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**Perceptions on Islamic Banking in the UK – Potentialities for Empowerment,  
Challenges and the Role of Scholars**

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# 1. Introduction

## 1.1 Context

Recent years have witnessed significant global growth in the Islamic banking industry (Akbar *et al.*, 2012). At the same time, Muslim scholars have continued to develop notions of Islamic economics that should - in theory - underpin sectoral practices, as well as leading more generally to the emergence of an Islamic worldview that is both reflective of modern societal environments and consistent with the faith's underlying principles (Housby, 2011).<sup>1</sup> However, the extent to which the prescriptive tenets of this guidance have impacted upon industry behaviour is not well understood; this becomes a major issue as the theologians involved have called for dialogues in all areas of activity to foster reconciliation of Islamic heritage with modern European thought (Hallaq, 1997). For these individuals, Islam is not only a religious doctrine, but is also an ideology representing a wider "civilisational heritage" (Kersten, 2011, p. xiv) that, if engaged with critically, can enlighten a global Muslim paradigm compatible with the contemporary world and all aspects of life, including the financial realm (Housby, 2011). Such rationales have become important in broader attempts to encourage the embracing of Islam as a way of life (Malkawi, 2002; Maali *et al.*, 2006). In this context, and commensurate with the notion of a "translocal space" arising from Islamic diaspora, Mandaville (2001, p. 110) argues that: "Islam already possesses a rich conceptual language for engaging in critical modes of theorising in the sense of asking questions about the hegemony of particular Muslim narratives." Whilst this perspective allows for the portrayal of Islamic banking as the tailoring of successful organisational processes in a spiritual context, one possible implication of the type of historical institutional analysis advanced by Kuran (2003) is that the industry's existence instead represents an attempt to address: "divergence of institutional paths" (p. 442).

This study explores the views of Muslims on Islamic banking in the context of the critical perspectives on the faith advanced by Mandaville, Kuran and others. The latter emphasise the changing nature of Muslim experiences in a dynamic world and the non-mainstream nature of emancipating Islam. Such modelling reflects the conceptualisation of progressive Islamic

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<sup>1</sup> Kuran (1989) argues that Islamic economics did not emerge as a discipline in its own right until the mid-1960s. However, the writings of several prominent early Muslim scholars are still regularly cited in this context, for example: Abu Yusuf; (d.798); al-Mawardi (d.1058); Ibn Hazm (d.1064); al-Sarakhsi (d.1090); al-Tusi (d.1093); al-Ghazali (d.1111); al-Dimashqi (d. After 1175); Ibn Rushd (d.1198); Ibn Taymiyyah (d.1328); al-Shatibi (d.1388); Ibn Khaldun (d.1406). These works provide the foundation for more recent critical analyses of economic concepts and Islamic banking tools by Mirakhor (1987); Siddiqi (1992), (2002); Essid (1995); Islahi (1996); Chapra (2000); El-Gamal (2001); and Usmani (2002).

scholarship by Ibrahim (2012), who suggests a role for the notion of “re-thinking” in Islam by those who: “can be said to be having direct engagement, debating and challenging the conservatism of the traditionalists and the revivalists” (p. 288). Of particular relevance here is Ibrahim’s contention that it is in the context of minority Islam (e.g. in Western Europe) that alternative thinking is likely to gather weight:

“since the traditionalists’ grip on the local discourse and authoritarian governments’ refusal to tolerate anything but conformity to the status quo make it difficult to find a critical audience in their home countries” (p. 288).<sup>2</sup>

The UK has become the main hub for Islamic Finance in the west, with London attracting significant amounts of funds through investment banks linked to the Middle-East (Ahmad, 2008; Masood et al., 2009). However, this institutional dominance has not been reflected in widespread market engagement on the part of the nation’s small - but large and well-established - Islamic population (Dusuki and Dar, 2007; Rashid and Hassan, 2009; Filippo et al. 2013; Belouafi and Chachi, 2014). The British government has asserted its explicit desire to tackle the financial exclusion of UK-based Muslims and support ethical practices in the sector more widely (Housby, 2011); this context of a significant, but apparently financially excluded, Muslim community in a nation whose capital markets are replete with global Islamic banking flows makes the UK an ideal site for investigating views regarding both disenfranchisement and potential in the sector. Whilst the potential demand for Islamic financial services in the UK is significant (Housby, 2013) there are reasons to believe that this represents no more than a “mirage” (Dar, 2004; Dusuki, 2007).<sup>3</sup> As a result, authors typically portray Islamic banking operations in the UK as trivial, especially given evidence that the number of individuals who use the services available is very small (Dusuki and Dar, 2007; Rashid and Hassan, 2009). The first wave of Islamic products appeared to have benefited a large number of Muslims, misleading many commentators into thinking that the UK sector’s remarkable early expansion could be sustained indefinitely (Housby, 2013). In fact, growth has declined substantially in recent years, leading providers of finance to compete for the same small customer cohort (Housby, 2011). This growing gap between practice and potential in UK Islamic banking motivates the current study, along with the lack of investigation into the scholarly silence that has accompanied (and potentially restricted) the industry’s development (Iqbal et al., 1998;

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<sup>2</sup> In this context, Ibrahim makes specific reference to Arkoun’s (1993) contention that humanist interpretations of Islam are unlikely to take hold given demand for (and conservatism of thought prevalent in) political Islam.

<sup>3</sup> For example, the proportion of UK Islamic banks’ assets financed on genuine *Shariah*-compliant profit and loss bases has been reported as less than five per cent (Lewis and Algoud, 2001; Dusuki, 2007).

Esposito and Voll, 2001; Housby, 2011) and impacted on its ability to meet the needs of the large, but minority, British Muslim community. Consideration of this issue is critical to a study of Islamic diaspora, given Ibrahim (2012)'s contention that absence of the traditional voices which dominate debates in Muslim-dominated settings might provide the space for alternative dialogues to develop.

## 1.2 Aims

Many academics have examined the phenomenon of Islamic banking by exploring sectoral growth, investigating selection criteria and evaluating institutional performance (Ford and Jones, 2001; Devlin, 2002a,b; Mathews et al., 2003; Wilson, 2007; Aldohni, 2008; Masood et al., 2009). While much of this literature analyses the attitudes of Muslims towards Islamic banking, it tends to do so from a purely financial perspective, emphasising quantifiable measures of performance and relegating theological debates and insights from critical perspectives to the margins (Dar, 2002; Wilson, 2003; Amin and Isa, 2008; Langah, 2008; Masood et al., 2011; Khan, 2010; Akbar et al., 2012). In particular, the role of scholars, of central importance in most aspects of Islamic life (Kamla et al., 2006) is largely ignored.

This study's central aim is to identify perceptions regarding the potentialities of Islamic banking in the context of a minority community where marginalisation and lack of access to financial resources has often been portrayed as a failure of engagement. In so doing, the paper identifies a number of ways in which the sector's role in empowering UK-based Muslims is currently viewed as minimal. Despite efforts to provide a theoretical understanding of Islamic institutions' roles that incorporates the moral values underpinning Islamic thought (Zaher and Hassan, 2001), evidence regarding the ways in which the development of Islamic banking is perceived by Muslims - including the perspectives of religious leaders<sup>4</sup> - is rare. The paper therefore reports on the opinions held by everyday Muslims, scholars and Islamic bank employees in the UK, where the potential role of financial institutions in meeting community needs is likely to be substantive, and where the issues of scholarly progressiveness and

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<sup>4</sup> The notion of scholarly input in this study is intended to refer to the views' of spiritual leaders in Islam, e.g. *Imams*, *Muftis* and *Mullahs/Molanas*, rather than those individuals who sit on banks' Sharia Supervisory Boards. '*Imams*,' often regarded as intermediaries between God and humanity, officiate at wedding ceremonies and lead prayers. In contrast, a scholar with particular expertise in legal matters is known as a '*Mufti*' and such an individual has the authority to issue binding opinions known as '*fatwas*'. The respectful way of referring to a person who carries out the functions of Mosque supervision and educating children is '*Mullah*' or '*Molana*'; these individuals have academic degrees in Islamic studies (Gilliat-Ray, 2010). Given the contrasting roles of the differing types of scholar, it was considered worthwhile disaggregating their responses to the questionnaire survey to enable any resultant differences in perspectives to be highlighted.

empowerment can be explored in a contemporary context. Of the studies conducted in the UK, most only employ self-administered questionnaires that attempt to gauge views and perceptions of customers, and these are often focussed only on practical issues such as bank appearance, employee manner etc.<sup>5</sup> In contrast, the current analysis employs both structured questionnaires and interviews to explore in detail the perceptions of three specific stakeholder groups (everyday Muslims, Islamic scholars and Islamic banking employees) regarding the role and purpose of Islamic banking in the UK, with an emphasis on the impact of religious teaching and the importance of community empowerment. Through this, the paper attempts to critically assess views concerning the potential of Islamic banking in a postmodern context that emphasises emancipation of the disadvantaged, a characterisation of the UK Muslim population now regularly found in mainstream academic literature.<sup>6</sup>

According to the UK Census of 2011, there were 2,786,635 Muslims living in the nation (47% of whom were UK-born), equivalent to 4.4% of the entire population and 31.6% of the Black and Minority Ethnic (“BME”) total. Further analysis of the data provided by the Muslim Council of Britain (MCB) 2015 provides clear evidence of the extent to which the community is disadvantaged; 46% of UK Muslims live in the 10% of areas with the highest deprivation levels; 7.2% are unemployed (v.v. 4% in the population as a whole); and 5.1% reside in hostels or temporary accommodation v.v. a UK-wide figure of 2.2%. The terms “disadvantaged” and “disenfranchised” would appear to fit well with the reality of the contemporary British Muslim experience. By setting the views of the scholars and bankers directly in the context of the concerns of everyday Muslims, the analysis is intended to generate suggestions for improvements in Islamic banking activity that will have both widespread conceptual support and a clear practical orientation. In the context of the need for sustainable transformation,

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<sup>5</sup> See, for example, Abdul-Rehman (2012), who compares the service and quality motivations of UK-based Islamic bank customers with those in Pakistan and the United Arab Emirates. Despite some differences, the study finds pervasive importance of empathy, assurance and reliability across the three nations.

