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ISLAMIC FINANCE EDUCATION AT THE GRADUATE LEVEL CURRENT STATE AND CHALLENGES

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Over the past three decades, Islamic finance has been the fastest growing segment of the global financial system. Though it may be expected that education and training have kept pace with this fast growing market, this paper finds that the current state of Islamic finance education at the graduate level is in a very unsatisfactory state. Using Malaysia as an illustrative case, the paper looks at the range, sufficiency and quality of Islamic finance education. It evaluates the current state of Islamic finance education at the graduate level in the context of the overall graduate education in Malaysia and suggests policy measures to meet the future challenges of the Islamic finance education, particularly at the graduate level.

1. INTRODUCTION

In modern economies, financing has long become a decisive factor in matters of growth and stability at the national and international levels. Islamic finance is among the fastest growing components of global finance. The market potential of the sector has attracted the West in a big way. The interest has found expression not only in the field of business but education as well. Western banks, stock markets, accounting standards and rating agencies are all making bee lines to enter the field. Universities from Harvard to Tokyo are eager to initiate or expand programs for teaching and research in Islamic finance at the higher level. New books and journals on Islamic finance are mushrooming. Seminars and conferences on Islamic economics now mostly focus on financial and monetary issues. There is notable convergence of Islamic finance to mainstream positions both in business

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and academia. Indeed, the West is much interested in such convergence (Dar and Presley 2008).

Expanding Islamic finance needs increasing manpower. Education, research and training assume importance. The sort of knowledge and skills the market seeks largely determine the form and level of instructions for various academic disciplines. Education has to follow the market. Programs for education in Islamic finance were hurriedly drawn up to meet the expanding demand. The haste resulted in unsuitable curricula frames and course designs; much of the research tended to be confirmative. The dearth of competent teachers worsened the situation further; compromises on the quality of instructions had to be made. Theory and practice exhibited increasing divergence. This paper is an attempt to converge the two.

The paper is divided into four sections. Education and research designs for human resource development are conditioned by the goals of an industry. For these goals impact the structure, approach and modus operandi of the providing institutions. Thus, a brief look at the direction of Islamic finance in operation may be of help in coming up with any meaningful education program in the area. Section 2 deals with this imperative; it takes a hurried look at ground realities in Islamic finance. In Section 3 we present the current state of graduate level education including public policy response to the issue using Malaysia as an illustration. In Section 4 we discuss the challenges education and training is likely to face on various fronts at the post-graduate level in this crucial area of manpower development. Finally, Section 5 contains a few concluding remarks and policy prescriptions.

2. ISLAMIC FINANCE: GROUND REALITIES

Much elation is often expressed on the progress of the Islamic financial sector. Its pace of growth, competitive acumen, earning power and stability are all applauded unabated. There is much truth in the claims concerning the rapid expansion and achievements of the sector at home and abroad. But let us pause for a moment and ask if we were going on the right path. For speed is a disadvantage if we are not. A few points may be made.

First, conventional banks were initially patterned as institutions for meeting the short term credit requirements of trade industry and commerce and that remains their primary function even today[1]. Early Islamic scholars conceived of interest free institutions to be organized on the same pattern; only the use of interest had to go out from the banking operations. That structural choice later became the source of much confusion at the conceptual level and landed Islamic finance in operational difficulties.[2] To shun interest from financing is doubtless an Islamic imperative but it was only a *means* to clear the decks for achieving some higher Sharīʿah *ends*.

Second, mixed banking (windows) overtook exclusive finance units in terms of business volume[3]. Islamic finance increasingly became dependent on fixed return deferred obligation transactions (*murābaḥah*), the proportion of participatory finance becoming meagre (Hasan 2007).The structural choice created facility: imitation was easier than innovation. Once the process started, it could not be stopped. Take the balance sheets of any two banks - one Islamic, the other mainstream – and compare the two for similarities: Facts will speak for themselves. Instrument designs, regulatory frameworks, accounting standards, rating agencies, risk management and capital markets all derive their basics from the mainstream. Interest is out, but interest is in: it only wears the Islamic clothes. Taqi Usmani (2008, 13), the Sharīʿah Committee president, confirms the fact and provides also the reasons for that. He writes:

> *"Undoubtedly, Sharīʿah supervisory boards, academic councils and legal seminars have given permission to Islamic banks to carry out certain operations that more closely resemble stratagems than actual transactions. Such permission, however, was granted in order to facilitate, under difficult circumstances, the figurative turning of the wheels of those institutions when they were few in number [and short of capital and human resources]. It was expected that Islamic banks would progress in time to genuine operations*

[1] It may well be argued that over time the structure and functions of conventional banks have undergone radical changes. We are living in an era of *universal banking* where banks now combine various functions: deposit taking, investment, mortgage, leasing, units etc. under a unitary control. Islamic banks can also follow suit. The argument is ill-conceived. Conventional banks took centuries to evolve from commercial into universal sort of financing structures. Most Islamic banks are yet in their infancy. They in general lack necessary experience, skills and expertise as well as resources to short circuit the process.

