

Debating Form, Consuming Substance: Halal Authenticity in Malaysian Islamic Finance

Daromir Rudnyckyj
University of Victoria

ABSTRACT

In the past decade Malaysian planners have taken steps to create an “Islamic Wall Street” in the country’s capital, Kuala Lumpur. They seek to position the country as the central node in a transnational Islamic financial system. This essay argues that Malaysia’s Islamic finance project has made economic action a site in which debates over practical matters of Islamic comportment are articulated. It describes how Islamic finance professionals often make analogies between Islamic economic action and Islamic dietary practices. Experts and planners compare the prohibition against interest (*riba*) to restrictions on the consumption of meat that is not slaughtered according to religious prescriptions (*halal*). I illustrate how Islamic finance in Malaysia is riven by questions over the extent to which compliance with economic directives in Islam’s central texts, the Qur’an and the hadiths, is constitutive of proper religious comportment. These concerns stem from whether, in Islamic finance, halal authenticity can be achieved through formal observance or whether Islamic economic action entails adherence to substantive principles. As such, the comparison between consuming Islamic financial products and maintaining a halal diet offers a window into the broader debates in which Muslims are enmeshed as they seek to reconcile Islam with various dimensions of modern life.

In November 2013, I sat in the audience while Ridzuan, the CEO of Mega Islamic Bank, one of Malaysia’s largest Islamic banks, addressed an audience at the International Center for Education in Islamic Finance (INCEIF), Malaysia’s “Global University of Islamic Finance.”¹ He was delivering what the university called an “industry talk” to faculty and students about extensive reforms that the Malaysian parliament had made to the country’s laws governing Islamic finance and the implications of those reforms. Ridzuan spoke carefully—many of the faculty and students he was addressing were critical of the practices of Islamic

financial institutions such as Mega Islamic, despite the fact that many of the students hoped to start careers in Islamic banking following their graduation from the university. I had first met him nearly four years previously when he was the chief executive of an initiative led by Malaysia's Central Bank, the Securities Commission, and Bursa Malaysia (the country's stock exchange) to develop Islamic banking in the country.

Ridzuan's presentation focused on reforms to Malaysia's Islamic banking laws that had been passed earlier in the year by the country's parliament, but toward the end of his remarks he expressed what I recognized as a familiar frustration with what he saw as a contradiction in the piety of those he sought to attract to his bank. With no shortage of exasperation he said, "Malaysian Muslims go out of the way to consume halal food. They're always checking the labels for a halal logo, but then they walk into a conventional bank and don't blink an eye." Frustrated by the general ignorance about the religious permissibility of certain economic practices, he related an experience that had followed a previous presentation on Islamic finance he had delivered. "A man came up to me afterwards with a shocked expression and told me 'I took a conventional loan to finance my son's studies at Al-Azhar!'"² The audience chuckled smugly as he described the man's troubled dispositions upon realizing that he had contravened Qur'anic injunctions by funding his child's education at one of the world's most renowned centers of Islamic scholarship with an interest-based loan in transgression of one of the most serious injunctions articulated in the Qur'an.

The exasperated invocations of the CEO illuminated a central problem invoked by Islamic finance professionals. As the industry has robustly expanded, and Islamic financial institutions survived the 2008 global financial crisis relatively unscathed, a spirited debate erupted about what the implications of the adjective "Islamic" for the noun "finance." This problem was articulated in an oft-repeated analogy that compared dietary habits to financial practices. Like the CEO, many other financial professionals in Malaysia lamented the fact that although they thought Malaysian Muslims were exceedingly fastidious regarding religious prescriptions for consumption, they were far less observant when it came to commercial matters, especially financial practice. Thus, they regularly referred to the fact that many of their compatriots avoided alcohol and pork with steadfast determination and doggedly inspected the labels of packaged food for the halal logo that certified approval by Malaysia's Islamic Development Department (Jabatan Kemajuan Islam Malaysia, known as JAKIM). However, finance practitioners were flummoxed by the ignorance of these ostensibly pious Muslims when it came to religious prescriptions for economic action, especially the strongly-worded Qur'anic injunction against interest. They felt that these citizens showed markedly less concern for religious probity when it came to opening a bank account, shopping for a home loan, or applying for a credit card, compared to when making dietary decisions.

Although based on principles articulated in the Qur'an and other classical Islamic texts, Islamic finance is a relatively new project that seeks to comply with religious injunctions for economic action. The core tenet is that any financial transaction involving interest-bearing debt is prohibited: a principle pronounced no fewer than five times in the Qur'an.³ The first modern Islamic bank was only established in the penumbra of the slowly receding shadow of colonial rule in the 1960s in the Middle East. Malaysia was a relative latecomer to Islamic finance, launching its maiden Islamic bank in 1983. Nonetheless, today, the state is seeking to position the country as a global "hub" for Islamic finance, a "gateway to the Islamic economy," and in the words of one participant in my fieldwork, "the New York of the Muslim world." This project is

occurring alongside efforts to make Malaysia what Johan Fischer, quoting former Prime Minister Abudullah Badawi, called a “global *halal* hub”.⁴ Fischer has described how this project entails not only the production of *halal* food but even more critically making the country the central site for the certification of *halal* products and the dissemination of *halal* standards.