<sup>6</sup> Choudhury (2005) argues that Muslims are the most disadvantaged faith group in the British labour market, suffering from disproportionately high levels of unemployment and inactivity, and being over-concentrated in certain low-paying sectors of the economy. Within the Muslim community, women suffer particularly compared to their male counterparts and other ethnic minority women (Velayati, 2014). Research published by the ESRC (2012) suggests that 68% of British Muslim women are inactive due to family pressure that predicates against their undertaking of paid work. Imams and *Ullamas* are increasingly expected to engage with a broader range of activities, especially regarding the needs of youth; moreover, they should be active community leaders, engaging and addressing the educational, political, financial issues and social realities facing Muslims in contemporary Britain (Housby, 2013). Imams are also expected to publicly address issues of local need and inequality and speak about the issues of global injustice as many Muslims have suffered a range of disadvantages, educationally and materially (Housby, 2011).

Contrafatto et al. (2015) point to the need for “...accounts produced by at-risk communities using their words, images and stories that make visible and challenge the problems they face” (p. 6). The logic underpinning this claim is easily transferred to the situation of Muslims in a non-Islamic society seeking to access financial services that accord with their (minority) faith-based value systems. In addition, the need for face-to-face engagement with individuals so as to access accounts of “lived experience” in trans-locational Islam is suggested by Mandaville (2001) who emphasises a focus on: “... the Muslims who, on a daily basis, negotiate the complex, ambiguous circumstances of their lives through Islam” (p. xii). Thus, the paper adds to the notion of emancipation advanced in the critical accounting literature by directly comparing the lived experiences of minorities whose voices have traditionally been unheard against the perspectives of the institutions (both theocratic and corporate) with the potential to bring about change.

The remainder of this study is organised as follows. Section 2 discusses the relevant literature, focussing on Islamic banking in general and assessing the challenges the industry has faced to date. Potential difficulties arising from the existence of different schools of Islamic thought are also explored. Section 3 discusses the critical postmodern perspectives underpinning the study as well as describing the data set employed. Section 4 then reports on the empirical findings and provides a detailed commentary on the outcomes. Section 5 concludes with a review and some additional reflections.

## **2. Islamic Finance – Nature and Challenges**

### **2.1 Economics and Finance in Islam**

The notion of an “Islamic” economic system is based upon a number of principles found in Islamic law (Kuran, 2004).<sup>7</sup> The central features of such a framework are the prohibition of interest, reliance on equitable profit and loss risk sharing and the broader principles of economic justice and fairness (Wilson, 1997; Zaher and Hassan, 2001; Kuran, 2006). Iqbal and Ali (2007) assert that economic systems founded on these bases will develop both market and non-market instruments that are vital to Islamic economic justice. Iqbal and Ali recognise a consensus among Islamic scholars whereby any such system will differ fundamentally from its secular equivalent not least because for Muslims, Islamic teachings and *Shariah* provide a

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<sup>7</sup> Although as Kuran (2003, p. 421) notes, examples of Islamic business partnerships (*Mudaraba*) have been witnessed on an interfaith basis throughout history.

comprehensive code of teachings and laws which they are duty-bound to abide by in all aspects of their lives, whether spiritual or secular (Gambling and Karim, 1991; Kamla, 2009). The laws are based on guidelines prescribed in the *Quran*, operationalised by *Sunnah* as extended by *Ijtihad*,<sup>8</sup> and the method of analogical reasoning known as *Qiyas*.<sup>9</sup>

Without focussing on the issues of empowerment and scholarly influence that are central to the present study, an extensive literature in the area<sup>10</sup> has investigated use of the term “Islamic banking” and noted a change from its original indication of small-scale, institutionally-facilitated transactions among Muslims to now refer to a major global industry that provides an efficient and productive form of financial intermediation. However, Islamic banking’s development in recent years largely reflects the arrival into the market of a relatively small number of cash-rich Muslim investors from the Middle-East and, more generally, rises in the demand for ethically-oriented financial services rather than any large-scale widening of the investor pool (Ali and Syed, 2010; Akbar et al., 2012). Since Islamic teaching in the UK and elsewhere is underpinned by a range of schools of religious thought (Zaher and Hassan, 2001),<sup>11</sup> individual *Shariah* advisors can reach different conclusions about the validity of particular financial products (Karbhari et al., 2004). This incongruence can lead in turn to variation in service provision among Islamic banks, even when the products themselves are stylised and named on a common basis (Zaher & Hassan, 2001). Kuran (2004) argues that the real purpose of Islamic banking should be the promotion of social justice, although he suggests that the practices of UK institutions indicate little or no such de-facto concern, with most

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<sup>8</sup> The notion of *Sunnah* relates to the behaviour and customs of the Prophet Muhammad (PBUH), and is a key source of guidance for Muslims. *Ijtihad* refers to further elaboration of the rules of the *Quran* and *Sunnah* to provide independent reasoning and analogy. In this context, Islamic scholars can be called upon to make rulings in situations where there is no definitive answer (Hallaq, 1997).

<sup>9</sup> *Imam* Shafi was one of the first individuals to propose an analogical reasoning approach to the *Quran* and *Hadith*. This new understanding differed from the consensus (*Ijma*) that scholars had previously established, a consensus which had dominated interpretations of the holy texts until Shafi’s work. This kind of legal reasoning became a core factor in the development of *Fiqh* (or human understanding) and is now widely referred to as “analogy” or *Qiyas* (Hallaq, 1997).

<sup>10</sup> E.g. Chapra, 1985; Kaynak et al., 1991; Gambling et al., 1993; Kennington et al., 1996; Gerrard and Cunningham, 1997; Archer et al., 1998; Obaidullah, 1999; Mirza & Baydoun, 2000; Chapra and Khan, 2000; Almosawi, 2001; Dar & Presley, 2001; Ford & Jones, 2001; Lewis, 2001; Lewis and Algaud, 2001; Devlin, 2002a,b; Ismail, 2002; Maurer, 2002; Siddiqi, 2002; Haron, 2005; Bley and Kuehn, 2004; Karbhari et al., 2004; El-Gamal, 2006; Lymperopoulos et al., 2006; Dusuki and Abdullah 2007; Chapra, 2007; Amin and Isa, 2008; Kamla, 2009; Loo, 2010; Ali and Syed, 2010; Lee and Ullah, 2011; Akbar et al., 2012; and Abdul-Rehman and Masood, 2012.

<sup>11</sup> In Sunni Islam four schools of *Fiqh* exist, built upon the teachings and understanding of specific *Imams*: *Hanfi* (699-767 CE), *Shafi* (767-820 CE), *Malaki* (711-795 CE) and *Hanabli* (780-855 CE). In Shia’s Islam, a fifth school, *Ja’fari*, also exists. The schools differ in fundamental ways regarding sources of authority and underlying principles. For example, *Hanabli* is relatively conservative, placing little importance on extant community customs. As the present study takes place in the UK, where around 95% of Muslims follow the Sunni tradition, questions relating to the differing schools of thought are based on four rather than five alternatives.

operations being very similar in nature to those observed in “conventional” banks. Indeed recent evidence points to a failure amongst Islamic banking institutions regarding *Qard Hassan*,<sup>12</sup> an important aspect of *Shariah* (Khan, 2010), as well as broader reluctance to facilitate and support struggling consumers by allowing them sufficient time for loan and mortgage payments (Kuran, 2006).

## 2.2 Challenges and Perceptions

Warde (2000) contends that the challenges faced by Islamic banks have a strong cultural dimension, relating primarily to issues of trust, risk and governance. Therefore, Warde argues, the institutions must adapt themselves to the varying mores of society in the many parts of the world where they now operate if they are to achieve success in the long-term. In the context of long-run challenges, Kuran (2003) argues that economic malaise in the Middle-East throughout history reflects the role of inheritance in Islam and resultant restriction on flexibility in commercial structure. However, Zaher and Hassan (2001) suggest that irrespective of the temporal frame of any concerns, the lack of uniformity in the religious principles applied in Islamic countries is the fundamental problem. Since there is no universally-acknowledged Islamic centre with responsibility for theological guidance and advice, Islamic banks typically consult their own religious boards and advisors to seek approval for new products (Gregory and Stuart, 2013; Venardos, 2014).<sup>13</sup> The variation in interpretation can be sufficiently deep to lead identical financial products to be rejected by one Shariah Supervisory Board (SSB),<sup>14</sup> but accepted by another. Khan (2010) notes that an SSB is usually comprised of between one and three respected scholars (*Ullama*), but he queries how these individuals can certify services to be “Islamic,” when the banks often do no more than dress up conventional interest-based products using standard Islamic terminology. Khan suggests that in practice *Shariah* scholars may simply be satisfying themselves that institutions: “convince their customers that they are partaking in something exclusively Islamic, something that reinforces the borrower’s ‘Islamic

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<sup>12</sup> The term “*Qard Hassan*” refers to interest free loans provided by banks for the purposes of social welfare and through which the customer repays the capital without accruing interest. This type of loan is usually provided on a short-term basis, with the funds used for humanitarian and welfare purposes. Salleh *et al.* (2013) note that in theological terms this kind of loan is ranked higher than charity and is even conceptualised as a loan to God Himself.

<sup>13</sup> Similarly, Iqbal and Mirakhor (1999) argue that the opinions of *Shariah* advisors regarding financial products inevitably differ given the existence of a number of different schools of spiritual thought.

