

The Experience of the Islamic Foundation UK in Promoting Islamic Economics

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Abstract. This paper gives a synopsis on the experience of the Islamic Foundation UK in promoting research in Islamic Economics, teaching it and disseminating it worldwide using the medium of English language. It covers the establishment of the Islamic Economics Unit as the first Research Centre on Islamic Economics in the World and its activities that include publications, organisation of essay competitions, seminars and conferences and other activities that contribute to the service of Islamic economics.

Introduction

The last three decades of the twentieth century have witnessed a phenomenal interest in Islamic banking and financial services. The type and range of products now available in the West have also grown significantly. A large variety of different home financing products, based on a number of different underlying Islamic template contracts is now available. Home finance is no longer the only Shari'ah compliant product in the retail market. The availability and uptake of current accounts, as well as numerous other financial product advisory services are rapidly gaining popularity.

More than thirty years ago, the First International Conference on Islamic Economics was organised by King Abdul Aziz University in Makkah Al-Mukarramah in February 1976. It was the first of its kind in the history of Islamic economic thought. The objective of the conference was to promote and develop Islamic economics as a rigorous academic discipline. One of the major contributions of the conference was the proposal to establish an international centre for research in Islamic economics under the aegis of King Abdul Aziz University, Jeddah.

Based on the recommendation of that conference, the International Centre for Research in Islamic Economics was set up in 1977 (Ahmad, 1980). This is now known as the Islamic Economics Research Centre which is the main organiser of this conference. Soon after returning from the first international conference in 1976, Professor Khurshid Ahmad, who was at that time the Director General of the Islamic Foundation, UK, and who was one of the main organisers of the first conference, opened the first research centre on Islamic economics at the Islamic Foundation under the name: "The Islamic Economics Unit". The establishment of this Unit in Leicester was in line with informal discussions in the first conference, that while the research centre in Jeddah would mainly be responsible for conducting research and publication in Arabic, the Islamic Foundation would undertake similar research, seminars and publication programmes in English.

The Role of the Islamic Foundation in Promoting the Discipline of Islamic Economics: An Overview

The Islamic Foundation was established in 1973 in Leicester in the UK as an educational and research organisation devoted to developing a better understanding of Islam in the Western world. Since its inception, the Islamic Foundation UK under the leadership of Professor Khurshid Ahmad initiated high class academic research and intellectual rigour with spiritual reflection (Rahman, 2004). It was understood very early that the success of the promotion of Islamic economics as an academic discipline would depend heavily on introducing the subject of Islamic economics, banking and finance at universities and higher education institutions and facilitating research in Islamic economics. Therefore, all its efforts were directed towards achieving the following objectives: Promoting the teaching of Islamic economics; undertaking and commissioning research on Islamic economics, banking and finance; introducing Islamic economics and finance to mainstream academia and the banking and finance professions; organising conferences, seminars and orientation courses to disseminate the ideas of Islamic economics, banking and finance.

As a result, within in a short span of time, the Islamic economics unit of the Islamic Foundation became one of the major centres of research in Islamic economics in the world. It will not be an exaggeration to say that in many respects Islamic financial institutions in the UK and US came about as a result of a series of international workshops, training programmes, seminars, conferences and several brainstorming sessions organised during the 1990s by the Islamic Foundation UK in collaboration with (IRTI) of (IDB) Jeddah, and the International Association of Islamic Economics.

In due course many economists and scholars were inspired with the Islamic Economic's thought process and started to engage themselves in academic debate and produced several books and articles in the area of Islamic economics and finance. Many of these researches and monographs have been published by the Islamic Foundation and widely distributed throughout the world which has helped to create a better understanding and appreciation of Islamic economics not only in the Muslim world but also in the West.

It is heartening to note that within only a few decades, Islamic banking and finance have gained worldwide acceptance. This is not a small achievement by any criteria, considering that at one time it was not only western bankers who were sceptical about the viability of Islamic banking but many Muslim economists in Muslim countries also had doubts and reservations. However, by and large, many Muslim Scholars, economists, jurists and bankers gained confidence in the concept and it is due to their rigorous efforts today that Islamic economics is recognised as an academic discipline and Islamic banking is considered a viable alternative to conventional banking. The success of Islamic banking proved the fact that there is no incompatibility between adhering to Islamic Shari'ah and making profits; rather Islamic banking if processed professionally could actually be more profitable.

To promote the discipline of Islamic economics, banking and finance in the British academia, the Islamic Foundation successfully negotiated and finally succeeded in October 1995 to introduce the teaching of Islamic economics as one of the MA modules in the department of economics at the university of Loughborough. The Foundation not only sponsored the salary of the research fellow appointed but also gave a grant to enrich the library with the necessary books and materials.