Efforts to make Malaysia a global hub for Islamic finance started in the early 2000s when the former Prime Minister, Mahathir Mohamad, successfully lobbied the Organization of the Islamic Conference (OIC) to locate the headquarters of the Islamic Financial Services Board in Kuala Lumpur. The board is responsible for developing global standards for Islamic finance and is analogous to the Basel Committee in conventional banking. The Central Bank has also made a massive investment in the knowledge infrastructure of Islamic finance, spending over US\$200 million to establish what have become the world’s leading institutions for research and postgraduate education in Islamic finance. These organizations have attracted many of the leading scholars, researchers, and practitioners in this field to Malaysia from around the world. Finally, the country has sought to spur growth and innovation by opening its borders to competition from Islamic financial institutions headquartered in the Persian Gulf region and elsewhere. The initial iteration of Malaysian Islamic finance, beginning with its establishment in 1983, was enlisted in the Malaysian state’s affirmative action project, which sought to improve the economic fortunes of the majority-Muslim Malay population by integrating them into the national economy. Dating to the colonial period, Malays had been limited from full participation in capitalist forms of exchange. Thus, although they constituted a majority of the population, they were worse off economically in comparison to people of Chinese and European descent. However, in the past decade, and commensurate with shifts in both domestic politics and global commerce, Islamic finance has been reformulated to elicit entrepreneurial dispositions among the Muslim Malay population.⁵ This majority population is perceived by some to have become complacent and entitled due to affirmative action policies that afforded them privileged access to state largesse.⁶

In a broad sense, the Malaysian state’s ongoing efforts to develop the world’s most comprehensive system of Islamic finance is part of what has been identified as a broader state sponsored project of Islamization.⁷ Islamization has broadly sought to reconcile Islam with modern institutions of government and commerce. Indeed, Islamic finance also questions the presumption that economic action is necessarily secular. The anthropologist Talal Asad pointed out that modernity was premised on the designation of distinct spheres of life in which religion could be neatly cleaved from domains such as politics or economics.⁸ However, today Islamic finance calls this separation into question as institutions, such as banks and insurance companies, and domains of action, such as commerce and business, that once may have been presumed to be secular, are subject to the intricate task of reconciling domains of knowledge and practice that modernity represented and practiced as separate. In this sense, Malaysia’s Islamic finance project illustrates how contemporary Muslims are actively working to adapt modern institutions and practices to imperatives of Islamic action.⁹

Efforts to reconcile Islamic practice and piety with modern forms is a practical outcome of what has been called the “Islamization of knowledge.”¹⁰ Originally proposed by the Malaysian scholar Syed Muhammad Naquib al-Attas,¹¹ this intellectual movement sought to reconcile various fields of modern knowledge, such as science or economics, with Islamic religious principles. Malaysia’s Islamic finance project is a practical effort to bring the Islamization of knowledge into being and presumes that domains of knowledge presumed

to be secular, such economics or finance, in fact could be reconceived in Islamic terms.

This essay argues that Malaysia's Islamic finance project has made the economy a domain in which debates over practical matters of Islamic comportment are conducted. It describes how Islamic finance professionals such as the CEO quoted above frequently make analogies between Islamic economic action and Islamic dietary practices and note that Islamic banking and halal food consumption both share common origins in Islamic law. It details how these experts compare the prohibition against interest (*riba*) to restrictions on the consumption of meat that is not slaughtered according to religious prescriptions. The essay documents the recurrent consternation of Islamic bankers as they are confronted by evidence that, while Malaysian Muslims are exceedingly fastidious in ensuring that their dietary practices are halal, they exhibit far less discipline and reflection when it comes to ensuring that their financial practices are compliant with Islamic prescriptions. Building on Fischer's work on halal labeling and food certification, I seek to demonstrate similarities between the branding of halal food and Islamic financial services. I illustrate how Islamic finance in Malaysia (and beyond) is riven by questions over the extent to which compliance with economic directives in Islam's key texts, the Qur'an and the hadiths, is necessary for proper religious comportment. As such, the comparison between consuming Islamic financial products and maintaining a halal diet offers a window into the broader debates in which Muslims are enmeshed as they seek to reconcile Islam with various dimensions of modern life. Furthermore, I seek to show how this comparison precipitates another set of animated debates over the "Islamicity" of Islamic finance. That is to say, deliberations regarding the extent to which Islamic banking indeed fulfills the religious and moral principles found in Islam's central texts.

