under the chairmanship of H.E. Tun Dr. Mahathir, has formulated the IDB Group Vision 1440H.

...Finally, I would like to express my sincere congratulation and gratitude to ADFIMI in organizing an event such as this one, and for recognizing the inspiring role of H.E. Tun Dr. Mahathir in Economic Development Transformation and in inspiring to change the lives of the Ummah.

*(Full text available at [www.adfimi.org](http://www.adfimi.org))*



*Br. Saleh A. Jelassi, Technical Assistant to  
IDB President*



*H.E. Dr. Ahmad Mohamed Ali presenting a  
memento to Tun Dr. Mahathir Mohamad*



*Tun Mahathir Arriving at the Forum*



*Special thanks to our colleagues at the SME Bank for the smooth running of the forum*

## Keynote Address

# Transforming Nation: Changing Mindset



*by Honourable Tun Dr. Mahathir Mohamad*

Firstly, I would like to thank ADFIMI for conferring me the honorary membership of the ADFIMI. I shall value this membership because ADFIMI is one of the organizations which is promoting the economic development of countries in the Muslim world. I am sure that the work of ADFIMI will yield results for all the Muslim countries

...unless you have the right mindset, you will not be able to transform nations.

And this is especially true for the leaders. For, the leaders will actually determine whether there will be transformation or not. And if the leaders' mindset is not compatible with transformation, then they will be no transformation at all.

....some Western countries have classified some of the developing countries as failed nations. When you are classified as such, it is a burden, it is an obstruction to your progress because you feel that you cannot succeed because your mindset is not right.

Now, in the case of Malaysia we were under foreign rule for almost 400 years ... and Malaysian accept this because they think that is the position. That is the thing as it should be. That is the mindset that we had because of 400 years of foreign rule. If we don't change that mindset than of course we will not make any progress at all.

That is why we put up this slogan which was mentioned by Mr. Mehmet Özcan just now, "Malaysia Boleh". "Malaysia Boleh" means you can. To convince you that you can do what others can do, you have to tell yourself that you can.

.... having accepted or believed that we can do it, now what is it that we want to do? Obviously we want to progress ... in order to do that, we need further changes in our mindsets.

In Malaysia, we decided that we should look at other countries which have done well after the last war. ... we find countries like Japan, Korea, Taiwan and even China later on.

... were making great progress, they have caught-up with the West. We believe that they have something or they have done something that enabled them to make this tremendous progress. We noticed that, these countries have got a value system that enables them to challenge.

... we noticed especially among the Japanese, there is this great feeling about shame, about being ashamed of yourselves when you failed. As you know that the Japanese are the only people in the world who would commit hara-kiri (suicide) if they failed ... if they want to avoid feeling ashamed they strived very hard so as to succeed.

Today, Japanese products are regarded as the standard for the products of other countries. If you can achieve Japanese standard then you have achieved the world standard ... they worked very hard, diligently with attention to quality so much so that Sony Corporation became one of the biggest, the best known Corporation in the field of electronics. So this dedication to work is also another value that people must have if they want to transform their nation... if they want to make progress.

So, we in Malaysia, we decided that we should look East and not just look at the West. We admit that we in Malaysia do not feel ashamed to copy others. ... But of course we add our own inputs into all these and because of this I believe that Malaysia was able to change from an agricultural country into an industrialised country.

... we copied from Japan and Korea. Not so much the work of developing the country but more on changing our mindsets, more on developing the kind of value system that can contribute towards improving the performance of the country. ... it has been proven that this change of mindset has brought about results in Malaysia.

I believe that in many countries the same thing can happen. ... Turkey today has changed its mindset and now their own leaders has a right mindset. ... One of the best things that was





*From left to right: Datuk Mohd Radzif Mohd Yunus, Managing Director, SME Bank Malaysia, Prof Davut Kavranoglu, Vice Minister, Ministry of Science, Technology and Industry of Turkey, Dato 'Seri Ahmad Husni Mohamad Hanadzlah, Second Minister of Finance, Malaysia, Tun Dr. Siti Hasmah binti Haji Mohamad Ali, Tun Dr. Mahathir Mohamad, Dr. Ahmad Mohamed Ali, The President of IDB Group, Mehmet Emin Özcan, Chairman of ADFIMI, Vice Chairman of Halkbank, Turkey and Nuri Birtok, Secretary General of ADFIMI*

ever done in Turkey to turn around the economy is to make the currency acceptable again. All that was done was to eliminate six zeros from the figures printed on the currency notes.

... a third world country's transformation should of course be in the direction of becoming a developed country. Malaysia of course wants to become a developed country by the year 2020. ... it is not something hatched yesterday it was thought of 30 years ago in 1991. We gave ourselves 30 years to transform our country from an agricultural based country into the industrialized country approximating the developed countries. ... our exports today consist 80% manufactured goods and 20% raw material.