However, the event which could be regarded as a landmark in the history of Islamic Banking in the West was the two-day international conference which the Islamic Foundation in collaboration with Loughborough University organised in September 1995 at the Foundation premises. Around 50 representatives of different Islamic organisations, banks, and institutions from home and abroad participated and around a dozen leading professors, teachers, lawyers and executive directors presented their papers at the conference. The chief guests at the conference were Mr Eddie George (Governor, Bank of England), Mr Ahmad Mohammad Don (Governor, Bank Nagara, Malaysia) and Dr Abbas Mirakhor (Executive Director, International Monetary Fund, Washington). In his keynote speech, Mr Eddie George said, "We welcome competitive innovative and financial market and banking practice to enhance the services that London can provide for the users of those services – both domestically and internationally. And that is the context within which we, at the Bank of England certainly seek to understand Islamic Banking." In conclusion he also said, ".....we have to work together with the Islamic Banking community to identify and solve any problems that may exist". (*New Horizon*, London November 1995). One of the main outcomes of this international conference was the formation of a 7-member follow-up committee to initiate meaningful dialogue between Islamic and traditional bankers and bring the two sectors closer. (*Islamic Foundation Newsletter*, No.11 December 1995).

A good number of Muslims in the UK who belong to an affluent minority were frustrated at being unable to access an interest (*riba*)-free banking system. It was felt that such access would invariably help to release some of the Muslim resources into the wider community. To fulfill this desire, the Citizens' Organising Foundation, under the Chairmanship of Professor Khurshid Ahmad organised an important meeting on April 23 1999 with Sir Eddie George, Governor of the Bank of England and Mr Howard Davies, Chairman of the Financial Services Authority. Following this meeting, Howard Davies of the FSA agreed to meet again with the leaders of the Islamic financial community scheduled to be held on September 8, 1999 to discuss the issue of a giving permission to establish an Islamic Bank in the UK. At this meeting, chaired by Professor Khurshid Ahmad, Howard Davies confirmed that the British government had given indication that it would be prepared to allow Islamic banks to operate in Great Britain if any application is made and it fulfils the minimum criteria for authorization (*IF Newsletter*, 2000). As a result, the first Islamic commercial bank started operation in 2003. Later many Islamic financial institutions came into being.

The Contribution of the Islamic Economics Unit at the Islamic Foundation

The Islamic economics unit at the Islamic Foundation, set up in 1976 has played a significant role by providing technical know-how in the area of Islamic economics to the academic community in the UK as well as abroad. It maintains contact with all those interested in the development of Islamic economics. The following sub-sections provide a glimpse of the activities of the Islamic economics unit.

1. Islamic Economics Research and Publications

The Islamic economics unit of the Islamic Foundation is a global facilitator of independent research and has accumulated a wealth of experience in the field of Islamic economics banking and finance. It also undertakes research projects and engages in constructive dialogue with academic and financial institutions. In addition, the unit provides advice to the community in the area of Islamic finance such as Islamically acceptable wealth management, alternative mortgages and investments. This unit has published twenty-seven highly accomplished books on various aspects of Islamic economics, banking and finance. Some of these books are based on the proceedings and papers of the international conference seminars.

2. International Conferences/ Workshops/ Orientation Courses

Since 1991, the Islamic Economics Unit, in addition to international conferences and seminars, has organised an annual international orientation course on Islamic economics, banking and finance. The annual orientation courses were held in collaboration with (IRTI), Jeddah and Loughborough University, UK. These programmes have attracted trainers and participants from Europe, the United States, Africa and Asia. The main aim of these programmes is to provide a central platform and communication channel for researchers, academicians, business leaders and financial industry practitioners to meet and discuss critical issues and ideas relating to Islamic banking and finance. In addition, it provided a net-working opportunity for the participants and served as a platform to provide further knowledge and research, both on theoretical and practical levels. These international programmes were well received by the participants from all over the world. Among the topics and areas covered at these events were Shari'ah Law, Islamic accounting standards, alignment with Basel II, risk management, capital adequacy, legal issues in Islamic finance industry, Islamic capital market, Takaful and Retakaful, Islamic Money Market, Islamic Asset Management, Product Branding and Market Development, Training and Development of Human Capital, Reporting new research and Latest Findings in Islamic Banking and Finance.

In addition to the epoch-making banking conference held in 1995, the fourth international conference on Islamic economics was held in August 2000 at Loughborough University, entitled "Islamic Finance: Challenges and Opportunities in the 21st Century". This was jointly organised by the International Association of Islamic Economics, IDB Jeddah, the Islamic Foundation and Loughborough University. More than 300 delegates from all over the world consisting of representatives from universities and research institutes, bankers, lawyers, government officials, community leaders and students participated in this conference, the first of its kind ever held in the West.