In addressing questions of the Islamicity of Islamic finance, I contribute to recent social scientific work on Islamic finance.¹² Arguably, the prevailing question in these approaches to Islamic finance has been to evaluate the extent to which Islamic finance offers a genuine alternative to conventional finance or merely represents a superficial façade.¹³ Building on this work, I conclude that the apparent paradox between, on the one hand, inattention to Islam in economic action and, on the other hand, hyper-attention in dietary practice is rooted in the relative complexity of practices of creating halal financial products as opposed to halal food, and uncertainty about the Islamicity of Islamic finance stemming from the common criticism that it is "not really Islamic." Ultimately, the difference in the respective consumption of halal food and Islamic financial products reveals the challenge to devising alternative financial infrastructures.

My argument is primarily based on observation of, and interviews and participation with, four key groups of experts active in Malaysian Islamic finance. This research took place between 2010 and 2015. The experts included: banking regulators, *shariah* scholars, practitioners, and Islamic economists. These groups are "native categories" insofar as this is how members would identify both themselves and others who worked in the industry. Regulators are primarily employed by either the Malaysian Central Bank or the Islamic Financial Services Board, and create the laws and standards that govern Islamic finance in Malaysia and around the world. *Shariah* scholars generally hold specialized training in the discipline of Islamic jurisprudence (*fiqh*) and are hired by Islamic financial institutions to sit on committees that evaluate and approve the products offered. These jurists must be fluent in Arabic and hold degrees in Islamic sciences, often from institutions of higher education in the Middle East, such as Medina University or Al-Azhar in

Cairo. The responsibility and actions of shariah scholars perhaps most distinguishes Islamic finance from its conventional counterpart, as it would be somewhat analogous to having a group of Christian clergy and theologians tasked with approving the products offered by Citibank. The third group with which I engaged were practitioners. This group included executives and employees of actual banks financial institutions, such as the ones I mentioned earlier. Finally, I interacted with self-described “Islamic economists” who typically had advanced degrees in conventional economics from departments in the United States or Europe and hold positions at universities or work in institutions such as the World Bank or IMF. Islamic economists emphasize the compatibility of Islam and secular economics, but were generally more comfortable deploying the theories and mathematical models of economists such as Keynes, Friedman, and Irving Fischer, rather than the hermeneutic methods deployed by the shariah scholars.

As Islamic finance has expanded rapidly in Malaysia and other Muslim-majority countries, this growth has been accompanied by a broad reflection over the relation between Islam and Islamic finance. Ethnographically, these questions were evident in two distinct problematizations. On the one hand were the questions practitioners, such as the CEO, raised about the sincerity of the piety professed by Malaysian Muslims who sought to keep halal diets but did not participate in halal banking. On the other hand, some Islamic scholars and Islamic economists argued that Islamic finance was insufficiently Islamic. Shariah scholars invoked the failure of Islamic finance to fulfill the *maqasid* (objectives of shariah), whereas Islamic economists argued that Islamic finance failed to meet religious prescriptions for economic action evident in the Qur’an.

Through examination of debates over the Islamicity of Islamic finance in which these experts engaged, this essay argues that the spectacular growth and rapid development of Islamic finance in Malaysia has made economic action a site for the articulation of debates over proper religious comportment. Today Islamic finance is a domain in which debates over what constitutes proper Islamic practice are articulated, which in part marks its distinctiveness in contrast to conventional finance. For example, in North America or Europe it is virtually inconceivable to question the religious morality of a home mortgage or hear the CEO of a major bank discussing the finer points of religious law. However in Malaysia these are relatively common occurrences and Muslim dietary prescriptions constitute a key reference point for debating the Islamicity of Islamic finance.

RITUAL FORM AND THE CONTENT OF ISLAMIC DESIGNATION

The tension between form and content is evident in both financial action and dietary practice. In debates over the Islamicity of Islamic finance, experts often invoked the distinction between form and substance to make claims about the authenticity or inauthenticity of products and practices. As the anthropologist Bill Maurer has described, one of the most contentious issues in contemporary Islamic finance is whether it is Islamic in both form and substance.¹⁴ The problem of halal designation was a frequent subject of analogy in debates over whether Islamic finance met religious requirements in form or in substance. I was struck by how frequently Islamic finance experts would make analogies between consuming halal food and using Islamic banking products.

In Malaysia today the halal designation is being deployed in a multi-billion dollar food industry in which halal labels are mobilized to instill and sustain Muslim subjectivities.¹⁵ As Johan Fischer has shown, halal labeling—a practice whereby institutions are granted authority by states to denote food and other commodities as permissible for consumption by Muslims—has become a potent means by which the Malaysian state has sought to confer a pious Islamic identity on so-called “indigenous” Malaysians. Even ex-patriot Malaysians living as far afield as the United Kingdom are interpellated as Muslims by the state through the halal label.¹⁶ The state has further sought to capitalize on halal labeling by making the country a global center for halal certification.