[2] It opened the gates wide for the West to enter into the field and one is not sure if that will be entirely conducive to the growth of the industry to help promote the Islamic ends. At this infant stage, Islamic finance cannot compete with the mainstream mature institutions; it needs protection, not competition.

[3] Islamic banking mobilized assets worth RM 76 billion in 2007 making 10% of the market size. Of that amount 70% was the share of the windows in conventional banks (Zeti, 2008, 6 of 7).

based on the objectives of an Islamic economic system and that they would distance themselves, even step by step, from what resembled interest-based enterprises. What is happening at the present time, however, is the opposite. Islamic financial institutions have now begun competing to present themselves with all the same characteristics of the conventional banks, interest-based market place, and to offer new products that march backwards towards interest-based enterprises rather than away from them. Oftentimes these products are rushed to the market using ploys that sound minds reject and bring laughter *to* enemies."

The observation is disquieting. The jurists at all levels must realize what injury one may inflict on the Islamic positions if interpretations of the *facility* principle rely on stretchy, irreversible presumptions. They opened the cork to let the jinn out only to lament that it is now difficult to put the monster back into the bottle. Efforts are needed to avoid juridical divisions that have already begun to surface.

The bank managers' eagerness to expand the market fast presumably accounted for the lapse on the Sharī ʿah front. Islamic finance is no longer seen much different from other businesses operating in the economy. Zeti, the illustrious governor of Bank Negara Malaysia, candidly declared in a wide ranging speech in London that Islamic banking and finance is now a multi-dollar industry driven by well defined *business considerations and profit optimization;* it is thriving in a challenging global environment.[1] And, it is this view of Islamic finance which is playing and will play a decisive role in the development of education and training programs, reading materials, research designs and executive selections at various levels. As such, many from the teaching fraternity may want to reopen for discussion the objectives of Islamic banking and finance. It would be inappropriate to accord foreign orientation to education here the same way as in other fields; because in this area the correct understanding of religion and commitment to it are more important. Believers must be the academic leaders.

Islamic finance though important is no more than a road under construction in the vast terrain of Islamic economics. It has to be in harmony with the landscape it passes through. The objectives, values and behavioral norms of Islam in economics

[1] Bank Negara Malaysia (2008): Speech of governor Zeti at the 3rd Annual Islamic Finance Summit, London: Ensuring Stability in The Islamic Financial System website (page 1 of 7). See also Bank Negara Malaysia (2008 a) for her another speech expressing similar views.

are much different from those of the capitalistic order. *The difference centers on the trusteeship (amānah) view of property rights in Islam and what follows from it*. *Amānah* seeks to convert the mundane ambitions of man into the means for attaining spiritual solace (Qur'ān 28:77). It is the fountainhead of Islamic measures[1] meant for ensuring equitable distribution of wealth in the society so that it may not remain circulating only among the rich. Islamic banking practices driven essentially by profit motive are resulting in just the opposite. Sharīʿah doubtless enables, not hinders, innovation and creativity; still disciplines are recognized by what they do not allow.

Amānah makes business a sufficiency obligation (*farḍ kifayah*) for the believers. The view imparts a social dimension to the conducting of business. In fact, social responsibility of business has long won global recognition. It is now widely advocated for and is accepted even by business leaders.[2] In an era where governments are taking over failing businesses - including banks - using taxpayers' money, how can Islamic financial institutions be absolved of social duties once they are able to pay their way and make handsome profits? Since the objectives of Islamic economics such as the fulfillment of basic needs, removal of poverty and promotion of distributive justice are, in fact, Sharīʿah obligations, the 'widows' may find it difficult to take care of them. Education in Islamic finance could not be less negligent of Sharīʿah requirements than are the ground realities.