<sup>14</sup> SSBs are the board sub-committees established in Islamic banks to provide guidance and judgement concerning the extent of *Shariah*-compliance in its products and services (Risha, 2014).

identity’, rather than in ensuring that the financial products on offer are truly different” (p. 817).<sup>15</sup>

Another major influence on the approach of the present study is the suggestion that understanding of Islamic banking is poor amongst Muslims; whilst the basic notion may be widely known, confusion stems from the absence of a generally-accepted definition of what makes financial products (or indeed banks themselves) ‘Islamic’ (Zaher and Hassan, 2001). This issue has led to uncertainties, not just for Muslims seeking *Shariah*-compliant products, but also for those charged with overseeing coherent long-term planning in the industry, resulting in limits in capital attraction levels (Ainley *et al.*, 2007). Ainley *et al.* also argue that Islamic institutions have a shortage of skilled staff who can manage and develop innovative *Shariah*-compliant products. Hence there appears to be a need for the involvement of a wider number of *Shariah* scholars both in the industry and in mosques; the latter type of engagement might be critical, given the lack of awareness amongst many Muslims of the existence of the Islamic banking industry, let alone specific investment products (Ainley *et al.*, 2007).<sup>16</sup>

Notwithstanding the need for empirical evidence on views about the broader underpinning of contemporary Islamic banking, a number of prior survey-based studies have explored opinions regarding certain sectoral practicalities and specific goals. In examining the accessibility of Islamic banking in the UK, Warsame (2009) reports that whilst British Muslims are not satisfied with conventional banking services, there is no evidence that this discontent has generated any major demand for *Shariah*-compliant products. An earlier study by Dusuki (2007) explores the views of customers, depositors, local communities, employees, branch managers, regulators and *Shariah* advisors about Islamic banking practices in Malaysia. The results reveal widespread agreement that profit maximisation should be a prime motive for Islamic banks, supporting Chapra’s (1985) earlier contention, but with evidence of a strong desire for the institutions to actively promote Islamic values. Similar work has been undertaken in Pakistan (Hamid and Masood, 2011; Lee and Ullah, 2011) and Qatar (Hossain and Leo, 2009) but - with the exception of Dusuki’s study - the primary focus in each case has been on

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<sup>15</sup> Khan argues that a select group of scholars: “are sought after by multinational and national financial institutions eager to gain the imprimatur of *Shariah* certification, and these firms are willing to pay top dollar” (p. 817). In this context, Morais (2007) reports that there are only 20 or so “rock star” *Shariah* scholars worldwide who have the necessary stature to pronounce authoritatively on *Shariah*-compliance; these scholars sit on 40–50 *Shariah* boards each and earn between US \$20,000 and US \$30,000 per board annually.

<sup>16</sup> Similarly, without effective corporate governance, it may not be possible to strengthen Islamic banks and enable them to grow and develop effectively (Chapra and Ahmed, 2002).

customer viewpoints.<sup>17</sup> The perceptions and experiences of everyday Muslims, Islamic bank employees and Islamic scholars have received very little academic attention, leading to the sort of “abstracted literariness” that Mandaville (2001, p. 102) argues is evident in studies of the modern Islamic experience, work that has typically failed to address the: “concrete, material contexts in which subjects...find themselves today.”

### **3. Theoretical Perspectives and Methodology**

#### **3.1 Postmodernism, Critical Theory and Islam**

In the past, philosophers have used critical theory to engender change in both society and culture; many attribute this emphasis to the writings of Marx (Bernstein, 1976; Burrell and Morgan, 1979; Held, 1980). Others, including Puxty (1986, 1991) and Tinker *et al.* (1991) contend that modern critical theory emerged from the Frankfurt School, in the context of attempts to critique extant capitalist society.<sup>18</sup> This mode of thinking provided an understanding of the social conditions of that age, suggesting why they had evolved in such a way - and persisted - to the dis-service of many (Horkheimer, 1982). Indeed, critical theory has adopted this perspective precisely “to liberate human beings from the circumstances that enslave them” (Horkheimer, 1982, p. 244) and it is this enfranchising context that Gallhofer and Haslam (2003) adopt to identify ways in which the provision of accounts can empower and emancipate. Similarly, Alvesson and Willmott (1996) assert that critical theory challenges taken-for-granted practices in areas such as accounting and finance. Thus, adoption of a critical lens when investigating Muslims’ attitudes and practices as regards banking activities might help challenge social realities where such activity is situated in a minority ethnic context. This process requires recognition of UK-based Muslims’ failure to interact with the institutions concerned as false correspondence between Islamic values and banks’ operations, leading in turn to a need for: “emancipatory praxis aiming at making the ideal real” (Antonio, 1981, p. 338). Without empirical enquiry focussed on the obvious inertia – and the link between Islamic teaching and the provision of tailored financial services – it is unclear how such development might be encouraged. It is precisely this type of contribution to understanding that the present study attempts to make.

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<sup>17</sup> For example, Hossain and Leo report that customers score Qatari banks as being particularly poor in terms of competence.

<sup>18</sup> The Frankfurt School was originally based at the Institute of Social Research, founded in 1923 at the University of Frankfurt, Germany (Kincheloe and McLaren, 1997; Wallace and Wolf, 1999; Calhoun and Karaganis, 2006). Adorno and Horkheimer both returned to Germany after World War II and The Institute of Social Research was re-established there in 1949 (Wallace and Wolf, 1999).

As exposition of critical theory has developed, the potential of postmodern thinking to enrich the emergent notions has grown (Best and Kellner, 1991; Agger, 1998; Gallhofer and Haslam, 2003). This process effectively broadened the theory's scope, fostering explicit consideration of marginalised voices and addressing the issue of ethnicity (Gallhofer and Haslam, 2003). According to Ruccio (1991) the role of postmodernism more generally has involved re-examination of the fundamental assumptions and tenets upon which modernism was constructed,<sup>19</sup> the goal being not to create the conditions for new interpretations of modernist texts, but instead to challenge the modernist tradition in fundamental ways (Rorty, 1998). Postmodernism emphasises the interplay of a plurality in both discursive practices and ways of understanding social identities (Said, 1983). It does not have a universal definition and therefore contemporary theorists continue to employ its central doctrines in different senses,<sup>20</sup> contingent on the conceptualisation of post-enlightenment modernity involved (Ruccio, 1991). Jameson (1984) and Jencks (1989) characterise postmodernism as an epoch that corresponds to a particular form of social and economic organisation, although the conceptualisation is often focussed at a broader level - for example the point where theoretical debates, concrete investigations, questions and themes intersect (Ruccio, 1991). An alternative paradigm sees postmodernism in a non-historical/temporal context and locates it in an eternal "now" (Eagleton, 1991), with Gellner (1992) portraying its key notions as irrational, relativist and nihilistic. Most importantly, given the focus of the present study, postmodernism is often viewed as a means of prioritising emancipatory change, enabling the potentialities of social practices and emphasising the needs of minorities, as in the work of Gallhofer et al. (2006) on the internet's potentialities in a counter-accounting context.

Ahmed (1992) argues that postmodernism advances the ideas of understanding and forbearing, and this is therefore where it connects with Islamic tradition,<sup>21</sup> as well as via the broader emphasis on potentially marginalised groups such as the UK's Muslim community. In fact, in

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<sup>19</sup> Bagshaw (2001) notes that "a modernist culture, built over the last few centuries around forms of rationality, self-discipline, and bourgeois values, is succumbing to the effects of rapid technological and economic change. The weakness of modernist thinking was the search for unitary definitions and the reduction under one label of complex clusters of thought" (p. 206).

<sup>20</sup> The most meaningful developments to the notion of postmodernism are often attributed to, *inter alia*: Lyotard (1924-1998), Baudrillard (1929-2007) Bhaba (1994), Deleuze and Guattari (1987), Derrida (1976, 1978), Foucault (1972, 1973a, 1973b, 1979), Gergen (1991), Jameson (1983), Laclau and Mouffe (1985), Rorty (1989) and Said (1983).

<sup>21</sup> Tolerance and the celebration of diversity are essential features of Islam (Shah, 2000; Syed, 2003).

Mandaville's (2001) characterisation, whilst Islam might be pervasive in many native contexts: "in diaspora ... Islam becomes yet another stigma of foreignness, a sign of the other" (p. 115). A further relevant dimension of Islamic teaching is the encouragement of *Ijtihad* (independent reasoning), *Shura* (consultation) and *Ijma* (consensus). By these means, the value of different opinions and perspectives is acknowledged (Shah, 2000).<sup>22</sup> Hence in modern times, as a response to the rise of Western influence and a decline in Muslim power: "Muslim advocates of renewal, reform, and revival ... argued for a return to the right to exercise *Ijtihad* to facilitate reinterpretation and to renew the Islamic heritage" (Ahmed, 1992, p. 192). According to Kersten, the key concern of Muslims should be: "engagement in a critique of both Western knowledge and their own heritage for a possibility of enabling the emergence of an emancipatory theory of interpretation of the Islamic texts" (p.158). However, the foremost goal of Muslim scholars has also been suggested as relating to overcoming the lack of cohesive understanding in Islamic thought. This need is purported to stem from conservative *Ullamas'* domination of discourse, and the attendant need to re-engage with issues that are considered 'unthinkable' in such hegemony (Arkoun, 2002).<sup>23</sup> Arkoun contends that throughout Islamic history, *Ullama* have neglected the use of 'dynamic' methodologies that build on the philosophical contributions of early Muslim theologians and philosophers. Thus, in order to develop meaningful understanding, Muslims must encourage other followers of the religion to consider cultural and historical context when interpreting Islamic texts and edicts (Arkoun, 2002). This call for renewal emphasises *Ijtihad* and the collecting of views and opinions of scholars, a key element of the present study. Syed (2003), in examining the conditions of Muslim societies, noted that: "the present stagnation of Muslim countries is principally due to the notion which has fixed itself in the minds of the generality of Muslims, that the right to exercise private judgement ceased with early legists, and that a Muslim should abandon his judgement absolutely on the interpretation of men who lived in the ninth century, and could have no conception of the necessities of the twentieth" (p. 183).<sup>24</sup>

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<sup>22</sup> Kamali (1991) notes that the *Ullama* (Islamic scholars) have traditionally adopted one of two broad approaches to *Fiqh*, i.e. Islamic jurisprudence. Some scholars take a theoretical stance, based on strict adherence to doctrines and traditions, while others employ deduction and pragmatism that sees theory as something formulated according to extant issues and priorities to complement traditional Islamic thought. The second approach aims to combine traditions and principles in order to meet contextualised needs (Kamali, 1991).

<sup>23</sup> These emancipatory endeavours have been employed previously in Islamic history, for example when Greek philosophy was used to complement mainstream Islamic thinking (Arkoun, 2002).