Indeed, halal labeling has been a topic instrumental to cultural politics in Malaysia. A series of widely publicized events in which the authenticity of foodstuffs labeled halal has been questioned have precipitated moral panics in Malaysia. For example, in 2014 widespread panic ensued when the Ministry of Health suggested that chocolate produced by the multinational food giant Cadbury may contain traces of porcine DNA.¹⁷ Other food scares in Malaysia have included anxiety over whether the casings for sausages labeled halal and flavor enhancers, such as DNA, may be sourced from pork. JAKIM, the government agency responsible for halal food labeling, has publicly emphasized its monitoring of food to ensure that it is permissible for Muslims to consume. As Johan Fischer has shown, public concerns over the authenticity of the halal logo and the state’s appointed role as the arbiter of permissibility has served as a potent means to discipline a transnational population and ensure their participation in the state’s authorized form of Islamic practice.

The designation of halal food served as an important precedent in formalist arguments in support of Islamic finance. Nuraini, a former high-level Islamic banking executive, told me that she would often argue about the integrity and legitimacy of Islamic finance with her husband. She recalled him protesting, “Look, this Islamic banking is the same as the conventional one.” In turn she would respond by distinguishing the substance of a chicken from the ritual practices that made it halal, replaying, “You may be eating the same kind of chicken, but one is halal and one is haram...You may think it is the same, the chickens look the same except that one is slaughtered using the phrases of Allah and the other one is not!” Thus, just as halal chicken might look the same as a non-halal chicken, an Islamic financial instrument might look the same as a conventional one, but in fact the Islamic version was transformed through speech acts that distinguished it from the conventional version.¹⁸ The context in which a particular comestible was turned from a natural object into a cultural one made all the difference in enacting these distinctions.¹⁹

Sheikh Ibrahim, an activist and critic of some of the practices of Islamic banks in Malaysia, also made the analogy between halal food and halal financial practices. Ibrahim held a university degree in tourism from a technical school, but he did not possess a university degree in Islamic sciences and thus did not have the proper credentials to be considered for a position on a shariah board as a shariah scholar for an Islamic financial institution. However, he was proud of the fact that he possessed an *ijazah*, which literally translates as “permission” and refers to the authority to teach and preach Islam that one receives from studying with a recognized Islamic scholar.²⁰ His father had been a respected scholar and traced his scholarly lineage (and religious authority) back to the prophet Muhammad.

Ibrahim argued that fiqh scholars focused too much on the formal questions of the permissibility and impermissibility of contracts, whereas other branches of shariah, associated with the principles of *tawhid* and *tassawuf*, looked at the substantive values and ethical principles endemic to Islam. Ibrahim told me:

The problem with Islamic banks today is that the scholars have only looked to fiqh and ignored the other branches of shariah: *tawhid* and *tassawuf*.²¹ Fiqh scholars just look at the rules, but *tawhid* scholars look at the logic [behind the rules]. *Tassawuf* scholars' specialty is *roh* [spirit] and questions of intention and sincerity. A fiqh scholar will look at a chicken and only ask if it was slaughtered according to fiqh rules. But a *tassawuf* scholar will look at how the chicken was raised, where the money to buy the chicken came from, and so forth. Fiqh is just rules for the sake of rules, whereas *tassawuf* is more holistic!

Ibrahim's criticism of the emphasis on formal rules by Islamic scholars who authorize Islamic instruments and devices for the industry echoes that of others who have disparaged Islamic finance for a narrow focus on fiqh requirements. These critics assert that, in the practice of Islamic finance, shariah has been narrowly equated with fiqh and has thus been "rule bound."

As Ibrahim suggests by making the analogy with the processing of halal meat, fiqh scholars have been criticized for having "tunnel vision" and being unable to see what one of my interlocutors called "the big picture." In this sense they address the formal properties of Islamic financial products based on criteria for what is permissible (halal) and impermissible (haram), rather than taking into consideration broader issues of justice, equality, and other substantive religious principles. Thus, testing for shariah compliance is less an exercise in religious interpretation and instead resembles more a technical process based on this binary logic of permissibility and impermissibility. Ibrahim's critique echoed the arguments of scholars such as Aria Nakissa who have shown that a preoccupation with form is common in Islamic legal education.²² In making this argument, Ibrahim alleged that the narrow fiqh-bound focus of shariah advisory in Islamic finance was itself an effect of western colonialism that sought to distill Islamic law into a codified system of rules.²³ For evidence, he cited the appointment of Muhammad Abduh by Lord Cromer as the sheikh of Cairo's Al-Azhar University in Cairo, noting that Abduh "got rid of all the sciences and only focused on religious knowledge" thus the focus on formalistic "matters of ritual" to the exclusion of theological values.