... but transformation is not something static. Once you have transformed you can not then lie back and go to sleep. Transformation is a process that has to be followed through because the environment changes ... For example today Malaysia is a trading nation. Its growth is dependent upon producing goods and exporting goods. Now America and Europe are not doing so well, therefore it effects our export. So we need to find new markets and to think of new products.

When we started on our industrialization, the principle problem at that time was unemployment ... and we therefore encouraged labor intensive industries ... And that policy was so successful that we created more jobs than workers available in Malaysia. We have 2.5 million foreign workers in Malaysia simply because we created more jobs then the workers available. So what do we do? Now we have to look into higher value added products. So that is a shift in the strategy that we use in order to transform the country. I'm quite sure that if the environment changes again, we will have to re-think about the strategy that we use in order to transform the nation.

That is all.  
Thank you.

*(Full text available at [www.adfimi.org](http://www.adfimi.org))*

### ***About Honourable Tun Dr. Mahathir Mohamad***

***Honourable Tun Dr. Mahathir Mohamad, born 10 July 1925, is the fourth Prime Minister of Malaysia. He held the post for 22 years from 1981 to 2003, making him Malaysia's longest serving Prime Minister. His political career spanned almost 40 years.***

***Born and raised in Alor Setar, Kedah, Tun Mahathir excelled at school and became a medical doctor. He became active in the United Malays National Organization (UMNO), Malaysia's largest political party, before entering parliament in 1964. By 1976, he had risen to Deputy Prime Minister, and in 1981 was sworn in as Prime Minister.***

***During Mahathir's tenure as Prime Minister, Malaysia experienced rapid modernization and economic growth.***

*(Wikipedia)*

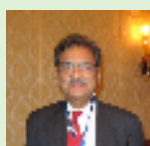


***ADFIMI Chairman presenting Honourary Membership of ADFIMI to Honourable Tun Dr. Mahathir Mohamad***

## PLENARY SESSION 1 Global Economy in Crisis – Challenges and Opportunities for Micro, Small and Medium Enterprises

### MODERATOR

*Mohammad Imran Malik*  
President & CEO,  
First Credit and  
Investment Bank Ltd.  
Pakistan



### Global economy in crisis – Challenges and opportunities

*Datuk Dr. Mahani binti Zainal Abidin*  
Chief Executive,  
Institute of Strategic and  
International Studies  
(ISIS), Malaysia



### SME initiatives of the G20

*Dr. Andin Hadiyanto*  
The Secretary of  
Fiscal Policy Agency,  
Ministry of Finance  
of the Republic of  
Indonesia



## PLENARY SESSION 2 Islamic Finance for SMEs: Opportunities provided by the IDB Group

### MODERATOR

*Dato' Mohd Agil bin Mohd Natt*  
Member of the Board  
of Directors,  
EXIM Bank,  
Malaysia



### Financing instruments provided by Islamic Cooperation for the Development of Private Sector (ICD)

*Ahmed bin Abdul Khalid*  
Business Development  
Officer, ICD  
IDB Group



### Trade Financing for SMEs: The Role of International Islamic Trade Finance Corporation (ITFC)

*Muhammad Iqbal Azad*  
Advisor to CEO,  
ITFC  
IDB Group



### Investment and Trade Insurance for SMEs - The Role of Islamic Corporation for the Insurance of Investment & Export Credit (ICIEC)

*Zishan Iqbal Mohammad*  
ICIEC  
IDB Group



## PLENARY SESSION 3 SMEs in the Post Crises Era: The DFI Experiences

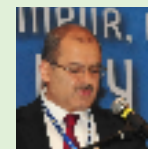
### MODERATOR

*Datuk Mohd Radzif Mohd Yunus*  
Managing Director of  
SME Bank Malaysia



### The Solution Of The Tradesmen-Artisans' Financial Requirements "The Halkbank Model"

*Mehmet Emin Özcan*  
Vice Chairman of  
Halkbank  
Turkey



### State Support of Small and Medium Entrepreneurship in Kazakhstan. The Experience of Fund "Damu"

*Lyazzat Ibragimova, Chairwoman*  
International  
Cooperation and  
Distance Consulting  
Department, JSC  
"DAMU" Fund"  
Kazakhstan



### SME Sustainable Finance at the Frontier of Bankability

*Samir bin Bechir Said*  
CEO,  
Development Bank of  
Oman,  
Oman



### SMEs in the Post Crisis Era: The DFI Experiences

*Abu Hassan Alshaari bin Yahya*  
Assistant Governor,  
Central Bank of  
Malaysia



## PLENARY SESSION 4 Current Issues in SME Development

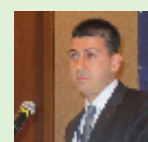
### MODERATOR

*Quazi Shairul Hassan*  
Managing Director,  
SABINCO,  
Bangladesh



### Metutech and International Business

*Prof. Mustafa İhsan Kızıltaş*  
Director of Technokent,  
Middle East Technical  
University, Ankara,  
Turkey



