



Diversity of Asian Capitalisms: An Islamic Pattern Its Principles and Practices

April 9th 2019, 14:00 - 18:15

Paris Dauphine University, Amphitheatre A11

Place du Maréchal de Lattre de Tassigny, 75016 Paris

Elaborated on the principle of the genuine logic for “equity” instead of indebtedness, an Islamic model on economy was implemented since the mid-1970, firstly in the Gulf region and then in the South-East Asia, especially Malaysia. Since then, so-called Islamic capitalism has prospered and sees today the emergence of the “Islamic market”, consisting of industries that provide the products or the services based on and regulated by Islamic normativity.

In this workshop, we will focus on the theoretical and practical aspects of the contemporary Islamic Economics, especially one of its today’s major challenges, which is the gap between its ideal principles and practical reality. To what extent is it legitimate to be commercial and profit-oriented by utilizing the Islamic normativity in the Islamic financial services? How do we cope with emerging challenges, such as hyper-financialization of Islamic finance? What is at stake in applying it onto today’s contemporary context where the interface between the Islamic norms and the secular norms blurs in the process of globalization? How to cooperate with the Muslim-minority environment in the non-Islamic and secular states? And does the implementation of Islamic pattern of economy encourage the Islamization of consumers’ religious practices or not?

Co-organized by the Fondation France-Japon de l’EHESS and Paris-Dauphine University, this workshop will explore how a religious value and norm transform the economic dynamics and challenge the global economic market. By doing so, we will be finally interested in examining this Islamic pattern(s) of economic practices from the perspective of the diversity of Asian capitalisms.

Programme

14:00 - Welcome address

Session I: Aspiration and Reality of Islamic Economics & Finance

Discussant: **Kaouther Jouaber-Snoussi** (Paris Dauphine University)

14:10 - Islamic Moral Economy and the Performance of Islamic Banking and Finance: A Theoretical and Critical Approach through Institutional Economics

Mehmet Asutay (Durham University)

14:50 - How Can We Overcome the Financialization of Islamic Practices? Issues and New Horizons'

Shinsuke Nagaoka (Kyoto University)

15:30 - Discussion

16:00 - *Coffee Break*

Session II: Dynamics of Islamic Finance in Asia

Discussant: **Kader Merbouh** (Paris Dauphine University)

16:20 - A Socio-historical Reading on Islamic Finance in Malaysia: From a Political Instrument to a Comparative Advantage (Modalities and Conditions)

David Delfolie (Panthéon-Sorbonne University)

17:00 - Islamic Finance: Basically, an Asian Phenomenon

Anouar Hassoune (West Africa Rating Agency)

17:40 - Discussion

List of Communications

Islamic Moral Economy and the Performance of Islamic Banking and Finance: A Theoretical and Critical Approach through Institutional Economics

Mehmet Asutay (Durham University)

Islamic economics movement emerged as part of Islamic identity search in an attempt to develop an authenticated Islamic model of economic life through Islamic value system and normative principles. In this emancipatory-and-empowerment oriented paradigm, system of Islamic economy is constructed around tawhidi (unitary and complementarity) knowledge base of Islam to essentialise a human centred development in harmony with the development of other stakeholders so that an integrated development within complementarity nature of knowledge can achieve this unitarity in an embedded manner. The main institutionalisation of Islamic system of economy has been the emergence of Islamic banks and financial institutions. However, the performance of Islamic finance and banking institutions so far indicates that they have been successful in 'moving and accumulating capital' with the help of Islamic metaphors, while they have failed to achieve the Islamic objective of transforming the society. The consequence has been 'financialisation' as opposed to embeddedness through through the grafting process of institutional emergence. This paper hence aims at critically identifying the financialisation in and dis-embeddedness through Islamic finance and aims to explore the Islamic modes of production as an alternative reading and institutional logic in developing an embedded institutional form in economy and financing (as opposed to financialisation).