Hamza, a CEO at one of Malaysia's largest Islamic banks, also invoked halal butchering in revealing how formal practices were deployed in Islamic finance. He explained to me that the only difference between a halal chicken and non-halal chicken was the manner in which it was butchered. He said "the taste is the same, the chicken looks the same, the only difference is that a prayer was recited during the slaughter and the animal was killed in a particular way." But once the two chickens "get to the supermarket they are virtually identical...If it tastes the same, why bother buying a halal chicken?" Hamza felt that this focus on form was not sufficient to differentiate Islamic finance from its conventional counterpart. He stated, "where Islamic finance wants to go is to reach beyond form to substance." Thus, Islamic finance had to go beyond the methods of the halal food industry that created permissible consumables through ritual forms such as prayers and methods of butchering, but in the end created products that looked and tasted the same as their conventional counterparts.

Hamza looked to the organic food movement as a model for how the Islamic financial industry might get “beyond form to substance.” He suggested that the justification for Islamic finance should not be based on claims to religious authenticity, but rather on the fact that Islamic economic principles improved human life. Thus, rather than creating a halal chicken, Islamic finance should in his words endeavor to create a “free-range chicken” which “tastes better, is better for you, and is better for the environment.” With the utmost sincerity he cautioned that a free-range chicken was “more expensive” than a factory-farmed chicken, but he argued that higher-quality meat consumed less frequently would have a cascading series of effects overall. He said:

the point of Islamic banking is, why eat chicken everyday? It's expensive, so you have to eat caged chicken! Now I only eat chicken twice a week, but its healthier, tastier chicken. So it's a choice. Whether you want chicken every day or two or three times per week. Healthier chicken [once in awhile] or unhealthier chicken everyday. I think our [parents] chose the second option...[but] eating meat everyday means the quality of the meat can only come down...By eating less we can give a chance for the farmers to achieve the same profitability but less volume, more space for the chicken, and better quality chicken. So less is more...I've actually started to take meat less since last year. So for lunch I normally stick to vegetarian food. Because I believe that if you start taking less meat, probably you can spend more money on better quality meat...its more nutritious, [and] healthier.

By changing the point of comparison from halal chicken to free-range chicken, Hamza was making an important point. Free-range chicken, in his words “reach[ed] beyond form to substance,” because it was healthier and more environmentally sustainable, whereas halal chicken differed only superficially from factory-farmed chicken. His point was that Islamic finance should become a true alternative to conventional finance, rather than simply offer a formal veneer under which lay conventional financial operations. However, he was also suggesting that this development would come at a cost: a truly alternative finance would require a price premium. Thus, one should expect to pay a bit more for an Islamic financial product, just as one expected to pay a bit more for sustainable food. Furthermore, Hamza implied just as a more sustainable economy would mean certain material sacrifices, such as consuming less meat, so too would an Islamic economy. In an Islamic economy, with less ready credit and slower if steadier growth, citizens would likewise have to make material sacrifices, just as they might already be doing by eating organic food.

Usman, an Islamic banker of Pakistani descent from Canada, who regularly came to Malaysia on business, also made an analogy between food and finance. He said that he thought that ultimately both conventional and Islamic finance would converge around the Islamic version because such a configuration would meet the criteria for efficiency demanded by industrial food production and thus would appeal to both Muslims and non-Muslims. He drew on an analogy from the meat processing industry to make this argument. He said that the Canadian company Maple Lodge switched their processing system so that all their poultry is halal, because it “doesn't matter for a non-Muslim whether meat is halal or not, because the meat is the same.” Apparently, oblivious to the furor sparked during the 2012 French presidential campaign when the far-right politician Marine Le Pen provoked upheaval by announcing that non-Muslims in France were eating halal

meat, Usman suggested that the convergence of conventional finance with Islamic finance was inevitable. He noted that Maple Lodge solved the problems of inefficiency by creating “two separate packaging streams, one with a halal label and one without” but “all the meat was halal.” Usman noted in countries like Canada, Islamic financial products could be priced higher than equivalent conventional products because “the community is willing to pay a premium” for a “halal product.” He based this contention with recourse to halal food, saying that Muslims in Canada were “used to paying a bit more for halal meat.”

Malaysia’s effort to make itself the hub of both halal food and finance and the ways in which Islamic finance experts compared these two domains revealed a key aspect of its development strategy. Both food and money are absolutely essential and inescapable practical features of modern life. Indeed, human life today is hard to envision without either. Food is an obvious subsistence necessity for human life and money has become one. It is virtually impossible to imagine a system of economic exchange in mass societies without money in some form. Thus, the state sought economic growth by making itself a central site for the certification of what made food and money Islamic.