3. POST-GRADUATE EDUCATION: CURRENT STATE

Higher education in Islamic finance for the first degree is in a better shape than at the post-graduate level. The courses in money and banking hedged with relevant *fiqhi* positions are sufficiently integrated with those in mainstream economics, management and accounting.[3] The students completing the program are well received in the job market. But let this not convey that all is well at the under-graduate level. There is much scope and need for restructuring, reformatting and improvement.

The situation at the post-graduate level leaves even more to attend. Educational programs including research in Islamic finance are in disarray. In general, there is

[1] These include *infāq, ṣadaqāt, zakāt, awqāf and inheritance* on the positive side and prohibition of interest, hoarding, monopolization, wasteful expenditure (*isrāf*) and gambling on the negative side.
[2] Tatas the Indian transnational own 49 companies and contribute 3% to the national income. They distribute only 28% of their profit as dividends; the remaining 72% is spent on providing societal services – education, health, religion and relief. Microsoft of USA has recently donated millions of dollars for ameliorating the lot of the poor in Africa. Examples can be multiplied *ad infinitum*.
[3] This is the position at the International Islamic University of Malaysia (IIUM), for example.

lack of sufficiency, depth, coordination and direction. The teaching faculties in many cases are found short of the needed knowledge, scholarship, and commitment. One reason of significance is that either the institutions offering the programs in Islamic finance are quite young, or if older the courses there have newly been introduced in response to market demand. The advent of Islamic finance education at the scene as a distinct academic discipline has hardly been older than a decade or so.

Let us recall that we are using Malaysia as an illustrative case. Higher education in this country has assumed prominence rather late. Even as some of the institutions, like University of Malaya, have since long been serving the community, it was in 2002 that the government separated higher education from the rest of the learning structure and set up a new ministry for its promotion, especially in the areas of research, sciences and technology. The Ministry is also to oversee and regulate the fast multiplying institutions of higher learning in the private sector. Above all, the decision was taken with a view to launching the country as a leading centre for higher education in the region.

3.1. Policy Directions

The Ministry moved swiftly, especially after 2004. Several new universities and colleges are opened; the older ones strengthened. Improvement in the quality of education is being emphasized. Universities are under pressure to enhance research and development facilities. Only the one showing results on objective evaluation criteria could earn the status of a research university with accompanying financial and other privileges. So far only four of the twenty public universities could fill the bill; others are marking time in the queue. The Ministry initiated a number of other measures to promote higher education and has not been oblivious to the need of graduate level teaching and research in Islamic finance in its overall scheme. Three of the recent measures are of interest in this context.

1. The Ministry of Higher Education and Bank Negara Malaysia arranged in April 2007 a dialogue between the institutions of higher learning and the representatives of financial industry including capital market. The meeting discussed the state of human capital development in the financial sector and the urgency for meeting the demand for new expertise and skills was emphasized. The possibilities of education-industry collaboration were explored so that the university graduates could better harmonize with the

needs and environment of the industry. It was agreed that the inputs from the financial industry players would facilitate curriculum review by the universities to ensure continued relevance of education to the changing environment of the financial industry (Dialogue 2007, 1).

2. The Ministry is forging educational alliances with foreign institutions. For example, it formalized in January 2008 a collaboration program in the areas of humanities and social sciences between Malaysian universities and the University College London (UCL) which currently has about 200 students from the country on its rolls largely at the undergraduate level. Malaysia is keen to increase the number of students going there, especially at the graduate research level. The UCL is supportive of the suggestion to provide doctoral training program for selected members of the staff from Malaysian universities.

A couple of days later, a memorandum of understanding (MoU) was signed to formalize the Split-PhD Programme between the Malaysian universities and the Imperial College London (ICL); that institution too has been having large contingents of students from the country. The objective is to provide an opportunity for the doctoral candidates to collaborate with faculty, access intellectual capital and engage in joint research activities across the two institutions.[1]

3. Finally, in early November 2007 a Global Higher Education Forum (GHEF) Malaysia was organized where the education minister, high ranking officials, invited foreign experts and local academicians spoke and engaged in panel discussions on such vital topics as the meanings of globalization in the context of higher education, the role of ICT, modes of broadening the international participation, the needs of access and success in education, government leadership and the quality of higher education, global challenges and local implications of the research universities' concept, and the demands of global higher education market.[2]

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[1] For that reason the arrangement is called as the Malaysia-Imperial Doctoral Programme (MIDP). Such collaborative partnerships are part of Malaysian effort to internationalize their educational system so that the country could become the regional hub of educational excellence.