A Socio-historical Reading on Islamic Finance in Malaysia: From a Political Instrument to a Comparative Advantage (Modalities and Conditions)

David Delfolie (Panthéon-Sorbonne University)

Malaysia is one of the leading countries for Islamic finance. This situation is the result of a proactive action by the government, which then found convergence with the growth dynamics of the economic players concerned. Thus, initially institutionalized for internal political motivations, the development of the syariah-compliant sector gradually strengthened to become a real comparative advantage of the country. This evolution, made possible by an important normative work, is a salient example of the process of diversification of capitalism that emphasizes its modalities and conditions.

Islamic Finance: Basically, an Asian Phenomenon

Anouar Hassoune (West Africa Rating Agency)

The contribution focuses on the ethical dimension of Islamic finance, which is based on a series of principles (what it must do) and on a series of values (why it must do so). Islamic finance has been a resounding success over the past four decades, growing from initially negligible amounts to more than US \$ 2000 billion of assets today. Geographically, Islamic finance remains an essentially Asian phenomenon, based on two "hubs": one in Malaysia, the other in the Middle East, especially in the Persian Gulf. In this context, Japanese banks have also deployed offers of Islamic finance, mainly to "speak the language of their Muslim customers". But Islamic finance is not a panacea: it remains dependent on a number of limitations that only innovation and human capital will overcome.

How Can We Overcome the Financialization of Islamic Economic Practices? Issues and New Horizons'

Shinsuke Nagaoka (Kyoto University)

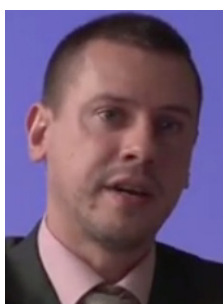
The rapid growth of Islamic finance after 2000 has led to a new question on its practice. Critics of the current situation of Islamic finance contend that the newly developed Islamic financial products are not compatible with the ideal of Islamic economics. In order to overcome this situation, several new ideas were proposed by them. This lecture identifies these new trends called «New Horizons'» in Islamic economics, and considers the characteristics of the trends and its historical implications.

Presentation of Speakers



Mehmet Asutay is a Professor of Middle Eastern and Islamic Political Economy & Finance at the Durham University Business School where he is the head of several Islamic Economics and Finance projects and institutions. His research interests include Islamic moral economy/Islamic economics, Islamic political economy, Islamic finance and banking, Islamic governance and management and the Middle Eastern political economies. His latest publications are: *A Model for Islamic Development: An Approach in Islamic Moral Economy* (with Shafi Jan) (2019), *Mapping the Risks and Risk Management Practices in Islamic Banking* (with Wael Eid) (2019).

His recent research includes the construction of Islamic moral economy and Islamic political economy; and their articulation in economic and sustainable development. In addition, his research focused on locating Islamic banking and finance within the expressed ideals of Islamic moral economy by essentialising sharing and collaborative economy nature of Islamic finance. Mehmet is also involved in empirical research in various aspects and dynamics of Islamic banking and finance as well as examining the political economy determinants and consequences of various Islamic finance industry development models.



David Delfolie is doctor in Sociology (Paris 1), researcher attached to IDHES-Paris 1 and associated with IRASEC (Bangkok). He is also the co-director of Institut Pondok Perancis (Kuala Lumpur), a lecturer at Sciences Po Lille and a member of the editorial board of the revue *Dynamiques Internationales*.

His work mainly focuses on Malaysia's contemporary socio-political history and current developments, in particular on local Islam, Malay politics and Foreign relations. Secondly, he works on some aspects of Asian regional integration dynamics and sociology of diplomacy (France) too.



Anouar Hassoune is the Chairman and CEO of West Africa Rating Agency (WARA) in Senegal, the Managing Partner of Emerging Markets Ratings in Dubai, and the Managing Partner of Euris Group in Luxembourg. He is an international expert in Islamic finance.

From 2012 to 2015, Anouar Hassoune used to be the Head of Corporate Research & Strategy for MENA at The Bank of Tokyo-Mitsubishi UFJ, in Dubai, where he was also in charge of setting up the Bank's Islamic window. From 2001 to 2008, he was an Associate Director with another global rating agency, namely Standard & Poor's. He teaches Islamic Capital Markets at Paris Dauphine University.



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).