Indeed, plans to transform Malaysia into a center of Islamic food and finance were part of a broader shift in development strategy. Whereas in the 1990s the state had sought to mimic trends in development that had been lucrative in the global North, such as cybertechnology and biotechnology, by the 2000s it became apparent that neither initiative had succeeded in Malaysia. Instead, the state identified the elements constitutive of modern life, food and finance, as domains that, once marked in religiously distinctive terms, could stand as sources of revenue in a global economy. Rather than representing the media of development as uniform across a global space, efforts to identify specific sectors, such as food and finance, as marked by specific religious norms, represents a discrete space of economic action. Thus, Islam is the sign under which an economic space is marked as operating according to separate norms from other sectors. Rather than trying to compete in the global food or financial sectors, with its long-established dominant players, efforts at creating halal finance and food draw boundaries around particular populations and mark them as part of distinct economies. By positioning Kuala Lumpur within a network of Islamic global cities, the state seeks to create an alternative global financial network under the sign of Islam.

THE SPECTER OF SOCIAL JUSTICE

The argument that Islamic finance is Islamic only in form, but not in substance, is perhaps most evident in the allusion that Hamza made to the *maqasid* or “purposes” of shariah law. The *maqasid* defines the shariah on five foundational goals: the preservation of religion, life, progeny, intellect, and wealth. Thus, a focus on the *maqasid* entailed examining Islam’s key texts, the Qur’an and the hadith, with the presumption that the ultimate purpose of these texts was to fulfill these foundational goals. As such, rather than resorting to the simple binary of permissibility and impermissibility on which the notion of halal was based, the *maqasid* sought to extract the meaning underlying the directives set forth in shariah.

Drawing on a renewed interest in the *maqasid* in Islamic studies, especially within the Muslim world, experts who advocate that Islamic finance should meet the *maqasid* objectives see it not just as the creation of a financial system, but as means of remaking society in broad terms.²⁴ The demand that Islamic finance should realize the *maqasid* was evident in a variety of public forums that I attended in Malaysia. One such

forum, consisting of papers delivered by shariah scholars, a number of whom served on the shariah boards of Islamic banks, was titled “International Conference on Sharia Objectives in Muamalat and Contracts.” The forum was sponsored by the Securities Commission and was hosted by the International Institute of Advanced Islamic Studies, a think tank based in Kuala Lumpur and directed by the renowned scholar of Islamic law, Hashim Kamali.

Younes Soulhi, a senior scholar who served on the shariah board of HSBC Amanah (the Islamic arm of the global banking giant HSBC) and is also a professor at IIUM, captured a widely-held sentiment at the forum. Soulhi, who is originally from Algeria but has lived in Malaysia for over two decades, argued that a focus on the objectives of the shariah would mean shifting away from formal complicity to a focus on the content of religious injunctions:

Thirty years ago the industry was just starting and we let form override substance, but today the industry is in a state of refinement. A focus on maqasid would take the industry back to its intentions, on the substance not the form. If we can develop a framework...we will see Islamic finance is moving in the right direction. When the corporate sector is maqasidi oriented, that will be an indication we are moving there. It would show that the Islamic finance industry would be more substance-based and prove that Islamic finance is doing the right thing.

Invocations of maqasid are one means by which shariah scholars seek to remake Islamic finance to make it stretch beyond mere economic functionality and to instead become a force for social change. While some seeking to reform Islamic finance criticized the legalism of the halal industry that privileged form over substance, Soulhi spoke in favor of the possibility of Islamic finance embracing social justice. By arguing that it should embrace extra-economic goals such as the preservation of religion, life, and knowledge, these experts sought to stretch Islamic finance beyond its heretofore narrow mandate of investment-costs-profit to domains of human life less easily quantified.

Insofar as maqasid sought to find the meanings behind directives in shariah, it resembled the interpretive approach of Islamic economists who sought to identify the economic rationale behind shariah directives. Shariah scholars looked to a centuries-long tradition of Islamic scholarship to determine the objectives of shariah and then sought to use those as a guide for Islamic banking. Thus, Islamic banking should seek the preservation of religion, life, progeny, intellect, and wealth. However, as one Islamic finance researcher explained to me, this directive went against prevailing economic convictions in so far as it was dedicated toward the preservation of wealth, not its expansion and growth. In this respect, many of those seeking to reform Islamic finance saw common cause with environmentalists advocating sustainable development and a “green” economy.²⁵

Those embracing the maqasid approach often framed their favor in terms of social justice. Indeed they saw Islamic finance as a means to further Islamic ideals, such as reducing poverty and increasing equality of opportunity. However, the Islamic economists who sought to extract the economic logic of shariah directives did not emphasize the social justice outcomes. They acknowledged that these might be a secondary effect, but they did not see them as the primary goal. Instead, these economists saw the primary objective of the

prohibition on interest as an endorsement of sharing risk equitably among members of society. Hence, their critique of debt, which they believed disproportionately allocated risk on to borrowers and taxpayers, and their endorsement of equity financing, which they saw as a superior tool for risk sharing.

