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Geo-education of Islamic finance in the global space

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Abstract

The education of Islamic finance has witnessed a drastic increase in different regions of the world over the last few years. This paper proposes to study the geo-educational dynamics of Islamic finance, i.e. the relationship between educational space and power. In this geo-educational rivalry some interesting facts are coming out. For instance Britain is outpacing motherhood countries of Islamic finance; in terms of the number of programs provided by UK higher education institutions. Malaysia, on the other hand, is striving hard to consolidate its position to become an educational hub for Islamic finance. What does this dynamism tell us about the current and future cartography of Islamic finance education? Which countries and/or regions are going to take a lead? What sort of realities might develop at Universities, Departments and other higher educational institutions? Finally what sort of implications will these developments have upon the floats of Islamic finance discipline?

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1. Introduction

The liberalization of trade in goods made since 1948, under the GATT has led in 1994 to the signing of a new agreement called 'General Agreement on Trade in Services' (GATS) and the creation in 1995 of the World Trade Organization (WTO). With the establishment of the GATS, the liberalization process has extended to services, including education designed as a service to the business world (ERT 1995:36). In addition, the fall of the Berlin Wall gave rise to the 'head-to-head' competition among the contenders of the 'laissez-faire' capitalist camp. In this rivalry and very dynamic atmosphere economic, cultural, commercial and even educational tools are pushed to their end by the players to attain certain gains and score more points that may let them be well ahead of their rivals. On the other hand, Islamic finance (IF) as an emerging phenomenon, that came into being only over the last five decades or so, at the international scene picked up dramatically since the mid 1990's. Its growth rates have almost doubled from 14% during 1994-2002 to 26% in the 2003-2010 periods (Warde, 2010). Therefore, it is anticipated that the development of the various aspects of IF, including educational one, is indispensable of the effects the aforementioned eventualities.

2. Sample of the study

Our working sample consists of 123 IF programs that cover five continents and are distributed over 26 countries. This database was created as part of a research program of the Islamic economics Institute (IEI), at the University of

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King Abdulaziz, dedicated to exploring various aspects of IF higher education. The sample has expanded since our last survey (Belouafi & Belabes, 2011). All graphs and analyses that follow are built with reference to this database.

3. Geoeducation of Islamic Finance

The geo-education explores the relationship between power and space; a virtual space in the sense that its borders keep constantly changing. The object of geo-education is the international educational flows and interactions of their actors reported to their ability to influence, persuade and/or attract. The interest of the geo-educational approach (GEA) is to distinguish between territorial attractiveness (A) and external competitiveness (C) with their respective weightings α and β .

$$GEA = \{\alpha C, \beta A\}$$

In the combinational analysis, the interaction between these two variables induced four possible cases (Table 1); zero denoting to the absence of the variable, and one denoting to its existence.