[2] Some of the important participants from outside the country included Prof. Deepak Nayar, Jawahar Lal Nehru University, India; Prof. Ghoolam Muhamadbhai, President of Internatonal Association of Universities; Prof. H.W. Gispen, Utritch University, Holland; Dr. Jose F. Gomes, University of Porto, Portugal, Prof. Shyam S.Menon, University of Delhi; Prof. Sally M. Johnstone, Winana State

All these developments, among others, took place within the span of one year. That shows how eager the country is to speed up reforms in the field of higher education, including the area of Islamic finance.

Higher education institutions in Malaysia as in most other countries are operating both in the public and private sectors; the expansion in the latter case has been rather fast. Foreign universities are tempted to enter Malaysia to take advantage of her excellent infrastructural facilities and tax concessions. There are twining programs with the local institutions; some universities have even opened their campuses in the country. Private institutions are also on the increase. Thus, graduate level education in Islamic finance is picking up although the pace remains slow and patchy if only because the start is of more recent origin. We shall look at the current position in three categories of institutions (i) Public universities (ii) autonomous institutions and (iii) private sector programs.

3.1.1 Public Universities

About half of the 20 public universities in Malaysia are not older than a decade; even a fewer in number have any worthwhile postgraduate program in economics let alone in Islamic finance. In most cases, a paper or two dealing with the subject form part of the overall Master in Economics or Business Administration programs[1]. At the doctoral level, topics for research in the area are allowed, even encouraged, but there does not seem much conscious or structured effort to move research in that direction. The reasons for this state of affairs are not far to seek. The job market is yet small and fragmented to absorb en mass much specialized manpower. Increasing dominance of mixed banking institutions demands varied skills in finance so that employees could be shifted, if need be, to non-Islamic sections of financial operations.

Established in 1970, University Kebangsaan, Malaysia (UKM) is one of the oldest seats of higher learning in the country. Even so, it offers Islamic Economics,

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University, USA; Prof. Hamed Ben Dhia, University of Stox Tunisia; Prof. Agneto Blath, University College of Kalmar, Sweden.

[1] For example, University of Malaya (MU) the oldest institution of higher learning in the country has chosen to remain anchored in mainstream economics. However, its Faculty of Economics and Administration offers a comprehensive one semester elective course at the Master's level on Islamic Banking and Finance which presents an overview of the Islamic financial system including insurance, non-bank financial intermediaries and developments in the Islamic money and capital markets. Some faculty members such as Prof. Dato' Dr. Mohammad Ariff have made significant contributions in the wider area of Islamic economics.

including finance, as one of the areas of specialization in the Master of Economics program and/or in the joint programs of economics and business management for the MBA degree. The University also runs a PhD program where students can choose topics in the area of Islamic Finance.

In contrast, University Utara Malaysia (UUM) has a well-coordinated programme for education in the area of Islamic finance. Her Faculty of Finance and Banking has a balanced course leading to the Bachelor of Islamic Finance and Banking (Honors) degrees. The programme includes courses, among others, on Islamic and Asian civilization, communication, Business ethics, Islamic banking management, Fundamentals of Islamic economy, philosophy of Islamic Business and Finance, Islamic banking Management, Islamic investment, Regulation in Islamic banking and finance, Islamic Credit Management, *Usul ul Fiqh* for Finance and Banking, Islamic Accounting and Islamic Investment. Students can choose one elective from a list of courses that includes Human Resource Management in Islamic Perspective, *Takāful*, Islamic Banking Operations, Islamic Fund Management, Marketing of Islamic Financial Services, Islamic Trade Finance, Islamic Treasury Management, Collaterals in Islamic Financing and Taxation in Islamic Finance and Banking.[1] Thus, the University has a feeder stream of well groomed students for its postgraduate level programmes in Islamic Finance.

The Centre for Post-graduate Studies in the Faculty offers courses leading to the award of MSc (Banking), MSc (Finance) by research,[2] MBA (Finance), MSc (Banking) CCP and PhD degrees. The MSc. in Banking programme is spread over 36 credit hours. It consists of eight core courses of 24 credits[3]plus one of the two alternatives of 12 credits: (i) a dissertation plus one course chosen out of 10[4], or (ii)

[1] The list of courses is comprehensive covering all major conceivable areas in Islamic banking and finance. But the course content and required readings for their coverage and quality need scrutiny for an evaluation of each course. However, this work falls outside the scope of this paper.

[2] This is a newly added program to the list, New Straits Times, March 2, 2008 P.51.