HALAL RECOGNITION

A few conclusions can be reached about debates over the Islamicity of Islamic finance and how they were evident in discussions on the oppositions between halal and sustainable food on the one hand, and between fiqh and maqasid on the other. First, it is important to note that of the four groups of experts with whom I conducted research, the group that most often compared Islamic finance and halal food was Islamic finance professionals. This may have been due to the fact that, of the four groups, they were the only ones who regularly had to explain Islamic finance to a public with limited understanding of how it worked. Food was an easily interpretable means of making finance comprehensible. It also served as an already existing domain in which one dimension of modern life had been “Islamicized.” In earlier times, most food Malays consumed was locally produced and one did not have to worry about whether it was permissible. Indeed, it was halal by default. However, industrial food created a problem of recognition in which one could not be sure whether packaged food was permissible. The state created licensing boards that resolved the problem dietary permissibility through an official certification process. Islamic bankers hoped that consumers would transfer their efforts to keep a halal diet to their financial practices.

Therefore, these experts invoked halal food to argue that although instruments used in Islamic finance appeared to be the same as instruments used in conventional finance, the context of their creation marked their difference. Thus, both a chicken and a bond could be deemed permissible through the endorsement of a religious authority endowed with the power to designate what complied with shariah and what did not. Hamza, the CEO, took this a step further when he pointed out the limitations of this logic, stating that Islamic finance should not be content with the mere designation of permissibility, but should instead seek to achieve social and moral benefits. He couched this in terms of achieving fulfilling the maqasid (the intent of the shariah), rather than merely fiqh requirements.

Debates over whether Islamic finance is halal reveal how Muslims are asking themselves and each other about what denotes authentic Islamic practice. Scholars have focused on the key role of orthopraxy as a defining feature of Islamic piety, which emphasizes practice over belief.²⁶ That is to say, they have asserted that proper Islamic practice is more dependent on what one does (prays five times a day, avoids pork and alcohol, fasts during Ramadan) than what one believes. This contention is partly premised on the presumption that internal states are ultimately unknowable to all, except Allah. This perspective has enabled arguments that privileged form over substance and context over content. However, the recurrent reflection on authenticity in Islamic finance evident in comparisons to halal food reveals discontent with a formalistic approach to Islam. Indeed, efforts to ground Islamic finance in the maqasid (the purposes of the shariah) reveal a concern that external appearances be aligned with internal intentions and states.²⁷ In a different context, Webb Keane has observed that this concern is not so much a religious question, but indeed a question fundamental to modernity. Keane has shown that among recent Christian converts on the Indonesian island

of Sumba, authentic religious practice is increasingly defined through the concept of sincerity, which is the extent to which external appearances accord with internal states.²⁸ It appears that this is the explanation for repeated references to halal food in Islamic finance. Muslims are asking themselves and each other about whether Islamic finance is only a veneer superficially covering what are essentially the established practices of conventional banking or whether it might “reach beyond form to substance.”

NOTES

1 Ridzuan and Mega Islamic Bank are pseudonyms. To comply with the human subjects ethics requirements, I have used pseudonyms for directly quoted speech in this essay. In several cases I have also altered potentially identifying details to protect the identities of research participants.

2 Al-Azhar University is located in Cairo and has long been one of the most famous and well-respected universities in the Islamic world.

3 Bill Maurer, *Mutual Life, Limited: Islamic Banking, Alternative Currencies, Lateral Reason* (Princeton: Princeton University Press, 2005), 27.

4 Johan Fischer, *The Halal Frontier: Muslim Consumers in a Globalized Market* (New York: Palgrave Macmillan, 2011), 1.

5 Daromir Rudnyckj, “Economy in Practice: Islamic Finance and the Problem of Market Reason,” *American Ethnologist* 41, no. 1 (2014).

6 “Subjects of Debt: Financial Subjectification and Collaborative Risk in Malaysian Islamic Finance,” *American anthropologist* 119 (2017).

7 Michael Peletz, “Malaysia’s Syariah Judiciary as Global Assemblage: Islamization, Corporatization, and Other Transformations in Context,” *Comparative Studies in Society and History* 55, no. 3 (2013); Patricia Sloane-White, “Working in the Islamic Economy: Sharia-Ization and the Malaysian Workplace,” *Sojourn: Journal of Social Issues in Southeast Asia* 26, no. 2 (2011); Aihwa Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty* (Durham: Duke University Press, 2006), 48-49; Norani Othman, “Islamization and Democratization in Malaysia in Regional and Global Contexts,” in *Challenging Authoritarianism in Southeast Asia: Comparing Indonesia and Malaysia*, ed. Ariel Heryanto and Sumit Mandal (London: Routledge Curzon, 2003).

8 Talal Asad, *Genealogies of Religion: Discipline and Reasons of Power in Christianity and Islam* (Baltimore: Johns Hopkins University Press, 1993).