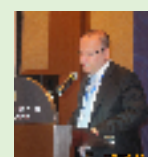
### Green Finance in SMEs

*Nataliya Mylenko*  
Finance and Private  
Sector Development,  
East Asia and Pacific  
Region, the World  
Bank Group



### Customer Focused Innovation in SME Banking

*Assoc. Prof. Dr. Abdulkadir Tuna*  
Istanbul Chamber of  
Commerce  
Turkey





## *Let's set up an endowment fund for innovation...*

... We have to make sure that our countries are pleasant places that people can easily travel to, they can settle down and do business and collaborate on science and technology.

....The amazing developments in science in general and in telecommunication and internet technologies has changed the world altogether. Telecom revolution changed the nature of interaction of people and societies.

....The world became a global village where everybody is able to communicate, do business collaborate easily.

....During the pursuit of serving their citizens, the governments realize that the wealth and happiness comes today, more than ever, through science and technology.

.....The companies that do not want to understand the change in environment are losing their place in the world market place. Likewise, the governments like to continue business as usual, are being forced to change as we see all around us these days.

.....We want to make Turkey a heaven for science, technology, prosperity, democracy and happiness ....

....We would like to see all our Muslim and brotherly countries to have economic development and all Muslims to become prosperous as well.

.....I propose that we set up a new endowment fund for funding high-tech companies and ventures in the Muslim World.

.....The money made from such an endowment can be used to develop scientific institutions in the Muslim World.

.....I want our children with great ideas to have alternative investments other than the current one. I want them to have their fair chance.

.....I propose my best wishes for the betterment of our world and wish you every success in your deliberations.



**HE Prof. Dr. Davut Kavranoglu**  
*Vice Minister of Science,  
Industry and Technology,  
Turkey*

## *Welcome to the first ADFIMI – SME Bank joint International Development Forum*



**Datuk Mohd Radzif Mohd Yunus,**  
*Managing Director,  
SME Bank Malaysia  
welcoming the  
participants*

...It is indeed an honour for me to be here this morning to welcome you to the first SME Bank-ADFIMI International Development Forum 2012. Firstly, I would like to thank the Honourable Mr. Mehmet Emin Özcan, Chairman ADFIMI and Prof. Dr. Davud Kavranoglu, Vice Minister of Science, Technology and Industry, Republic of Turkey to be part of this collaborative forum between SME Bank and ADFIMI. Your presence today exemplifies your high commitment towards enhancing cooperation between international development financial association and Malaysia.

...As the forum's theme 'Transforming Nation, Changing Mindset' suggests, this forum agenda is outlined with the aim of providing a unique platform that shares the world's best practices in Islamic and Development Finance as instruments used to develop SMEs especially those in Muslim countries.

*(Full text available at [www.adfimi.org](http://www.adfimi.org))*



**Datuk Mohd Radzif Mohd Yunus** presenting a memento to **Tun Dr. Mahathir Mohamad**, portraying him together with **HE Dr. Ahmad Muhamed Ali**, the President of IDB



Group photo of staff of ADFIMI and SME Bank involved in the preparation



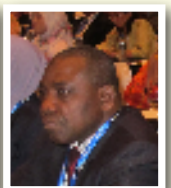
Datuk Mohd Radzif Mohd Yunus presenting a memento to HE Dr. Davut Kavranoglu, Vice Minister of Science, Industry and Technology, Turkey



ADFIMI Chairman presenting memento to HE Dato' Seri Ahmad Husni Mohamad Hanadzlah, Second Minister of Finance, Malaysia



Nuri Birtok, Secretary General making closing remarks



## Gala Dinner



Prof. Murat Yulek delivering a dinner talk on 'Some Reflections on the Euro-zone Crisis and Developing Economies'



HE Dato Sri Mustapa bin Mohamed, Minister for Trade and Industry of Malaysia arriving at Gala Dinner

### ADFIMI

Established in 1986, ADFIMI (Association of National Development Finance Institutions in Member Countries of Islamic Development Bank) is an international non-profit association serving around 50 members in 16 countries with headquarters in Istanbul. The main objective of activity of ADFIMI is to establish networking and solidarity among its members and capacity building of its member institutions. In this context, ADFIMI organizes seminars / workshops / conferences for its members in various cities in its region.

### SME Bank

Designed to function ultimately as a one-stop financing and business development centre, Malaysia's SME Bank is dedicated to the accelerated growth of Malaysian SMEs. Through better segmentation of SME financial and non-financial needs by industry, stage of growth and product and market potential, the Bank will strive to hasten the loan processing of eligible SMEs to meet their financing needs as well as support their business growth requirements through the provision of timely advisory services.

### ADFIMI:

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