<sup>24</sup> This propensity for stasis leads Sardar (2003) to describe the task of remaining true to the values of Islam while meeting "the challenges of postmodernism" as "mega" and likely to lead to conflict, but he also suggests that it will eventually result in a "saner and safer society" (p. 121-6). In this respect, Eldridge (2007) asserts that the resolution of theoretical contradictions is most likely when the focus is on revealed (rather than constructed) knowledge and the difference is recognised.

Thus, adoption of a critical lens might help in assessing how power structures work to consolidate the controlling influence of the powerful (whether defined in political, financial or ideological terms) over the populace (Gallhofer and Haslam, 2004; Gallhofer et al., 2006). Mandaville (2001) explicitly suggests that: “When Islam travels there are engendered not only conversations with the societies into which it enters, but also important dialogues within Islam itself – in other words, engagement with the Muslim ‘other’” (p. 110). In the context of the present study, this notion translates to the potential exclusion of the minority UK Islamic community from banking services by pervasive failure on the parts of financial institutions and religious leaders to ensure that practical needs are met. A need therefore exists to recognise the potentially voiceless “others” identified by Mandaville (2001) as inevitable when Islam’s followers locate themselves in largely non-Muslim societies; this may involve questioning and challenging societal structures, as well as providing a space in which their voices can be heard (Mandaville, 2001; Gallhofer and Haslam, 2004; Sikka, 2012). Mandaville suggests an identifiable difference in this context between “syncretism” (i.e. “cultural impregnation” leading to stable outcomes) and hybridity (i.e. ambivalence leading to indeterminacy and “unbelonging;” p. 102). The evidence reported in this paper below suggests that elements of both exist in British Islam.

Shah (2000) notes that with the increasing use of qualitative methodology in research - and heightened concern over issues of identity - theoretical debates relating to the contribution of postmodern thinking are attracting more academic attention than was previously the case. In this regard.<sup>25</sup> In terms of religious debates, throughout history scholars of Islam have interpreted the *Quran* and *Hadiths* differently, employing a range of methodologies (e.g. logic, linguistics or contemporary hermeneutics) in so doing (Kamla, 2015). The heterogeneity in views itself reflects variety in prevailing worldviews as well as individuals’ distinct knowledge bases and levels of understanding (Kamla, 2015). The Islamic banking industry in the UK has grown, but without large-scale engagement by British Muslims; thus, many individuals who might find the sector’s products and values attractive have been excluded from the market (Rashid and Hassan, 2009). The UK therefore appears to be an ideal site for exploring the empirical implications of this theorising, thereby addressing the lack of evidence on

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<sup>25</sup> Shah asserts that “no explanation is final but each contributes to the development of theory, pointing to further possibilities and venues” (p. 106).

perceptions regarding the services (and firms) involved, but in the context of the role of religious scholars in providing leadership and comprehension.

### 3.2 Selection of Participants and Questions

The first part of the empirical work took the form of 22 semi-structured interviews, conducted between October 2012 and February 2013. Participants were selected from various parts of the country on the basis of availability and the desire to include individuals from a diverse set of backgrounds. To ensure that responses would reflect awareness of the notion of Islamic banking, participants were required to either: (i) be currently dealing with Islamic banks (or have been customers in the past), or (ii) have no such personal experience, but be considering gaining some in the near future.<sup>26</sup> For the selection of interviewees a snowball-sampling technique was used.<sup>27</sup> Inspection of Table 1 reveals that sixteen out of the twenty-two respondents (73%) were male and six (27%) female. 36% of the participants were aged 31-40; 41% were 20-30; 14% 41-50 and 9% over 50, suggesting a range of experiential milieu.<sup>28</sup> Splitting the sample on the basis of profession suggested that the intended mix of respondent backgrounds was achieved; the third column in Table 1 reveals the presence in the sample of housewives, entrepreneurs, planning managers, university lecturers, students, accountants, driving instructors and dentists among others.<sup>29</sup> In all aspects, the demographic information suggests that the targeting of interviewees had been successful in terms of permitting examination of the views of a varied sample of UK-based Muslims, but with commonality in terms of having sufficient knowledge of Islamic banking to contribute to the debate in an informed way. The selection of questions to be put to the interviewees<sup>30</sup> reflected the desire to

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<sup>26</sup> Thus, we did not explore the views of those who have never considered availing of the Islamic banking industry's services. Whilst such a sub-group might usefully be examined in the future, given the aim of identifying specific ways in which current practices could be improved, we chose not to include these individuals in the present analysis.

<sup>27</sup> Saunders *et al.* (2009) note that appropriate use of this method increases the likelihood of a sample being representative in terms of desired characteristics.

<sup>28</sup> In terms of educational qualifications, 9% had a PhD; 18% held a Master's degree (with or without professional qualification); 68% a Bachelor's degree (with or without professional qualification) and the remaining 5% an Islamic degree. We acknowledge that whilst these educational backgrounds permitted articulate expressions of perceptions and opinions, they are not entirely typical of the UK Islamic experience. Whilst it did not prove possible to obtain information on the proportion of UK Muslims with doctoral degrees, the 2001 UK Census reports that the third level educational experience of the community is similar to that of the population as a whole, with 24% and 27% respectively having a Bachelor's degree.

<sup>29</sup> Eighteen percent of the sample had not yet dealt with Islamic banks, but all intended to do so in the near future; 23% of the participants had experience of Islamic banking lasting more than 5 years; 36% for between 1 and 5 years; and 23% for less than a year. Finally, 23% of the participants identified as being of Pakistani origin, with 5% describing themselves as British Indians, 50% as British Pakistani, 14% as British, 5% as European and the remaining 5% as Arab.

<sup>30</sup> Detailed in Appendix 1.

investigate practical matters (e.g. sources of knowledge), theoretical issues (e.g. diversity) and those issues potentially encompassing both areas (e.g. obstacles to growth). The questions were intended to act merely as starting points for detailed discussions<sup>31</sup> and this proved to be the case in practice with each interview moving in a particular direction according to individuals' priorities. The six<sup>32</sup> specific lines of enquiry often overlapped.

The second part of the study involved the distribution and analysis of questionnaire surveys, over the period May-August 2013. The choice of a survey for the second part of the analysis reflected the desire to explore the issues expressed via the interviews with as large a sample as possible of those with specialised knowledge of the theological and practical issues concerned. Two versions of the document were developed: (i) one for Islamic scholars (*Molanas, Imams and Muftis*); and (ii) a second for Islamic bank employees (managers, directors and advisors).<sup>33</sup> Both questionnaires were initially distributed online using the 'survey monkey' website.<sup>34</sup> A total of 200 Islamic scholar questionnaires were distributed, 84 of which were returned, although 24 of these were incomplete and unusable.<sup>35</sup> Forty-three Islamic banking employees were asked to take part in the survey and 38 agreed, representing a response rate of 88%. Inspection of Table 2 reveals that 57 (95%) of the Islamic Scholar questionnaire respondents were male and 3 (5%) were female. For the Islamic banking survey, 33 (84%) were male and 5 (13%) female; respondents' ages varied from under 30 to over 60, suggesting extensive societal experience among the respondents. The scholars appeared to be well-educated, as all but 11 had at least a Bachelor's degree - 21 had Bachelor's degrees; 20 held Master's degrees; 1 had a doctorate and the remaining 7 had other professional qualifications.<sup>36</sup> This evidence suggests that participants in both cases were well educated and likely to provide meaningful responses to the questions posed.

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<sup>31</sup>As Appendix 1 indicates, one of the questions guiding the discussions explored the potential role of postmodernism in Islamic banking, emphasising its focus on "diverse voices." Inclusion of this question was considered important, given the study's context, but most of the interviewees asked for further clarification before answering. In these cases, the interviews pursued the issue of whether the industry could usefully address ideas of inclusivity, ethics and identity going forward. The broader notion of rejection of Western modernism also entered into the conversations at this point.

<sup>32</sup> A seventh question provided the opportunity to address matters not arising earlier in the interviews.

<sup>33</sup> Copies of the scholars' and bankers' surveys are available from the authors on request.

<sup>34</sup> However, to improve the scholarly response rate, the researcher also delivered questionnaires by hand at mosques, waiting for completion there and then.

<sup>35</sup> The distribution of questionnaires to Islamic banking officials was carried out by visiting institutions in the three UK cities where most of the nation's Islamic banks branches and headquarters are situated: Birmingham, Manchester and London.

<sup>36</sup> In the Islamic bank employee survey the equivalent figures were 2, 6, 16, 5 and 8 respectively.

## 4. Empirical Evidence and Interpretation

### 4.1 Perceptions Regarding the Role of Islamic Scholars

Housby (2013) argues that much of the recent growth in Islamic finance is supply-led, with most British Muslims knowing little about the industry's operations, e.g. who provides the finance and how particular Islamic contracts are structured in terms of both practicalities and theological base. Housby suggests that a conflict exists between the institutions' marketing and educational functions, with governmental regulatory bodies having done more to explain the terms and principles than have Islamic scholars. The potential (but current lack) of this type of engagement was seen as important by the participants here, with the views of Interviewee 17, an entrepreneur, being typical in this regard:

“Islamic scholars ... can be the backbone and make Islamic finance successful. They are a really good point to start with because our people still, to an extent, listen and learn from *Imams* ... Everybody has some ideal person they listen to or believe in like *Imam* Qasim etc. Going on the internet is like a silent knowledge, but this does not have the same impact as (talking to) the *Imams* themselves. If these *Imams* were available then people would come forward and talk about their needs and problems.”

