

Global Islamic Market

Asian Perspectives on the Diversity of Capitalism

November 22th 2018

9:30 - 17:30

Paris Science et Lettres Université
Room 4, 60 rue Mazarine, 75006 Paris

Presented by the Fondation France-Japon of the EHESS with the support of PSL-IRIS Études Globales, this project aims to deliver an encompassing analysis of the configuration of the new economic and religious dynamics within Islamic capitalism, to assist our understanding of the diversity of capitalism. At the occasion to launch this project, this kick-off meeting will reexamine the state of the art of Islamic economies, through the process of its institutionalization and its application into practice by actors. What kind of normative transformation has occurred in the evolution of Islamic economic ideas of Islam? How have the ancient Islamic jurisprudences been interpreted to bring them into modern contexts, especially with regard to geographical and doctrinal differences? How can the development of Islamic capitalism be understood in the context of the global economic system, which includes the secular and non-Muslim world? How Islam is mobilized to legitimate economic activities and to create the system of value? The objective of this kick-off meeting is to understand the historical, political and social context of the Islamic capitalism to further our discussion on the formation of the “Global Islamic Market.” Three panels will be proposed to discuss the genesis, historicity of the economic thought of Islam, institutionalizations of Islamic finance, and on a micro level the practices and a role of Muslim entrepreneurs on the Islamic market.

Programme

9:30 - Opening remarks by Sébastien Lechevalier (EHESS)

Session I: The Genesis of the Economic Thought of Islam

Discussant: Sébastien Lechevalier (EHESS)

9:45 - Redefining an “Islamic Economy” in Modernity

Frédéric Coste (CERI-Sciences Po)

10:15 - Return on “Islam and Capitalism” by Maxime Rodinson: Some Observations

Hocine Benkheira (EPHE)

10:45 - Reconsidering the Intellectual Heritage of Islamic Economic Studies in Japan and France

Shinsuke Nagaoka (Kyoto University)

11:15 - Discussion

11:45 - Lunch Break

Session II: Institutionalizations of Islamic Finance

Discussant: Pascal Buresi (EHESS, CNRS)

13:00 - Islamic Reforms and the Economic Development Agenda in Malaysia since the 1980s

Mohamed Aslam Haneef (International Islamic University Malaysia)

13:30 - Do Determinants of Fees Differ between Islamic and Conventional Funds?

Kaouthar Jouaber-Snoussi (Université Paris-Dauphine, PSL Research University)

14:00 - European Genesis of Islamic Finance

Bochra Kammarti (EHESS)

14:30 - Discussion

15:00 - Coffee Break

Session III: The practices in the Global Islamic Market at Stake

Discussant: Hocine Benkheira (EPHE)

15:30 - Sufi Entrepreneurs in Central Asia: From National to Transnational Networks

Yana Pak (EHESS)

16:00 - Mapping Islamic Leisure Travel in Non-Islamic Countries: Discussion of Halal Tourism from an East Asian Perspective and Beyond

Shin Yasuda (Takasaki City University)

16:30 - Discussion

List of Communications

Return on “Islam and Capitalism” by Maxime Rodinson: Some observations

By Hocine Benkheira (EPHE)

Rodinson's book was first published in 1966, more than half a century ago. The context was a two-level debate. First level: the question of the development of the so-called «underdeveloped» countries and the «exit» of underdevelopment (problematic that has generated an abundant sociological, political and economic literature). Second level: the question of the development of capitalism in Western European societies, with reference to the opposite approaches of Karl Marx and Max Weber. Efforts will be made here to highlight the presuppositions of the debate, in particular the notion of «economy», namely that the productive practices constitute everywhere an autonomous field of human activity and that would be distinguished by their own «laws». Here we will mainly question this assumption according to which the economy plays a decisive role in all societies, regardless of geographical area or time.

Redefining an “Islamic Economy” in Modernity

By Frédéric Coste (Sciences Po)

This presentation aims at highlighting “worldviews” appearing in relation to the economic precepts of Islam. They reveal fundamental transformations between politics, law, morality, knowledge, history and society. A cosmological shift will be shown to occur between the classical period of Islam and modernity, entailing a renewed conception of religious principles with the advent of “social justice”. The “worldview” of Jamaat-i-islami claims to set up the “Economic system of Islam”, which will be determined in confrontation with ideologies such as Communism, Socialism, National-socialism, Secularism, Nationalism, and Capitalism, during the partition of India and the creation of Pakistan. This conception will ultimately be in conflict with a new one under the name of Islamic Finance in the mid-70s, giving birth to an unprecedented definition of this religion.