3. Academic Support to Researchers

The Islamic economics unit provides academic support to people engaged in research in the field of Islamic economics, banking and finance. The unit also focuses on the economic issues of Muslim countries. To this end, it provides facilities and support services to students and visiting scholars who are pursuing research in the area of economic and financial development from an Islamic perspective. Furthermore this unit continuously procures new publications study materials for building an Islamic economics resource centre at the Islamic Foundation library.

4. Islamic Economics as an Academic Discipline

The trustees of the Islamic Foundation had the foresight many years ago to visualise that the success of the Islamic banking movement would depend heavily on investment in education, research and development. With this in view, as mentioned earlier the Foundation entered into a partnership with Loughborough University UK and started MSc as well as PhD programmes in Islamic banking and finance in 1996, the first of its kind in the Western world.

A further step in the promotion of Islamic Economics as an academic discipline was the establishment of the Markfield Institute of Higher Education (MIHE) in 2000 - an academic project of the Islamic Foundation UK. The degrees of MIHE were initially validated by Portsmouth University and later by Loughborough University (IF Newsletter, 2000). The purpose of this project was to contribute towards the global development of human capital that was required to support for future growth and development particularly in the area of the global Islamic banking and financial industry. This gave the Islamic Foundation a stature and recognition across the world to the extent that its students come from more than seventeen different countries in Europe, Asia, and Africa. Later the purpose-built complex of MIHE in Markfield was formally inaugurated by His Royal Highness, the Prince of Wales in 2003 (*IF Newsletter*, 2003).

MIHE now offers a wide range of courses. It provides an opportunity for students to pursue Post-Graduate Certificate and Diploma, MA, MPhil and PhD courses in Islamic Banking, Finance and Management. This institute has now been recognised as an excellent institution for producing high-calibre young graduates, professionals and researchers for the benefit of Islamic banking and finance industry (MIHE, 2006).

5. Promotion of Islamic Economics through Journals and Periodicals

- a. The *Review of Islamic Economics* is a bi-annual journal jointly published by the International Association of Islamic Economics and the Islamic Foundation UK. It provides a forum for academics and practitioners to interact and contribute intellectually to the development and promotion of Islamic economics on a global stage.
- b. The *Muslim World Book Review (MWBR)* and *Index of Islamic Literature*. The quarterly publication of *MWBR* which started in 1986 gave special place to Islamic economics and banking by highlighting and reviewing recent relevant

publications. The *Index of Islamic Literature*, a companion volume to *MWBR* devoted a special section to Islamic economics citing the latest publications on Islamic Economics as well as articles from academic journals and edited books. Both these journals played a leading role in informing the academic community about the latest research and publications in the emerging field of Islamic economics and banking.

6. Essay Competition

In an attempt to draw the attention and participation of students and scholars all over the world towards the discipline of Islamic economics, in 1994 The Islamic Foundation initiated its first international essay competition on Islamic economics, banking and finance. This essay competition lasted for several years and hundreds of students from home and abroad participated in this noble initiative. A total of eight prizes were given every year and presented to the winners at special prize giving ceremonies in Leicester and London. This essay competition initially not only internationalised the subject but attracted a number of young and talented scholars who later in their life played quite significant roles in augmenting the discipline of Islamic economics, banking and finance all over the world.

7. *Encyclopaedia of Islamic Economics*

The Encyclopaedia of Islamic Economics is coordinated by the Islamic Foundation UK in association with the Centre for Islamic and Maghreb Studies, London. This is a unique effort carried out by Muslim academic organisations and the project will run into 5 volumes with an expected completion date of 2010.

Conclusion

The Islamic Foundation is delighted to have been able to cover such a vast field of research over recent years. Thanks go to the dedicated team of staff led by Professor Khurshid Ahmad, the doyen of Islamic economics and the Chairman of the Islamic Foundation. Without this dedication the Islamic economics unit would not have grown to the level it has reached today. It hopes to take the lead worldwide in the coming years to monitor, coordinate and initiate research, both theoretical and practical.

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تجربة المؤسسة الإسلامية ببريطانيا في تشجيع الاقتصاد الإسلامي

الدكتور محمد مناظر أحسن

المدير العام للمؤسسة الإسلامية ببريطانيا

المستخلص: تقدم هذه الورقة عرضاً مختصراً عن تجربة المؤسسة الإسلامية في بريطانيا في تشجيع البحث العلمي في الاقتصاد الإسلامي، وتدرسه، ونشره في جميع أنحاء العالم باستخدام اللغة الانجليزية.

وتتعرض الورقة لإنشاء وحدة الاقتصاد الإسلامي التابعة للمؤسسة باعتبارها أول مركز بحوث اقتصاد إسلامي في العالم. كما تتعرض لبعض أنشطتها التي تشمل البحوث والمطبوعات، وتنظيم المسابقات البحثية، والحلقات الدراسية، والندوات والمؤتمرات، وغير ذلك من النشاطات التي تصب كلها في خدمة الاقتصاد الإسلامي.