Several interviewees noted that most Islamic scholars in the UK were brought up abroad, in the context of concern about a failure to understand the needs of young British-born Muslims.<sup>37</sup> A resultant hesitance to consult *Imams* and other scholars appears to exist, reflecting concern that the latter are not equipped with meaningful knowledge of modern life in the UK. This perspective is consistent with Mandaville (2001)'s earlier contention that: “Parents and imported imams are finding that their Islam has less and less resonance for their children” (p. 124), with younger Muslims in the diaspora complaining that: “... the older generation still tries to live as it did in its societies of origin ... as if Muslims were still in the majority” (p. 122). This issue is likely to be non-trivial going forward as the MCB (2015) report 33% of the UK Muslims to be under 15, v.v. 19% across the population as a whole.<sup>38</sup> A number of the Muslims consulted here argued that local scholars are simply not equipped to understand the needs of a minority community in the context of the British lifestyle, including those needs relating to financial services. Consequently, those taking part reported having consulted the internet to

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<sup>37</sup> This evidence is consistent with Mandaville (2001)'s earlier contention that: “Parents and imported imams are finding that their Islam has less and less resonance for their children” (p. 124), with younger Muslims in the diaspora complaining that: “... the older generation still tries to live as it did in its societies of origin ... as if Muslims were still in the majority” (p. 122). This issue is likely to be non-trivial going forward as the MCB (2015) report 33% of the UK Muslims to be under 15, v.v. 19% across the population as a whole.

<sup>38</sup> A specific issue was mentioned regarding dress codes, including concern that failure to sport a beard will upset the scholars from the start of any conversation, militating against any deeper dialogue.

find answers to their questions. In this context Interviewee 5, a British Pakistani, articulated that:

“Talking to [scholars] about these sorts of things doesn’t always work, because they say that normal mortgages are fine. So I think ‘where are traditional typical *Imams* in the *Masjids* (*mosques*)?’ I don’t find them reliable. Even though they are amazing people, I don’t turn to them for *Fiqh*. So I would either go online, choose my own ... scholars ... contact them, and ask them what is ok.”

Thus, the internet is viewed in the context of Islamic disenfranchisement in minority Muslim communities in the positive “counter-accounting” sense suggested by Gallhofer et al. (2006). In particular, its potential to: “engender rapid communicative interaction, stimulated by unofficial information, that would be many-to-many and thus communal” (Gallhofer et al. 2006, p. 685) is apparent here. Notwithstanding the many impediments to the achievement of the web’s full potential regarding counter-accounting acknowledged by Gallhofer et al.<sup>39</sup> given the broader collectivism notion underpinning Islam, the role of the web in promulgating conversations between Islamic followers and scholars outside traditional (hegemonic) media outlets might usefully develop critical mass in the future and provide more than the “silent” epistemological role suggested by interviewee 17 as quoted above. An additional concern for most of the participants was that since UK-based *Imams* and scholars usually come from abroad - primarily the Indian-sub continent - most of their lectures, workshops and sermons are delivered in a language other than English<sup>40</sup>; for that reason, many young British Muslims find themselves isolated from these groups (Housby, 2013). In terms of this issue, interviewee 13, an engineer argued that:

“I think, firstly, in respect to the *Imams*, if they start delivering the sermons, it has to be in English. A lot of the youth are fed up of listening in Urdu or Punjabi and English is the language in this country so things have to be done in English ... If somebody wants to understand, say a non-Muslim, the Islamic way of banking, and the scholars are giving advice and speaking in other languages, how are they going to understand that?”<sup>41</sup>

Several interviewees suggested that local Islamic scholars can be reluctant to engage in discussions about Islamic finance and prohibition of *Riba*, possibly because of disagreements

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<sup>39</sup> Not least “swamping” (information overload) and concerns over surveillance.

<sup>40</sup> Although the MCB report of 2015 cautions that more general concerns regarding the language skills of non-native speakers “should not be overplayed” (p. 17).

<sup>41</sup> In this context, Gilliat-Ray (2010) asserts that the Urdu language has become a marker of identity among young British-based Muslims; thus, it has come to be viewed primarily as a language of religious texts. Many Imams deliver their speeches and sermons in Urdu, consequently, Housby (2013) argues that those who are expected to provide religious advice and leadership may be poorly equipped to offer guidance to young British Muslims over financial affairs, given the dominance of English in its institutions, personnel and products literature.

with local community members who are already dealing in interest-bearing transactions. Similarly, *Imams* may choose not to actively speak out on these issues because of concerns over job security. The views of interviewee 13 are again relevant (and representative) in this regards:

“Some Muslims ... don’t realise the seriousness of falling into *Riba* ... An *Imam* from a local masjid with good knowledge spoke about *Riba* issues and he speaks in good English which we need these days because of the conversations in these language. ... In one of his sermons he mentioned the punishment in taking interest from the banking system, but it seriously offended the brothers in the mosque who actually stood up and spoke out against him. Everybody was shocked as this *Imam* was delivering the truth and whether he likes it or not, it was not to be criticised because Islam is our religion and in no way should you question what *Allah*’s ruling says.”

The evidence was consistent with a scenario whereby the scholars deliberately avoid discussion of *Riba* and other aspects of Islamic finance in their discussion, since they are themselves engaged in conventional mortgages and other interest-bearing products: some interviewees believed that this might have been the case with those scholars who moved to non-Islamic countries in the late-twentieth century, where Islamic banking did not exist to any meaningful extent. Taking this point and the concern regarding the language of sermons together, it is evident that scholars are failing to provide a meaningful and comprehensible account of how Muslims should deal with the issues raised by a faith-based finance industry. Whilst establishing the precise nature of formal accountability relations is beyond the scope of the this paper, Contrafatto et al. (2015), drawing on the work of Freire (2005) and others, note the need for “alternative” forms of accounts, in particular those that are dialogically-founded, to enable social change in communities via engagement out with the bounds of “calculative rationality” (Contrafatto et al. 2015, p. 2). This type of modelling fits the minority Muslim UK context well, and the evidence thus suggests that scholarly failure to communicate effectively with followers is a substantive issue.<sup>42</sup>

It was, however, clear from the discussions here - and notwithstanding the constraints on growth in industry penetration discussed later - that nowadays the (relatively) greater availability of Islamic finance is seen as having provided British-based scholars with genuine options. With regards to *Shariah* scholars, concerns were raised by the interviewees regarding

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<sup>42</sup> This absence suggests that Ibrahim (2012)’s contention of room for alternative voices from and pertaining to Islam emerging outside Muslim-dominated societies may be an accurate characterisation of extant circumstances in the UK and elsewhere.

individuals providing theocratic advice to multiple banks; these were associated with disquiet whereby scholarly endorsement of a particular bank's products is unlikely to be subject to critical questioning as all other competitors might then face censure. The point was articulated by interviewee 20, a property manager:

“I say that there is definitely a need to change Islamic banking, especially [on] the scholar's side. I think that Islamic scholars need to fully participate in education and the growth of Islamic banking. On the other hand, nobody questions the scholars who are working in the industry ... that is probably due to the absence of a regulatory body to supervise them in this area. I know there is a Shariah supervisory board but they don't even question the endorsements of scholars working in the Islamic banks, because if they start pointing fingers at one bank, they would have to go through the whole industry. All we see is a few popular names running through the whole industry. This needs to be changed and opened to new and young people. That way Islamic banking can gain transparency and real growth.”

A further issue that arose during the interviews related to Islamic products' validity being built on the four schools of Islamic thought outlined earlier. As a result, the opinions of *Shariah* scholars might exhibit a lack of homogeneity regarding particular products (Zaher and Hassan, 2001; Karbhari *et al.*, 2004). Those scholars who have studied the interpretation of *Hadiths* from more than one school of thought were perceived as being more measured in their approach since they tend to apply *Ijtihad*, *Shura* and *Ijma* to several matters before making a judgement. In this regard, Saeed (1994) argues that there is a need for Islamic societies to produce scholars of the highest quality, individuals who are capable not just of presenting, but also of interpreting Islamic maxims. An increased supply of such scholars should enhance the viability of Islamic banking for Muslims and non-Muslims alike (Saeed, 1994). Interviewee 14, a University lecturer, supported this view by stating that:

“I prefer someone who knows about every *madhab* (school of thought). In Islamic finance there is something called ‘*muamlat*’ (the general rule in transaction) and you need someone who knows about every prohibition and things that are allowed. So it is better to consult a *Shariah* committee member rather than one ordinary scholar. I prefer to ask scholars from committees as they can discuss matters among themselves; in the committees you have scholars from different schools of thought so they can discuss the issues from different spectrums.”

Having identified areas of concern amongst UK-based Muslims regarding the Islamic banking industry and the role of scholarly influence therein, questionnaires were then employed to permit examination of these and other related issues amongst relatively large samples of the two groups most directly involved - Islamic scholars and Islamic bank employees. The survey began by seeking views on a series of propositions relating to levels of awareness and understanding in key areas. Panel A in Table 3 reports the results generated by scholars in this

regard. Inspection of the panel reveals that the statement “there is a lack of understanding among Muslims in the UK of the nature of Islamic banking” gave rise to the strongest level of agreement among the scholars, followed by the assertion that “there is a lack of awareness among the Muslims relating to the availability of Islamic banking and finance in the UK.” Panel B of the table, relating to responses to the same statements made by Islamic bank employees, reveals that the issue of a lack of awareness was seen as most relevant. Evidence of bankers and scholars sharing the perception of a lack of engagement with the Islamic banking industry, when considered in the context of apparently similar views amongst customers (Akbar et al. 2012), suggests an underlying problem. This situation provides support for Housby’s (2013) contention that Islamic banks do not sufficiently promote Islamic banking through advertisement. Instead, the institutions concerned appear to be prepared to wait for religious and ethically-conscious individuals to seek them out, meaning in practice that they end up competing for business amongst a (relatively small) number of customers.

In terms of whether the existence of four schools of thought causes the advice of Islamic scholars to differ on financial issues, the means shown in Panels A and B of Table 3 reflect the agreement of 65% of the scholars and 58% of bank employees. These findings are in line with the earlier suggestion of Iqbal and Mirakhor (1999) regarding the possibility that the opinions of *Shariah* advisors might differ when evaluating financial products, precisely because of the existence of various schools of thinking. With regards to the issue of a lack of understanding among Muslims, it can be argued that any lack of comprehension might reflect a lack of education by Islamic scholars on the issues relating to Islamic finance; indeed, one of the Muftis who completed the survey stated simply that: “the banks need to communicate with the scholars and bridge the gap.” The mean of 2.336 generated by the scholars in this regard confirms this impression, and is one of the lowest averages reported anywhere in this study. Also in this context, an interview participant maintained that “Islamic scholars actively avoid debates concerning Islamic finance,” further suggesting a disconnect and an unwillingness to provide an account of pertinent issues, albeit one that scholars appear to be aware of. In Panel B of Table 3, a mean close to the mid-point of 3 was generated by the bankers in response to a statement contending that scholars play an important role in the financial education of Muslims. This equivocation in response suggests that the industry sees room for development in this regard as well.