Islamic Reforms and the Economic Development Agenda in Malaysia since the 1980s

By Mohamed Aslam Haneef (International Islamic University Malaysia)

The presentation will first provide some demographic statistics of Malaysia and discuss the structural transformation of the Malaysian economy as it moved from a more laissez-faire market system in the late 1950s and 1960s, to one that saw a greater state role in the development agenda with the introduction of the New Economic Policy in 1970. The 1970s and 1980s global Islamic resurgence also witnessed the questioning and rejection of the modernization/secularization thesis by many scholars/consultants to developing nations. An Islamic reform agenda was introduced in Malaysia during the Mahathir Administration and it focused considerably on the economic dimension- and could be seen as part of the political and socio-economic agenda of the State. This Islamic reform agenda was introduced by the state in plural Malaysia for the ‘nation and its peoples’. In trying to explain the Malaysian experience, attention will be given to the 3Ps i.e. political will, people and policies. From one angle, these primarily Islamic economic reforms seem to have been successful in that Malaysia, despite being a relatively small country, has managed to be the overall leader in the Halal economy for the last few years as stated in the Global Islamic Economy Report.

Do Determinants of Fees Differ between Islamic and Conventional Funds?

By Kaouthar Jouaber-Snoussi (Université Paris-Dauphine, PSL Research University) & Meryem Mehri (Université Paris-Dauphine, PSL Research University)

This paper considers an international sample of conventional and Islamic funds to assess whether country conditions affect the fund manager fees. Overall, the results strongly show that legal conditions, culture and political risk have robust effects on fund manager fees. We find that Islamic and conventional funds in developing countries with weaker legal settings and higher corruption have higher fixed and performance fees. However, performance fees will be lower and fixed fees will be higher in countries with higher political risk. Overall, Hofstede's cultural values significantly affect the fees of managers with robust differential effects between Islamic and conventional funds.

European Genesis of Islamic Finance

By **Bochra Kammarti** (EHESS)

Islamic finance resulted by the thought of an *Islamic economy* emerging in the first half of the twentieth century as a critique of capitalism and socialism (Coste, 2015, Islahi, 2016). By Islamic finance, we understand an Islamic financial normative repertoire and the creation of a financial industry, that is to say, a set of institutions and organizations that work to produce and disseminate services and standardized contracts of finance or insurance in a large scale.

The circulation in Europe of this normative repertoire creates conflicts of norms and practices between, on the one hand, the Islamic prescriptions of the shariah - Koran and Sunnah - and on the other hand the monopolies of European financial uses (Kammarti, 2015, 2017). This communication describes these conflicts of norms and the creation in Europe of an offer of Islamic finance. This interpenetration (Göle, 2005) resulted by the jointly work of religious and secular, Muslims and non-Muslims, private and public actors. As in the Muslim world, Islamic finance training appears in the academic field, Islamic financial norms circulates in spaces of law – Parliament and Justice Court – and spreads at the local level through financial institutions (banks, insurance companies, Internet platform, etc.).

The creation of an offer of Islamic finance at the local European level gives the opportunity to European Muslims to finance their personal or professional projects in accordance with the sharī'a, and the possibility for financial professionals – bankers, lawyers, etc. – to work in accordance with their faiths and ethics. This new pious middle class does not oppose the secular neoliberal hegemonic model (Göle, 2000, Haenni, 2005), but attempt to find a way to develop a socially responsible capitalism through the Islamic reference.

Reconsidering the Intellectual Heritage of Islamic Economic Studies in Japan and France

By **Shinsuke Nagaoka** (Kyoto University)

Since the middle of the twentieth century, intellectual debate aimed at the reconstruction of the economic system based on the teachings of Islam has been active in the Islamic world. This reached the formation of an independent academic discipline known as “Islamic economics” in the 1970s. Islamic economics was not only an academic discipline but also a pragmatic movement that had a great influence on the revival of Islamic economic practices such as Islamic finance, the *halal* industry and revitalization of the traditional Islamic economic institutions (*zakat* and *waqf*). It is obvious that Muslim scholars are the main players of Islamic economics. They considered the revival of Islamic economic practices an urgent issue closely related to their own faith and life and provided various innovative ideas and products. At the same time, Anglo-Saxon countries also played a major role in the development of Islamic economics and related practices. Some universities in these countries such as Durham University, UK and Harvard University, USA set up research centers specializing in Islamic economics, and major financial institutions have become actively involved in Islamic finance and have greatly contributed to improving the sophistication of its financial products. Therefore, it can be said that Islamic economics and related practices revived in the modern era have been led by the collaboration between the Islamic world and Anglo-Saxon countries. This presentation refers to this as “Islamic and Anglo-Saxon path of Islamic economics.” Apart from mainstream Islamic economics, there are countries such as Japan and France that have fostered their own traditions of “Islamic economic studies” (The presentation does not refer to this as “Islamic economics”). Islamic economic studies in these countries do not necessarily directly contribute to the development of Islamic economic practices but have produced original research from their own perspectives, taking advantage of the relative separation from the subject. This presentation attempts to trace the traditions and development of Islamic economic studies in Japan and France. It examines how we can utilize and develop such intellectual heritage for this brand-new research project on the Islamic economy based in France with Japanese researchers.