Table 1 – Combinational analysis of IF Education

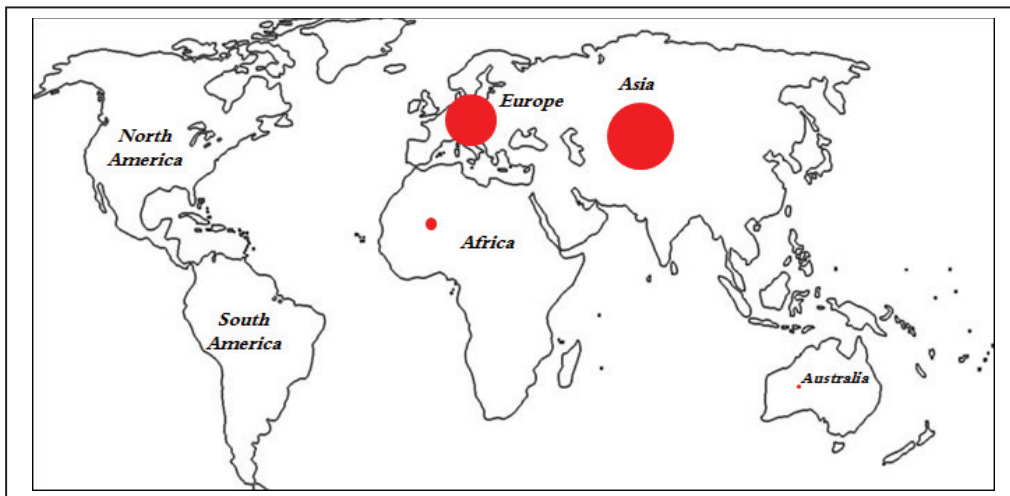
Cases	A	C	Corresponding Countries
Case 1	0	0	Rest of the world
Case 2	0	1	USA, Netherlands, Canada
Case 3	1	0	Pakistan, Jordan, Bahrain, Indonesia, Kuwait, Syria, Sudan, Brunei, Qatar, Algeria, India, Saudi Arabia, Yemen, Egypt, Tunisia, Morocco, Senegal, Italia, Switzerland, Belgium, Australia
Case 4	1	1	UK, Malaysia, UAE, France

It is clear from the above table vast majority of the countries that have some activities in IF education falls in case 3, and this category is dominated by Muslim and Arab countries relying mainly on the A variable. On the other hand, advanced countries that are coming late to the race are relying upon the C variable. Will this pattern indicate that the prestigious image and the well established infrastructure that educational institutions have in these countries work in their favor to have more space in the IF education field?

4. Educational Attractiveness

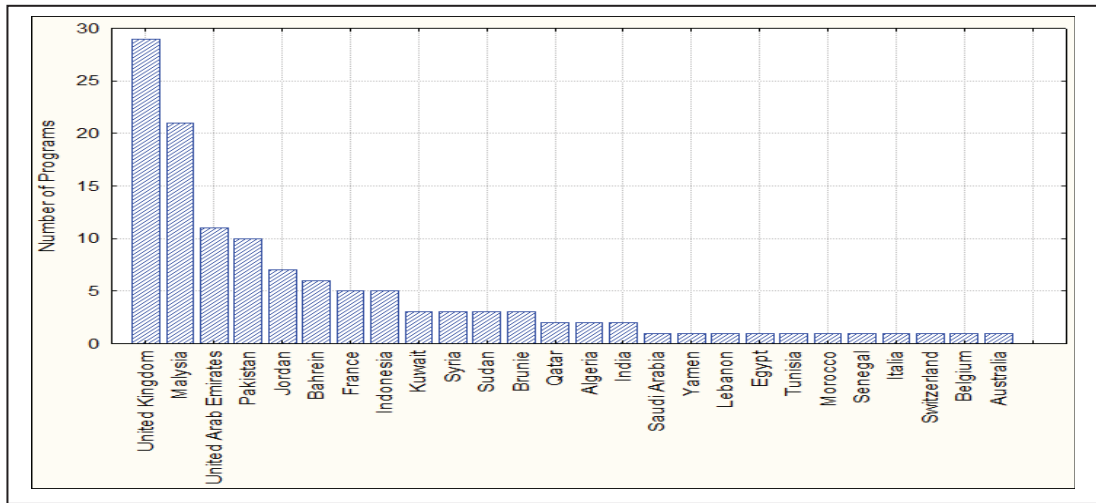
In this study, the educational attractiveness of a country is defined as its ability to attract the higher education courses to its territory. In this competition, each country tries to become “the hub” for IF education on a regional or may be the international level. Figure 1 shows a world map of the educational attractiveness in IF education. Asia comes in first position, followed by Europe, Africa and Australia. The American continent does not host an IF program yet in its higher education system.

Figure 1. Repartition of Educational Attractiveness in IF by continents



The distribution by country (Figure 2) shows Britain in a leading position with 28 programs, closely followed by Malaysia with 21 programs, and the UAE with 11 programs.