The statistical tests presented in Panels A and B of Table 3 reveal no significant differences in the views of sub-groups of respondents as regards the role of Islamic scholars in the development of Islamic banking in the UK. However, when comparing the responses of scholars and bankers as a whole to the two questions common to both surveys, the results (in Panel C) reveal a significant difference regarding the existence of a: “lack of understanding among Muslims in the UK regarding the nature of Islamic banking,” the scholars in this case expressing the strongest support. Clearly Islamic scholars will have relatively close interactions with Muslims in so far as the teaching of religious principles is concerned and this evidence suggests that bankers may be underestimating the importance of gaps in comprehension. However, the interview evidence presented earlier indicates that Muslims see scholars as lacking working knowledge of the contemporary context of primarily non-Islamic nations, including the financial environment, leading to incomplete understandings of the latter’s capability.

#### **4.2 Potentialities for Change**

The next part of the enquiry explored views about ways in which UK Islamic banking practices can be improved. Several interviewees believed that Islamic banks should introduce bespoke products that are easier to understand and fully *Shariah*-compliant, as well as some that are specifically designed for women and children. It was also suggested that the institutions concerned should introduce microfinance initiatives for setting up new businesses and, more generally, look to bring profit margins down. Interviewee 16, a property manager, argued here that the banks:

“... need to bring their rates down, profit margins down, and they need to advertise other products as well. It is like opening a shop, sitting in it and waiting for the customers to come. And saying that nobody is coming and I am very quiet. Those days are gone. You need to go to people’s territories and ask for them, educate them, like other companies or banks are doing.”

Khan and Bhatti (2008) identify a further barrier to Islamic banking in terms of “ethical” Islamic banking a concept which, they argue, fails to resonate with ethical notions extant in Western societies. This issue takes the debate into the area of postmodern narrative, as per Oord’s (2001) characterisation, where meanings are found in, and arise from, communal use. Indeed, several participants argued that Islamic finance should consider dropping its mono-religious formulation and concentrate instead on promoting investments that are “ethical” on a more universal basis; in doing so, it was suggested, Islamic banks might become more

attractive to customers from different faiths and beliefs. Here interviewee 13, a professionally-qualified engineer, stated that:

“These so-called Islamic banks operating in the UK should not only focus on Muslims, but should also attempt to include non-Muslims, not caring whether they are Christians or Jews. They should listen to every group if they are to follow the true essence of Islam and its core principles of social justice and equality.”

The above-mentioned obstacles are not the only ones seen as hindering the growth of Islamic banking; many have expressed concerns regarding a lack of basic access and knowledge on the part of potential customers (see Bley and Kuehn, 2004; Ahmad and Haron, 2002; Gerrard and Cunningham, 1997). These authors suggest that most Muslims - especially the elderly population who came to the UK in the early and mid-twentieth century - are reluctant to use banks and prefer to hold onto cash. Whilst many will have bought and paid for their houses through conventional mortgages, most do not even know how to open a bank account (Gilliat-Ray, 2010). In this regard, Interviewee 19 pointed to the groups in Muslim communities particularly prone to exclusion, an issue returned to in Section 4.3 below:

“I would expect Islamic banks to make their products and literature more easy to understand and more accessible ... at the moment I feel that Islamic banks are only targeting rich people rather than taking care of the needs of the elderly, women and other groups in society.”

However, participants also articulated the perception that Islamic banking has the potential to address normative aspects of social justice and equality (Dusuki and Dar, 2007; Rashid and Hassan, 2009).<sup>43</sup> When taken together with the previous points in this section regarding Islamic banks' communication practices, it is apparent that failure to provide an account attributed to the scholars in Section 4.1 extends to the financial institutions themselves. Thus, the full engagement potential of the industry with diaspora Muslims is unlikely to be achieved, and any societal change that this might enable (Contrafatto et al., 2015) rendered improbable. This is a particularly pertinent concern given the need identified in the MCB report of (2015) for Islamic products tailored to the rapidly-growing over 65 Muslim population in the UK, including the requirement for “interest-free home purchase schemes” (p. 29).

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<sup>43</sup> It was even suggested that if the Islamic part of the banking industry could distance itself from obsession with financial performance and shareholder wealth, the sector would have the potential to dominate the market for Muslims' investment. This viewpoint concurs with the earlier arguments of Kuran (2004) who maintained that: “Islamic banking is its own worst enemy by fostering trickery and duplicity ... it hinders the task of imbuing businessmen with norms of truthfulness and trustworthiness” (p. 16).

Scholars' views about how Islamic banking practices might be improved were explored in the survey via a set of six related statements, with the results summarised in Table 4. The strongest level of agreement was generated for the statement: "there is a need for cooperation between the Islamic banking industry and Islamic banking scholars in order to educate Muslims." All three sub-groups of scholars generated means of more than 4.5 suggesting widespread acknowledgement of the need for closer links with Islamic financial institutions. This is a novel finding, as previous studies of Islamic finance have not focused on scholarly perceptions in this context. Given the concerns among Muslims evident from the interviews, it is likely that progress in this area will be slow in the short-term with the type of (dialogical) account-driven community changes conceptualised in Contrafatto et al. (2015) unlikely to manifest themselves to any real degree.

The statement with the next strongest level of agreement among the scholars was the "need for qualified *Shariah* scholars that understand the needs of UK Muslims living in western society." Housby (2011) suggests that most of the Islamic scholars working in Britain have not adapted fully to British life, with the majority having been born abroad. It therefore remains a particular challenge for them to engage with younger members of the Islamic community and relate to issues such as unemployment, a suggestion supported here in the interviews. Consequently, it seems reasonable to argue that there is a need for scholars who are steeped in British culture and values and can deliver speeches and sermons in English. This would allow for a more comprehensible account of how the key spiritual issues link to younger minority Muslims' lived experiences.<sup>44</sup> As regards the language issue, participants outlined worries regarding the ability (and shortage) of qualified scholars, a point noted by interviewee 13 and reported in Section 4.1 above. In the context of the compromised nature of scholarly accounts evident here, Kersten (2011) notes the widespread view that whilst Islam is timeless, having always recognised generic socio-political principles, it must be understood in a dynamic way and constantly transform itself in order to retain relevance. The Mann-Whitney test results in Table 4 reveal that *Imams* believe significantly more strongly in the need for scholarly training in Islamic economics than did the *Molanas* and *Muftis*. This difference might reflect the fact that *Imams* themselves have less education in Islamic thought than the other two sub-groups, with their main duty being simply to lead prayers. For that reason, they might see a need for special training to deal with day-to-day issues facing Muslims, not just those relating specifically to

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<sup>44</sup> Or, as Mandaville (2001) puts it, "... the rendering of Islam in an idiom comprehensible to those Muslims who have grown up in Western society and who possess certain norms in addition to Islam" (p. 124).

banking and finance. The *Muftis* exhibited significantly less concern about the need for qualified *Shariah* scholars that understand the needs of western Muslims than did *Imams* or *Molanas*.<sup>45</sup>

The findings reported in Table 4 as a whole suggest that scholars see an important role for cooperation between themselves and the Islamic banking industry, consistent with the views of everyday Muslims expressed in the interviews. Such participative arrangements could help allay any doubts among scholars and Muslims as a whole regarding the authenticity of Islamic banking products and, more generally, could enable Islamic scholars to educate Muslims on the issues in an authoritative manner.

### 4.3 Empowering the Disadvantaged Community

As regards the critical notion of the need for space in which marginalised “other” voices can be heard the participants responded very positively to the idea of rethinking problems in the light of contemporary societal contexts. However, one participant (interviewee 7, an accountant) rejected the potential contribution of postmodern thinking in this regard, arguing that it was of no relevance in the absence of a hegemonic Islamic political system:

“When you are talking about postmodernism and Islamic banking in the West, in the East, in Makkah, near the Kaaba, it is a non-starter in the absence of a correct unifying political system for the Muslims that has thrown off the shackles of sovereign states, which is a model that has been forced down our throat by Colonialism.”

This view accords with the contention in Krishnaswamy (1995) that, whilst the postmodern conceptualisation of diversity has increased the visibility of “others,” this development lacks full recognition of heterogeneity in class and intelligentsia structures as a result of post-colonial narratives being “neutralized.”<sup>46</sup> It is easy to see how such outcomes can lead to the type of situation envisaged by Mandaville (2001) whereby: “Giving up on belonging is not so easy when constantly confronted with an antagonism which labels one as ‘other’” (p. 103).

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<sup>45</sup>A *Mufti* was contacted in the wake of this finding to explore possible reasoning for the result and he suggested that while there is certainly a need for *Shariah* scholars, it is not their duty to identify, design and implement products according to people’s needs. He also pointed out that *Shariah* scholars only authenticate products and check their validity according to Islamic laws. This perspective reflects the primary role of *Muftis* in Islam being a legal one, focussed on religious principles rather than contextualised, market-based factors.

<sup>46</sup>Similarly, Kuran (2003) suggests that “The Westernization” of Islamic economics serves: “European imperialism ... implemented by leaders alienated from their own cultures” (p. 416) and helps underpin a feeling of disenfranchisement amongst minority Muslim communities.

Other participants argued that whilst Islam is a “complete” religion and does not, therefore, allow questioning of its laws, interpretations of *Quranic* texts and *Hadiths* remain necessary in order to solve contemporary problems. Many claimed that Islam intrinsically supports a postmodernist approach to consultation and problem solving; in this context interviewee 21, a housewife with an Islamic degree, articulated the following opinion:

“Islam itself is a projection of postmodernism as its teachings and understanding comes from the interpretation of four different schools of thoughts. If you read Islamic literature, you will find that it is filled by different narrators throughout history. *Allah* tells us to listen to people’s problems and find solutions in the *Quran* and *Hadiths* and do *Ijtihad* if necessary.”