Sufi Entrepreneurs in Central Asia: From National to Transnational Networks

By Yana Pak (EHES)

Since the 1970s, after the oil boom, the Islamic economy has grown significantly. Through the transformation and confessionalization of solidarity groups in Kazakhstan, we will try to see if the islamized economy offers a new framework of economic organization and redistribution of wealth, valuing and mobilizing both, private initiative and solidarity, on the scale of the whole social body. This paper, based on fieldwork research conducted in Kazakhstan between 2014-2016, explores how Halal economies and Muslim entrepreneurs are being driven not only by market demands and economic opportunities, but also by religious thinking and contest, which leads progressively to the emergence of new forms of non-institutionalized organization, nourished by Islamic values. And how local national branches of Sufi businessmen from Central Asia, Turkey and Europe are connected to the transnational network of Sufi Brotherhood.

Mapping Islamic Leisure Travel in Non-Islamic Countries: Discussion of Halal Tourism from an East Asian Perspective and Beyond

By Shin Yasuda (Takasaki City University of Economics)

In recent years, halal tourism and Muslim tourists have been widely recognized in the tourism industries of East Asian countries such as Japan, South Korea, Taiwan and China, and have gained a certain popularity within the field. Local governmental institutions as well as tourism industry representatives in these countries have actively promoted the development of this market, making Muslims and Islam much more visible in the East Asian tourism industry. However, there is a lack of large Muslim populations and knowledge about Islam in East Asia; consequently, the description of halal tourism, Muslim tourists, and Islam vis-a-vis tourism activities frequently encounters difficulties with miscommunication among stakeholders, who are mostly non-Muslims. In the discourse on halal tourism in these countries, however, there is a new and increasingly quite significant demographic initiative, which includes social and financial networks to establish positive experiences for both the host and guest communities.

Previous studies, however, have focused on the importance of halal consciousness regarding individual Muslim tourists by analysing their motivation and satisfaction from the perspective of consumer behaviours and service-marketing management. As a result, these studies have trivialised the social impact of these activities by limiting them to the individual sphere and have thereby overlooked the broader influence of halal tourism. Indeed, the discussion of halal tourism inside and outside Muslim communities should not be limited to individual Muslim tourists; rather, the social effects of Islamic values, i.e., "Islamic leisure," on host communities and other Muslim tourists are of greater significance. In this sense, halal tourism can be described as an investment in social dynamics that can reconfigure the existing perspectives and experiences of both host and guest communities.

This presentation, therefore, explores the import of Islamic leisure by analysing the emerging social phenomenon of halal tourism in East Asian countries—and in particular, the social impact of halal Muslim financial influence and social networking.

Presentation of Speakers



Mohammed-Hocine Benkheira After teaching at the Universities of Oran, Algier and Rouen, Hocine Benkheira was elected to the EPHE, to the Section of Religious Sciences, in 1999 lecturer, and in 2007 director of studies. He holds the Chair *Training Legal Doctrines and Ritual in Islam from the 7th to the 15th century*. He published *L'amour de la Loi. Essai sur la normativité en islam* (PUF, 1997), *Islam et Interdits alimentaires : juguler l'animalité* (PUF, coll. « Pratiques théoriques », 2000) et *La maîtrise de la concupiscence. Mariage, célibat et continence sexuelle en islam, des origines au XVI^e siècle* (Vrin, collection « Etudes musulmanes », 2017). In collaboration, he published *L'animal en Islam* (Les Indes savantes, 2005) and *La famille en islam, d'après les sources arabes* (Les Indes savantes, 2013). He is also a member of the Editorial Board of *Studia Islamica*.



Frédéric Coste is an associate doctor at CERI-Sciences Po. He holds a PhD in Political Science obtained in 2015 at the IEP of Paris, on Islamic economics and finance. For the past four years, he has co-hosted a seminar on «Islam and the new spirit of capitalism» at EHESS / IISMM. He also teaches international political economy at the Ecole Polytechnique and Sciences Po. His works have been published in *Studia Islamica*, *Revue des mondes musulmans et de la Méditerranée* (REMMM), *Revue du Mauss*.