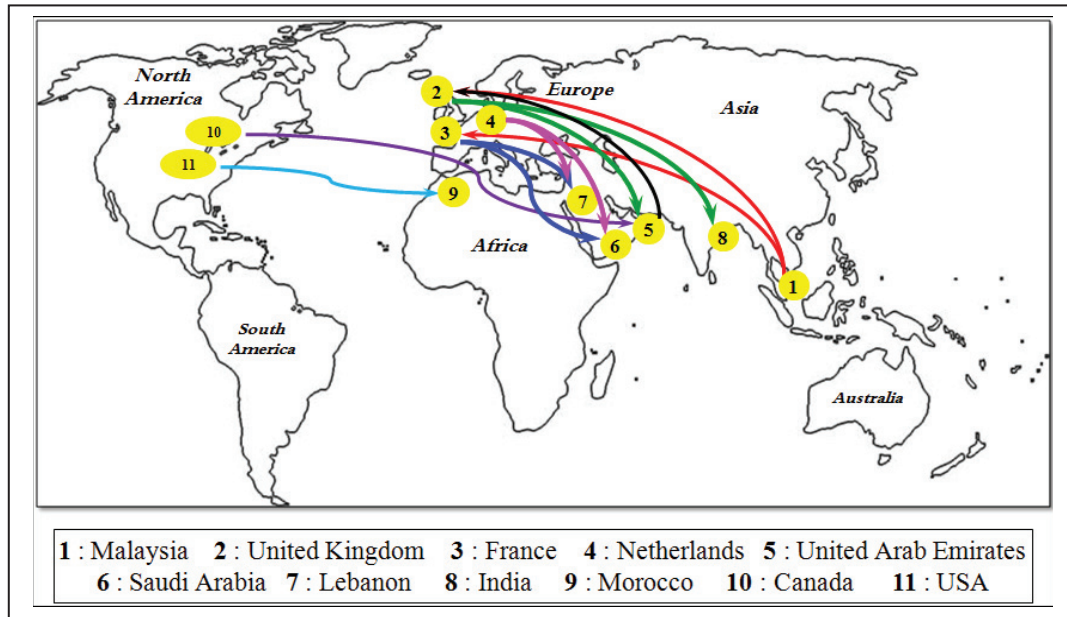
Figure 2. Repartition of educational attractiveness in IF by continents by countries



5. Educational Competitiveness

Educational competitiveness of a country is defined in this case by its ability to gain educational space outside its borders. Figure 3 shows a world map of educational competitiveness in IF. Unlike in Figure 1, the American Continent appears in the foreground. Thus, the two dimensions; attractiveness and competitiveness, are complementary and, therefore, one cannot substitute the other.

Figure 3. World Map of Educational Competitiveness in IF



The details of this mapping (Figure 4), shows unconventional couplings between the United States and Morocco, France and Saudi Arabia, and Malaysia and France. These compositions can be explained (Table 1) by adapting the language of instruction of the elite of the accueil country (case 1 and case 2) or to the country of origin (case 3). Thus, the teaching of IF by a US institution in Morocco is done in French, by a French institution in Saudi Arabia in English, by a Malaysian institution in France in English. In the ge-oeducational rivalry, the language of the country of origin seems relegated to the background in favour to the conquest of an educational space.