The contention in Mandaville (2001, p.106) that “the politics of identity” is based on both “the presence of an external other against which communities and cultures may define themselves” and “negotiation and debate” at the intra-country level resonates with the findings in this regard. In particular, the notion of self-definition tending to take place relative to others might explain the tendency for several of those taking part in this study to continue to place strong faith in hegemonic forces in a minority setting (in this case the Imams’ interpretation of Islamic law). This propensity for rigid acceptance of religious edicts - even in a diaspora context - fits with Kuran (2003)’s notion of “fixity” and stasis in Islamic teaching regarding broader institutional behaviour and form. Similarly, Mandaville (2003, p. 170) refers to “jaded sources” of “scripturalism and established activities,” akin to the apparent Mosque-based intransigence witnessed here.

Whilst interviewees believed that Islamic banks should provide for the financial needs of all society it was acknowledged that they cannot yet be expected to satisfy everyone; for example, interviewee 1, a treasury manager, expressed the need for “patience” as the institutions concerned “are growing their business and helping Muslims to stay away from interest-bearing transactions and illegal activities,” with careful attention to detail needed. As a consequence, customers might have to compromise on issues such as service levels or accessibility if they choose to live in the UK and avail of Islamic banks’ *Shariah*-compliant services, but there was evidence in the interviewees’ responses of a willingness to accept banking goals that were not primarily profit-oriented. This perspective was again linked to the need for bridging of the gap between industrial practicalities and religious teaching; for example, interviewee 9, a network engineer, suggested that:

“There needs to be more education of the banks, but ... they need to detach themselves from the business mind-set and go out and promote Islamic ideology

rather than the actual product. They need to start providing more literature and structured material to the *Imams* and the scholars to help Muslims understand what the roots of those products are.”

The evidence from the interviewees as a whole suggests a widespread view amongst UK-based Muslims that Islamic scholars operating in the west should play a greater role in the process of integrating potentially marginalised Islamic communities with broader society. This development might help at a practical level in aiding Islamic banks’ attempts to serve Muslims’ needs, rather than perpetuating dilemmas regarding *Shariah*-compliance and other non-financial issues. A specific point made in this context was that scholars need to engage themselves more in the practice of *Ijtihad*, so that they can overcome any confusion in understanding of the Islamic banking industry amongst potential consumers. Once again the empirical evidence presented here provides support for prior theoretical contention, in this case Khan (2010) who argues that Islamic banks’ products are expensive and thereby potentially exploitative of the pious. These issues were brought together in the following view expressed by interviewee 22, a dentist from a British background:

“The issue many Muslims are facing or need to face is that Islamic products are too expensive. Due to this a lot of people choose conventional mortgages, as they can’t afford an Islamic one. Also when I approach any Islamic scholar to get advice on Islamic banking or mortgages, they don’t have a clue about what an Islamic mortgage is or how it works. I think these scholars first need to integrate themselves into the industry and work together on making affordable products that are also easier to understand.”

Sardar (2003) suggests a need to: “operationalise and develop a contemporary understanding of the relevant (Islamic) concepts from the conceptual matrix” (p. 40). For example, scholars need to have a modern interpretation of such notions as ‘*Shura*’ (co-operating for the good) and ‘*Ijtihad*’. A perception was evident in the findings that many of the key creeds in *Shariah* could usefully be developed into a form of knowledge from which further theoretical understanding can derive and practical models be developed, in line with the supposition in Sardar (2003). Interviewee 20, a property manager, appeared to be adopting a similarly optimistic perspective on potentialities when stating that:

“Islamic banks should design products for both Muslims and non-Muslims if they really want to espouse a postmodernist approach ... [The] postmodern approach suggests that you listen to everyone in the society (male, females, other cultures and religions).”

Sardar calls for the production of an array of pragmatic alternatives whose practical application can be demonstrated in a straight-forward way – a process that would provide: “contemporary

meaning to the eternal guidelines laid down by the *Quran* and *Sunnah*” (p. 38). The evidence reported here suggests widespread contemporary support for Sardar’s logic in the context of Islamic banking in a country where the majority of the population is non-Muslim - interviewee 1 maintained that it was both possible and desirable to revise Islamic banking practices via a rigid effort of *Ijtihad* without compromising the core principles of Islamic law as prescribed in the *Quran* and *Hadiths*.<sup>47</sup>

The exclusion of the public from debates about Islamic teaching is not only an issue for present-day religious scholars, but was also evident in mediaeval times, where leaders taught openly and masses were kept away from the fulcrum of the debates (Kamla, 2015). For Arkoun (2002) this practice is largely a result of the “arrogance” of scientific reasoning, where the faithful are not given the opportunity to speak and the importance of human beliefs is ignored. Given the consistent nature of prior theorising and the evidence provided here, it is clear that increased communication - focused initially on simple pervasion of awareness of services and products - between Islamic scholars and the Islamic banking industry could help overcome one aspect of the marginalisation that UK-based Muslims face. But it is also clear from the evidence that this is not seen as purely a scholarly responsibility; unless the financial institutions engage more fully with Islamic theoreticians, long-term growth in the industry is likely to be modest.

Table 5 summarises scholars’ and bankers’ views on notions related to the empowerment of Muslim communities. Panel A of the table relates to responses from scholars and reveals that the highest level of agreement was achieved for the statement: “there is a need to revise current Islamic banking practices to hear the diverse voices of Muslims,” followed by the argument that: “Islamic banks can help poor Muslims by offering *Qard Hassan* loans to improve their life conditions.” The third highest level of agreement was generated by the statement: “Islamic scholars from all four schools of thought should undertake *Ijtihad* and *Qiyas* before deeming products to be *Shariah*-compliant.” These findings are consistent with the views of Muslims explored via the interviews, where concern was expressed over the extent of uniformity in scholarly thinking, leading to confusion and calls for change in the practices of Islamic banks that meet the needs of disadvantaged members of the community. The Kruskal-Wallis test

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<sup>47</sup> Esposito and Voll (2001) maintain that *Ijtihad* should not be the sole responsibility of *Ullama* (i.e. the scholarly community), but instead all parts of society should devote themselves to reinterpretation. The meeting of such needs is likely to be compromised, though, if the characterisation of Islamic studies as having long ignored the ‘discourse of oral culture’ (Arkoun, 2002) is an accurate one.

results highlight significant disagreement among sub-groups of scholars regarding the need for Islamic banks to offer specialised products for women and young children. The results of the associated Mann-Whitney tests indicate that this result was driven by *Imams* providing significantly more support for the notion than did either the *Molanas* or *Muftis*. The equivocal evidence from *Muftis* (mean = 3.090) in particular contrasts with the evidence provided by the Muslims in the interviews where it was suggested that Islamic banks should offer accounts for children where they can start saving money on an interest-free basis from an early age.<sup>48</sup>

Inspection of Panel B of Table 5 reveals that the highest level of agreement generated by Islamic bank employees for the same five statements occurred for the notion that Islamic scholars from all four schools of thought should undertake *Ijtihad* and *Qiyas* (mean = 3.947). This evidence indicates that Islamic banking employees are, like scholars, in favour of religious practices that take into account the need for consistency and the minimisation of any confusion among followers. Any such moves in the direction of theoretical base coherence could prove useful to Muslims by fostering a clear understanding of the Islamic rationale underpinning particular financial products but, by providing clarity of the principles, standardisation might also help in the design of products suitable for other religious and secular groups. The independent reasoning tenets of *Ijtihad* emphasised in these findings suggest an element of praxis, whereby the space is provided for otherwise silent voices to be heard over specific issues (Gallhofer and Haslam, 2003; Contrafatto et al., 2015).

Panel C in Table 5 compares the view of scholars and bankers. The need to revise Islamic banking practices with a view to hearing diverse Muslim voices yielded a significant difference between scholars (mean = 4.283) and bankers (mean = 3.289). The views of scholars are - as was the case with the statement in Table 3 relating to gaps in understanding - in line with those of the interviewees, whereas bankers appear to be less recognisant of the need for tailoring in this regard. This suggests that the importance of bespoke Islamic banking that caters for those characterised in postmodern thinking as the potentially unheard 'other' is well grasped by spiritual leaders, but less so by practitioners in the sector. Such a divergence fits with the notion

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<sup>48</sup> In the light of this finding, further discussions were embarked upon with a *Mufti*. He advised that the low averages generated by *Molanas* and *Muftis* are likely to reflect a relative lack of concern with the practicalities involved in determining the type of products that can be designed and the process of decision-making itself. He did however acknowledge that development of this type of product would help empower potentially disadvantaged parts of Islamic society. In contrast, *Imams* have a major outward-facing role, including officiating in the marriage process and leading prayers; their day-to-day contact with all parts of the Islamic community is therefore relatively high and a substantive working knowledge of the needs of particular groups is likely to follow

of a syncretism-hybridity dichotomy suggested by Mandaville (2001) and outlined earlier, whereby the scholars' behaviour appears to represent an example of syncretic impregnation and bankers' propensities more akin to ambivalent hybridity. Finally, there was a significant difference regarding the provision of *Qard Hassan* loans to poor Muslims, with scholars viewing the notion of social justice as more important than did the bankers. Taking the three significant differences in Panel C of Table 5 together, it is evident that there is a substantive disconnect between scholars' and bankers' views of Islamic banking's potential in supporting "others", in this case potentially marginalised Muslims (and groups thereof). This pattern again suggests that if the sector is to experience substantive growth in participation levels it will require enhanced communication and provision of accounts between religious and industry leaders.

Given the general tenor of the evidence presented here about the perceptions of one of the world's largest minority Islamic communities, it seems reasonable to argue that recognition of current failings needs to widen on behalf of both industrialists and scholars; the suggestions made by Ebrahim *et al.* (2013)<sup>49</sup> in the original macro-level context of Muslim states might then be seen as applying to the particularities of the UK's Islamic banking sector. Thus, *Ijtihad* must be central to discussions between industry representatives and religious scholars that aim to reconfigure products, services and practices in a way that will meet long-standing needs. Since *Shariah* is essentially a collection of *Fiqh* and the jurisprudence of Islamic scholars (Shah, 2000) it can also play a role as a dynamic problem-solving methodology, again provided that the key parties come together in a positive spirit. In terms of the enlightenment of Islamic banking practices in the UK, the findings in the present study suggest that Islamic scholars and those working in the banking industry could usefully come together to implement a system that is more appropriately designed to meet the needs of modern-day Muslims, particularly if such endeavours take place in a transparent manner. This repositioning should strengthen the impact of *Shariah* principles, giving them the important status they had when earlier jurists made temporally-contextualised decisions (Sardar, 2003).

