

Women to Play a More Dominant Role in Islamic Finance – Is it Possible?



Mohammad Mahbubi Ali



Shabana M. Hasan

An Introduction

The development of modern day Islamic banking and finance, though recent, has witnessed very impressive developments. The \$1 trillion industry is increasing at an approximate average rate of 15% a year, thus requiring at least 50,000 professionals globally over the next five to seven years so as to meet the escalating demand. Currently market experience continuous lack of experts particularly women scholars and professionals in the field. This situation may avowed the opinion prompted by the outside world of Islam that the Muslim women are oppressed and treated as second-class citizens, with few choices or opportunities in life (Khorshid, 2011). But this myth is completely not in accordance to the teachings of Islam where honouring and respecting women are a main criterion, and a man has to also live with her in both kindness and honour. This is evident with Prophet Muhammad (PBUH) himself, being a great exemple towards honouring and serving justice to women. In addition, one of the chapters of the Holy Qur'an is named al-Nisa' (the woman), where it is also one of the seventh longest chapter in the Holy Qur'an further proving the importance of women in the religion. One of the verses from the chapter as stated below further exemplifies how Islam honours women and acknowledges their standing by conceding them their complete unabridged rights. The verse is as stated below.

“O you who believe! You are forbidden to inherit women against their will, and you should not treat them with harshness, that you may take away part of the mahr (money given by the husband to the wife for the marriage contract) you have given them, unless they commit open illegal sexual intercourse. And live with them honourably. If you dislike them, it may be that you dislike a thing and Allah brings through it a great deal of good” (Surah An-Nisa, 4:19).

Thus to further evaluate the real effect of Islam on the status of women, especially towards the positive role that women can play on the development of modern day Islamic banking and finance, the article will first briefly discuss on the history of women in Islamic trade and finance, followed by a more extensive discussion on the presence of women in the modern day Islamic banking and finance. In conclusion, the article provides a way forward on how with the present of more women playing a more active role in the industry, it will help to give the industry with a more positive insight.

Early Historical Background of Women in Islamic Trade and Finance

Even though the story of the early Muslim women practicing Islamic trade and finance is rather scarce, the article will briefly touch on some of the early prominent female personalities that were hugely involved in contributing towards the economy during the era of the Prophet (PBUH). Khadijah (ra) renowned as the first Muslim on earth and identified as one of the Prophet (PBUH) greatest emotional and spiritual supporter was a successful businesswoman who employed the young Muhammad and finally married him. At a time when newborn girls were buried alive, Khadijah (ra) ability to establish herself as a rich businesswoman dealing with import – export business activities was beyond imagination. On the other hand, Shifa' who taught the Prophet (PBUH) wife Hafsa to read and write was engaged by Caliph Umar (ra) as a market inspector whereby she had to establish rules in regard to weights, measures and business activities. Caliph Umar (ra) who was known for only choosing the most capable candidates for governmental positions further reiterates the capability and competent level of Shifa' and the modernity and acceptance of women holding key positions in government posts during that time. Whereas Ijliya who was an astrolabe builder was obviously successful as she was employed at the court of Saif ad-Dawla in Northern Syria (944-967 C.E.). An astrolabe is identified as an instrument that was formerly used to make astronomical measurements, before the advancement of the sextant. These historical evidences proved that women played an active role in the realm of trade and finance. However, despite the proven women's significant status in Islam in general, the modern day Islamic banking and finance industry which is premised on the principles of Shari'ah law has failed to give women its importance role. Further explanation will be found in the following section of this article.

Women in Modern Day Islamic Banking and Finance

Even though the \$1 trillion industry is increasing at an approximate average rate of 15% a year, thus requiring at least 50,000 professionals globally over the next five to seven years so as to meet the escalating demand, there are still lacking of women filling up the positions of CEOs and Shari'ah scholars. The flexibility of Islamic teachings does not restrict in anyway women to be active in the economic

activities – for example with the involvement of women in the banking industry. It is only the product of culture and background of history that hinder women in some countries to work outside their homes.

In the Gulf Arab region, Islamic finance female scholars are non-existent as they have yet to discover opportunity in the male-dominated industry. All the 132 scholars who are presently active in the Middle East are men. And, due to the limited number of male scholars available, this to a certain extent have led the male scholars to sit on various Shari'ah boards at the same time – some scholars have to sit on more than 100 Shari'ah boards concurrently, which may create negative impediments, like conflict of interest and independency (Kay, El Baltaji and Omar, 2011). In the case of Malaysia, with the establishment of the new ruling that a Shari'ah scholar of a bank can only sit on the Shari'ah board of only one bank, along with another one non-bank entity has created the demand for new fresh faces to enter into the industry. This will create more bright prospects for women to be developed, trained and involved as Shari'ah scholars in the banking industry because eventually, necessity will undermine the gender prejudices. Malaysia is one of the best in representing this action, apparent by the present of two female Shari'ah scholars sitting on the Malaysia's Shari'ah Advisory Council Board, along with nine other male Shari'ah scholars. Moreover the two most significant financial services regulators in Malaysia are both women. They are Tan Sri Dr. Zeti Akhtar Aziz, the Governor of the Central Bank of Malaysia and Dato' Zarinah Anwar, the Chairperson of the Securities Commission of Malaysia. Tan Sri Dr. Zeti Akhtar Aziz who has won the FT's 'Central Banker of the Year' award a few years ago and frequently deemed as the most powerful woman in International finance is also highly regarded for her substantial and valuable contribution to the promotion of Islamic financial services industry (Parker, 2008). This is clearly evident with her being the winner of the IDB Prize in Islamic banking and finance for the year 2012 (1433H) (World Federation of Development Financing Institutions). Indonesia on the other hand has six women on its panel of thirty-five Shari'ah scholars that are presently sitting on the Indonesia National Shari'ah Council Board.

Whilst the involvement of women in the field of Islamic finance is clearly escalating in the South East Asian region, similar sentiment is not being shared in the Gulf Arab region, as has been stated above. Whereas in the case of London, even though the government's Islamic finance policy is administered by a female former Labour Party politician and a British economist named Kitty Usher, the six Islamic banks approved by the Financial Services Authority (FSA) are all led by only men (Parker, 2008). This proves that many aspiring women Islamic bankers in various parts of the world are still at a considerable disadvantage in comparison to their male counterparts. In addition the women bankers and Shari'ah scholars are still not able to operate in a level playing field with the latter so as to further comprehend their full potential.

Conclusion – The Way Forward

With a constant increment in the number of educated women, especially in the region where gender segregation policies have created a hindrance on women entering the job market and a distinct lack of talent in the Islamic finance industry, thus this creates a platform for women to play a more active and dominant role in the Islamic finance market. For example, 93% of Arab women in Saudi Arabia have completed college or university. Moreover with the presence of women playing a more dynamic role in the industry will eventually help to develop the industry more rapidly. As reiterated by Associate Professor Dr. Engku Rabiah Adawiah Engku Ali who was among the first female Islamic finance scholar and is currently sitting on the board of the Malaysia Shari'ah Advisory Council, that she wanted to see more women in the Islamic finance industry not due to the lacking of male experts, but there are certain aspect of things which tend to be more appreciated by female scholars. Also with the current continuous progress and demand of modern day Islamic banking and finance, this also led to the establishment of women-only bank branches. In this situation, women are especially needed to fill in the place. This further enhances the fact that despite the difficulties in breaking into the male-dominated industry, women are slowly having its presence further felt through all the various techniques mentioned above.

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