9 Daromir Rudnyckyj, *Spiritual Economies: Islam, Globalization, and the Afterlife of Development*, ed. Dominic Boyer, Expertise: Cultures and Technologies of Knowledge (Ithaca: Cornell University Press, 2010); Brian Silverstein, *Islam and Modernity in Turkey* (New York: Palgrave Macmillan, 2011); Naveeda Khan, *Muslim Becoming: Aspiration and Skepticism in Pakistan* (Durham: Duke University Press, 2012); Mayanthi Fernando, *The Republic Unsettled* (Durham: Duke University Press, 2014); Emilio Spadola, *The Calls of Islam: Sufis, Islamists, and Mass Mediation in Urban Morocco* (Bloomington: Indiana University Press, 2013); Setrag Manoukian, "Power, Religion, and the Effects of Publicness in 20th Century Shiraz," in *Religion, Social Practice, and Contested Hegemonies: Reconstructing the Public Sphere in Muslim Majority Societies*, ed. Armando Salvatore and Mark LeVine (Houndmills: Palgrave Macmillan, 2005).

10 Muhammad Naquib Al-Attas, *Islam and Secularism* (Kuala Lumpur: Muslim Youth Movement of Malaysia, 1978).

11 Syed Muhammad Naquib al-Attas was a prominent Malay intellectual who helped to found the National University of Malaysia. He is also a cousin of the founding figure of Islamic finance in Malaysia, Ungku Abdul Aziz, who formulated the first plan for Tabung Haji (Pilgrims' Savings Fund).

12 Ibrahim Warde, *Islamic Finance in the Global Economy*, 2nd ed. (Edinburgh: Edinburgh University Press, 2010); Sarah A. Tobin, *Everyday Piety: Islam and Economy in Jordan* (Ithaca: Cornell University Press, 2016); Ryan Calder, "Efforts to Replicate Short-Selling in Islamic Finance: Malaysian Innovation in Comparative Perspective," in *Current Issues in Islamic Banking and Finance: Resilience and Stability in the Present System*, ed. Angelo Vernardos (London: Worldwide Scientific, 2010).

13 Aaron Pitluck, "Islamic Banking and Finance: Alternative or Façade?" in *The Oxford Handbook of the Sociology of Finance*, ed. Karin Knorr Cetina and Alex Preda (Oxford: Oxford University Press, 2013); Lena Rethel, "Whose Legitimacy? Islamic Finance and the Global Financial Order," *Review of International Political Economy* 18, no. 1 (2011); Mahmoud A. El-Gamal, *Islamic Finance: Law, Economics, and Practice* (Cambridge: Cambridge University Press, 2006); Timur Kuran, "The Genesis of Islamic Economics: A Chapter in the Politics of Muslim Identity," *Social Research* 64, no. 2 (1997); Charles Tripp, *Islam and the Moral Economy: The Challenge of Capitalism* (Cambridge: Cambridge University Press, 2006).

14 Bill Maurer, "Form Versus Substance: AAOIFI Projects and Islamic Fundamentals in the Case of Sukuk," *Journal of Islamic Accounting and Business Research* 1, no. 1 (2010).

15 Fischer, *The Halal Frontier: Muslim Consumers in a Globalized Market*.

16 Ibid., 69-88.

17 *Islam, Standards, and Technoscience in Global Halal Zones* (London: Routledge, 2015), 123.

18 John L. Austin, *How to Do Things with Words* (Cambridge: Harvard University Press, 1962).

19 Claude Lévi-Strauss, *The Raw and the Cooked*, trans. John and Doreen Weightman (New York: Harper and Row, 1969); Sherry Ortner, "Is Female to Male as Nature Is to Culture?," *Feminist studies* 1, no. 2 (1972).

20 George Makdisi, "Scholasticism and Humanism in Classical Islam and the Christian West," *Journal of the American Oriental Society* 109, no. 2 (1989).

- 21 Tawhid refers to the oneness of God and the attempt to comprehend the absolute truth represented by monotheism. Tassawuf could be loosely glossed as spirituality and is related to the term sufi.
- 22 Aria Nakissa, "An Epistemic Shift in Islamic Law: Educational Reform at Al-Azhar and Dār Al-'ulūm," *Islamic Law and Society* 21 (2014): 225.
- 23 Jakob Skovgaard-Petersen, *Defining Islam for the Egyptian State: Muftis and Fatwas of the Dar Al-Iftā, Social, Economic, and Political Studies of the Middle East and Asia*, (Leiden: Brill, 1997).
- 24 Mohammad Hashim Kamali, "Maqāsid Al-Sharī'ah: The Objectives of Islamic Law," *Islamic Studies* 38, no. 2 (1999).
- 25 Michael Jacobs, *The Green Economy: Environment, Sustainable Development and the Politics of the Future* (Vancouver: UBC Press, 1993).
- 26 Talal Asad, *The Idea of an Anthropology of Islam* (Washington, DC: Center for Contemporary Arab Studies Georgetown University, 1986).
- 27 James T. Siegel, *The Rope of God* (Berkeley: University of California Press, 1969).
- 28 Webb Keane, "Sincerity, 'Modernity,' and the Protestants," *Cultural Anthropology* 17, no. 1 (2002).