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<sup>49</sup>Viz: (i) establishment of institutions that have the means and the will to fund the welfare of the underprivileged; (ii) upholding of property rights and enforcement of the prohibition of *Riba*; and (iii) developing the practices of *Ijtihad* (legal reasoning) in the context of contemporary financial systems.

## 5. Conclusion and Further Reflection

This paper has explored perceptions regarding the challenges and opportunities for the Islamic banking industry in the UK, focussing in particular on the role of scholars in meeting the needs of a minority religious community. Very little empirical work of this type has been undertaken in this area, especially from a perspective that emphasises the “otherness” of Muslim communities in largely non-Islamic nations. However, by setting Islam in transnational and institutional contexts, Mandaville (2001) and Kuran (2003) respectively illustrate that pervasion of the faith via large, but minority, diaspora raises a number of substantive issues relating to socio-economic consequences. Such issues, by their very nature, require evidential understanding if they are going to be addressed on the ground. The interviews with UK-based Muslims suggested several concerns over extant practices, notably Islamic banks’ propensity to repeatedly employ the same scholars from the same pool of ‘high-profile’ individuals. Most of these scholars were born and educated in Muslim-dominated countries and, as a result, are perceived here as lacking understanding of the financial needs of those living in the UK. Given this perception, it is evident that the institutions concerned are missing an opportunity to modernise their *Shariah* committees via the inclusion of younger religious experts, thereby entrenching both the type of public concern found in this study and a lack of employment openings for young Islamic scholars. This reasoning fits with Mandaville (2001)’s prediction that younger Muslims will continue to fill “transnational space” as a result of the de-facto reliance on classical texts that continues to define the hegemony of the older generation. Relatedly - as part of a broader concern regarding a lack of modern contextualisation - the interviewees expressed misgivings that UK-based scholars deliver most of their lectures, workshops and sermons in a language other than English; for that reason many young British Muslims might see themselves as being isolated from the religious mainstream.

There was also worry over inconsistency in advice about the validity of “Islamic” financial products stemming from the existence of multiple schools of religious thought. As a result, there is clearly some confusion among Muslims regarding the extent to which particular Islamic banking services are consistent with theological maxims. There is clearly a need for coherent accounts of how those following Islamic principles should view such an industry in a largely non-Islamic environment. Movement in this direction would help address the evident concern amongst those taking part in the study regarding the need for interpretation in a context where strict interpretation of Islamic rules is seen as providing identity-related benefits for a

marginalised community. Such a development would provide backing for Ibrahim (2012)'s suggestion that re-thinking in Islam is most likely in situations where conservative narratives are not hegemonic and re-interpretations of traditional principles are entirely crowded out.

It was evident from the results of the questionnaire survey of scholars and Islamic bank employees that these individuals also have some concern regarding the future of the UK's Islamic banking industry, although this differed in certain respects not just between the two groups, but also from those of the interviewee participants. The Islamic scholars' responses suggested recognition of many areas in which the banks' role in enhancing social justice could be improved, consistent with the notion that in the absence of change, any "otherness" amongst the minority community of UK Muslims will remain embedded. However, the evidence suggests that emergence of meaningful "dialogically-inspired accounts" as the necessary precursor for community change (here the growth of Islamic amongst UK Muslims) suggested in Contrafatto et al (2015) lacks a substantive catalyst. Interestingly in this context, the *Muftis'* responses in several areas were more equivocal than the other sub-groups of scholars, apparently reflecting a view that Islamic banking might not be a necessity for UK-based Muslims. There was broad agreement amongst the scholars and bankers over the need for a *Shariah*-board comprised of high-profile Islamic scholars, but the emphasis on prominence runs contrary to the need for widening the membership of such committees to include younger individuals with experience of modern British life, a priority for many of the interviewees. The younger participants clearly already viewed the internet as a key tool in the search for relevant information going forward. This finding suggests that the web's potentiality - in the Gallhofer et al. (2006) sense of providing an outlet for "counter accounts," in this case of Islamic life in a largely non-Muslim setting - is non-trivial. However, there was a marked difference in opinion between the bankers and scholars regarding the lack of understanding of Islamic banking, with the religious leaders viewing the issue as significantly more important than did the bank employees.

In terms of detailed suggestions as to how Islamic banking can grow in mixed societies, the scholars exhibited a strong desire for extending cooperation with the industry. Such an outcome might encourage the bringing forward of new ideas that could in turn lead to greater dialogue and engagement with the Muslim community as a whole. The scholars themselves acknowledged their lack of involvement with the sector, evidencing significantly stronger concern about the lack of community-wide understanding than did the bankers. These views

were held simultaneously with more (relative to the bankers) optimistic opinions regarding the potential for sectoral development that meets the needs of UK-based Muslims. This outlook accorded with the perspectives of the Muslim interviewees, who argued that Islamic banks must work with Islamic scholars to bridge misconceptions and gaps in understanding about their operations. Thus, the syncretism-hybridity dimension to conceptual language suggested by Mandaville (2001) is evidenced here as an identifiable categorisation base for observed behaviour. Encouragingly, all three sub-groups of scholars recognised the need for training in Islamic economics to deal with issues pertaining to the fundamentals of Islamic banking, providing room for the sort of dialogical-driven action suggested in a contemporary community context in Contrafatto et al. (2015). More generally, the evidence suggests that the potential for meaningful communication between marginalised groups and institutions - both corporate and spiritual - that fosters (even mutually-advantageous) dialogue can remain untapped in the absence of a catalyst. Recognition of this need is not evident in the wider critical accounting literature that seeks to identify, in primarily normative terms, situations in which empowerment of minority groups could be addressed by deeper engagement. In identifying the necessity of stimuli, the results should add to debates regarding the role of institutional interaction by pointing to the importance of seeking opinions of all potential parties to the key discussions – including those on both sides of information flows - before reaching prescriptive conclusions.

The findings indicate widespread acknowledgement of the idea that Islamic banks' practices should be tailored so as to empower the UK's Muslim community as a whole, to the extent that Islamic financial institutions and Islamic scholars might usefully come together to design products that better serve the needs of the potentially disenfranchised. Scholars appear willing to educate followers of the religion about the availability of *Shariah*-compliant services in an appropriately contextualised manner. One practical way forward might therefore involve Islamic scholars and bank employees becoming more involved in academic debates concerning Islamic finance, at the very least providing some form of "account" setting out their own perspectives on the role and need for such an industry. This move would help foster the type of engagement discussed earlier as well as providing researchers with a deeper understanding of the identity and nature of key real-world issues; in turn, knowledge contributions that are of practical relevance to Muslim communities would be encouraged, with teaching and learning institutions becoming better placed to engage with both faith and ethically-conscious secular groups on an informed basis. However, significant differences were found regarding scholars' and bankers' views about both understanding of the Islamic banking industry and specific ways

forward in terms of empowerment. This apparent incongruity suggests that attempts to bring the two groups together in a meaningful way are likely to require much energy, goodwill and perseverance over an extended period. Given the possible directionalities - and the note of caution - outlined above, the pervasive importance of '*Ijtihad*' suggested by Rahman (1982) is evident as an important guiding principle for religious scholars in their efforts to listen to all voices. Thereby, working praxis might play a role in "mediating unequal social relations" as per the conceptualisation in Manassian (2009). Equally, despite the evidence here of continuing scholarly emphasis on their own (fixed) interpretation of Islam, there may be scope for identifying intra- (as well as inter-) faith commonalities that would underpin the development of an industry more attuned to community needs.<sup>50</sup> Future work in this area might usefully explore this broader issue, one which Kuran (2003) notes as having echoed through the centuries via the role of interfaith *Mudaraba* business forms, pointing to a positive future that recognises key overlapping principles, without ignoring spiritual heterogeneity.

The present study has a number of limitations and these are now acknowledged. We recognise that, as with any study that attempts to shed light on the potentially marginalised, there will be some individuals who are so deeply disenfranchised from mainstream societal activity as to effectively be rendered inaccessible to researchers. However, in seeking out potential interviewees, extensive time and effort was devoted to ensuring that as wide a range of personal experiences and backgrounds were represented in the sample. On a related note, the global Muslim population is primarily found in regions where Islam dominates and so a study of a minority community will not be generalisable in terms of modern experience. Nonetheless, many western nations have growing Islamic communities and investigation of the extent to which their financial needs are being met in this modern context is worthwhile. More generally, it is likely that the future of Islamic banking will partly depend on the extent to which it penetrates the non-Islamic market. This issue was not explicitly tackled here, as the main aim was to investigate the views of (minority) Muslims. Equally, the literature that has examined Muslims' views directly is somewhat eclectic and in our opinion did not justify explicitly disaggregating the participants beyond the categorisations employed here. As coherent evidence in the area emerges it may be possible to identify sub-groups based on roles, demographics, personal narratives etc. and compare perspectives across these on a sound

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<sup>50</sup> In extending this logic beyond a single faith, Housby (2011) suggests that branding a product in some way as 'Abrahamic' could boost the popularity of Islamic banking in the UK among Muslims, Christians and Jews.

theoretical basis. Our priority was to explore and identify the concerns and opinions of those individuals with occupational, spiritual and practical relationships with the Islamic banking industry, but further work is clearly needed to examine some of the issues raised in greater depth. For example, why do (older) UK-based Muslims continue to place such unquestioning reliance on apparently out-of-touch scholars? Why is there pervasive inertia in Islamic thought regarding economic systems and institutions? Should Islamic banks attempt to reach out to non-Muslim customers (and if so how)? Can the industry ever truly thrive in the modern global economy? Importantly however, the findings here indicate widespread acknowledgment within the Muslim tradition of the need for the Islamic banking industry to change - and the willingness to do so. Any broader work should ensure that it takes advantage of this promising backdrop.

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