Mohamed Aslam Mohamed Haneef, Ph.D is currently Professor at the Department of Economics and Director, Centre for Islamic Economics, International Islamic University Malaysia (IIUM). He received his PhD from the School of Development Studies, University of East Anglia, UK. He was Fulbright visiting scholar at the Center for Muslim-Christian Understanding, Georgetown University, US from September-October 1996 and held a Commonwealth Fellowship at the Oxford Centre for Islamic Studies (1999-2000). He has published books and articles and conducted research in various areas of Economics, Development Studies and Islamic economics. Current research interests in socio-economic impact of awqaf and social economics/finance.

He is also actively involved in numerous public and private executive training programs, specializing in Islamic economics and contemporary development issues. Editorial Board member for IIUM's Journal of Economics and Management Sciences from 1997-2010, advisory member since 2010 and its Chief Editor from July 2005- December 2008. Also Editorial Board member of Intellectual Discourse July 2008- Dec 2014. Appointed Executive Committee Member, International Association for Islamic Economics (IAIE), 2012 till present and International Council of Islamic Finance Educators (ICIFE), 2014 till present. Investment Committee member for Affin Islamic Funds 2001-2014 and PMB Investment Berhad, 2016 to date.



Kaouther Jouaber-Snoussi is Doctor in Finance and a Senior Lecturer of Finance at Université Paris-Dauphine, PSL Research University, CNRS. She is member of DRM-Finance research center. She has co-founded and is Program Director of the Executive Master "Principles and Practices of Islamic Finance" since 2009. Head of finance teaching at the Paris-Dauphine Management Bachelor's Degree, she is also involved in several Masters of finance of the University. She is the author of many papers and books on Islamic finance, corporate finance and microstructure of financial markets. Her research area is covering the microstructure of financial markets, market regulation and Islamic finance. Most of her recent research focuses

on the underlying stock market quality upon option listing. She is also developing research on the performance of Islamic finance institutions and mutual funds.



Bochra Kammarti is a PhD student at the Ecole des Hautes Etudes en Sciences Sociales (EHESS) of Paris. Bochra Kammarti graduated from the University of Granada (Spain) and the University of Leipzig (Germany) in sociology, political sciences and cultural studies. She obtained her Master's degree in Social Sciences from the EHESS. The central theme of Bochra Kammarti's research is the presence of Islamic religious patterns in secular context. After obtaining her Master's Degree on the contemporary phenomenon of veiled women in Tunisia, she continues her studies in a PhD program, focusing on one hand on the emergence of Islamic finance in Europe and on the other hand on the articulation between religious beliefs and financial, economic practices. In 2010, she joined the ERC research project [EUROPUBLICISLAM](#) directed by Nilüfer Göle as research assistant until 2012. Since 2017, she participates in the IEG project Norms, Practices and Politics. Islam in Europe in the global era, directed by Nilüfer Göle and to the IEG project Global Islamic Market: Asian Perspectives on the Diversity of Capitalism, directed by Sébastien Lechevalier.



Shinsuke Nagaoka is an Associate Professor at the Graduate School of Asian and African Area Studies, Kyoto University, Japan. He has M.A. in Economics from the University of Tokyo (2004), and a Ph.D. in Islamic Area Studies from Kyoto University (2009). He has studied Islamic economics & finance from the interdisciplinary aspects; economics, history and Islamic studies. His major publications are *A Study on Islamic Finance in the Modern World* (in Japanese, The University of Nagoya Press, 2011) and *Islamic Economics and Finance in Action: Inventing a New Universal Paradigm* (in English, Brill, 2019, forthcoming).



Yana Pak trained in Sociology at the University of Sorbonne Paris IV, hold her MA on « Islamic Finance and Economic Habitus of Muslim Entrepreneurs ». PhD candidate since 2013 at EHESS-CETOBaC, her thesis « Network of Sufi Entrepreneurs in Central Asia » aims to analyze the emergence and confessionalization of new forms of solidarity groups nourished by islamic values, by focusing on Islamic economy in the post-Soviet Central Asian context with national and trans-national prospects. Currently she coordinates the seminar at EHESS-IISMM « Islam and New Spirit of Capitalism ».



Shin Yasuda is Associate Professor at Department of Tourism Policy, Faculty of Regional Policy in Takasaki City University of Economics, Gunma Prefecture, Japan. He got BA in History at Sophia University in Tokyo, Japan and MA and Ph.D. in Area Studies at Kyoto University, Kyoto, Japan. His research interests includes Islamic tourism and religious tourism in Islamic countries, history of tourism in the Middle Eastern countries, and theoretical studies in religious tourism, anthropology of tourism and sociology of tourism. He edited the book titled *Religious Tourism in Asia: Tradition and Change through Case Studies and Narratives* (CABI Religious Tourism and Pilgrimage Series) with Razaq Raj and Kevin Griffin.