Figure 4. Dynamics of Educational competitiveness by countries

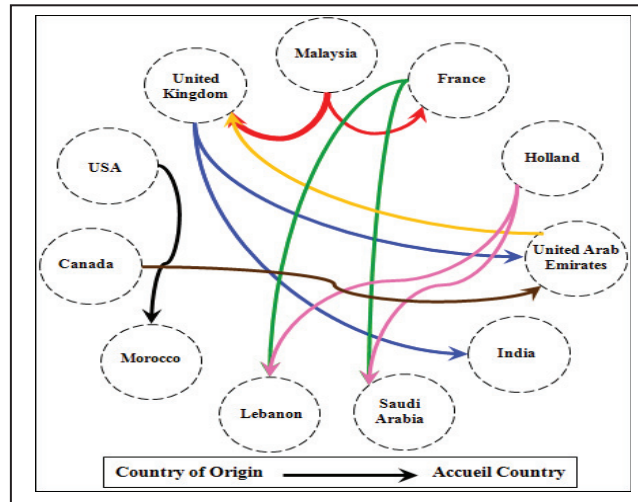


Table 2. Medium of Instruction of IF in non conventional situations

Cas	Accueil Country	Country of Origin	Medium of Instruction
1	USA	Morocco	French
2	France	Saudi Arabia	English
3	Malaysia	France	English

6. Islamic finance education: ‘Soft power’ tool of the standards rivalry

Some researchers have noticed a close relationship between IF education and the central banks of Malaysia and Lebanon respectively via the International Centre for Education in Islamic Finance (INCEIF) and Ecole Supérieure des Affaires (ESA) of Bayreuth (Chaar & Ourset, 2008). *INCEIF was established in December 2005 by the Central Bank of Malaysia.* ESA Bayreuth is managed since its creation, in April 1996, by the Chamber of Commerce and Industry of Paris, the French Ministry of Foreign Affairs and the Central Bank of Lebanon. The entry of the central banks of Bahrain and Singapore came to accentuate this trend. The Central Bank of Bahrain has launched in July 13, 2011 a special fund to finance research, education and training in IF (the *Waqf* (endowment) Fund); and it is active in working with the industry and stakeholders in developing industry standards and the standardization of market practices. The International Islamic Law and Finance Centre was established in Singapore following a collaborative initiative between Singapore Management University’s School of Law and Lee Kong Chian School of Business, which works closely in particular with the Monetary Authority of Singapore (the Singapore Financial Regulator), Ministry of Finance and Ministry of Law.

In general, central banks adopt desperate postures that oscillate between proactive, neutrality and opposition. Proactivity is to harness the energy of the actors, both internal and external, and to set up an anticipation process and strategic integration. The objective, in this case, is to spread the standards, not through enforcement, but rather through persuasion. The standards battle is not limited to the Islamic law compliance or arbitration; it extends to the development of international referential academic standards. In this regard, the accreditation will become, in the near future, indispensable in the geo-education of Islamic finance. Recognition of qualifications will depend not only on factors relating to the form and substance, but also the quality of the curriculum and the institution which offers them, certified by the accreditation body. Interestingly a Malaysian project is been developed in this direction, via the Association for Islamic Finance Advancement, as evidenced by the following remark of the Prime Minister of Malaysia, Mohd Najib Abdul Razak, in 19 April 2011: “It [*The Economic Transformation Programme (ETP)*] will also establish the Association for Islamic Finance Advancement (AIFA), which will accredit programmes and advance and promote Islamic Finance education globally. With a GNI impact of RM1.2 billion by 2020, it will see the creation of about 4,300 related jobs”.

7. Conclusions

In a globalized world where competing powers seek new fields of operation; the geo-educational approach provides additional reading grid of international relations. It sheds light on the redrawing of the educational map. Behind the announcement effects of a particular country aiming to become the educational hub in Islamic finance, there are hidden power rivalries that do not appear at first. Among the issues of this rivalry that may appear at this stage are the standards; jurisprudential, prudential, rating, and accounting & auditing, that relate to IF industry. Arbitration appears to be gaining momentum. All such developments will have far reaching consequences to the development of the IF discipline and its curricula at higher learning institutions, especially if they gain recognition from an international standards-setting like the BIS, and the backing of an international institution like the IMF, and, may be a regional backing as one from the Islamic Development Bank (IsDB). Such realities are possible if we take into consideration the close links between these organizations and the IFSB; the Kuala Lumpur based standards’ setting for IF industry.

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