[3] The courses are:

1. Corporate Finance Management.
2. Islamic and Conventional Financial Markets.
3. Research Methodology in Finance.
4. Commercial Banking Operations.
5.Treasury Management in Financial Institutions.
6. Malaysian Banking Law and Regulation.
7. Credit and Syndicated Loan Management.
8. Islamic Bank Management.

[4] These are: 1. International Trade and Banking Practices; 2. Bank Project Financing; 3. Marketing of Financial Services; 4. Seminar in Banking; 5. Investment; 6. Financial Reporting and Statement Analysis; 7. Advanced Corporate Finance; 8. Finance and Banking Economics; 9. International Trade and Banking Practices, and 10. Bank Project Financing.

four electives from a list of 6.[1] The MBA (Finance) programme is run at the Kuala Lumpur Campus of the University. It is tailored to enhance the professional skills of the working personnel and consists of 12 graduation modules (36 credits). The Faculty offers another programme, MSc (Banking) CCP or Certified Credit Professional which is conducted in collaboration with the IBBM Malaysia at both campuses of the University– Sintok and Kuala Lumpur: a CCP holder needs to complete only the normal 12 modules for the degree.

The UUM also runs a PhD programme in the specified areas of Islamic finance, banking and insurance. The areas identified for finance are corporate finance, investment, international finance and Islamic finance. For banking they include conventional banking, Islamic banking and risk management. Finally, the insurance area accommodates risk management and Islamic insurance. The research is by dissertation – no course work is involved – and one can choose to be a full or part time student with specified time variation allowed in each case.

University Putra Malaysia (UPM) has not yet shown interest in the Islamic finance education: the graduate programmes of Economics Department have little evidence on the point. Only the Graduate School of Management has one paper in the MBA entitled ‘Special topics in finance: Islamic finance’ in the area of finance. Similar is the position at the University Tun Abdul Razak and at UKM as already indicated; both have just one course each on Islamic Finance and Banking in the MBA programmes.

Finally, we take up for discussion the state of affairs at the International Islamic University, Malaysia (IIUM). The university was established in 1983 with a view to provide education in all levels and areas with an Islamic orientation through English medium; it has since expanded fast attracting Muslim teachers and students from all over the world. The faculty of Economics and Management Sciences, as it is now called, was among its earliest constituents. Support from the Government and Muslim countries shortened its gestation period and it was already in the take off mode in 1989 when Prof. Dato’ Dr. AbdulHamid AbuSulayman took over as its Rector. The university was well on its wings in the international skies and flying high when he left in 1998. The achievements of the university in the area of Islamic banking and finance education at the graduate level continued to be impressive during the following years as well both in terms of course offerings and research

[1] The list contains courses at numbers 3 to 8 stated in note 14 above.

The Faculty of Economics and Management Sciences of the IIUM presently has Master and PhD programmes in all of its three Departments – Economics, Business Administration and Accounting. In addition, the Faculty has a Management Centre and an Institute of Islamic Banking and Finance as constituent units, both conduct Master and PhD level courses.

The Department of Economics has just revised and revamped its post-graduate programme. In its 36 credit hours Master of Economics programme, it has 4 core courses and 5 areas of specialization including Islamic Economics and Finance. The area offers the following 5 courses (i) Islamic Banking and System Operations (ii) Islamic Capital markets, (iii) Islamic Economics and finance issues from Sharīʿah perspective (iv) Sharīʿah Oriented Public Policy, and (v) Applied Research Methods. The last one is common to all specialization areas. The students are allowed to take a research project in lieu of elective(s) worth 3 to 12 credit hours at their discretion.

The PhD in Economics programme is available on full or part time basis. It requires completion of course work comprising economic theory, applied economics, Islamic economics and research methods (12 credits) plus a dissertation (24 credits). Depending on their qualifications, the students have to clear simultaneously pre-requisites in econometrics, microeconomics, macroeconomics and Islamic economic thought attending M. Ec classes. Finally, the students must take a qualifying comprehensive examination – written and oral - in economic theory and Islamic economics before they can proceed to write a dissertation on a topic under a supervisory committee. So far about 12 students have earned their PhD degrees in economics, mostly employing econometric techniques; few deal with Islamic economics per se, fewer with Islamic finance.

The PhD in Accounting was the next to appear on the scene (2000) and consists of 12 credit hours course work plus a thesis (24 credits) done under a supervisory committee. The department welcomes research proposals in all areas of accounting including those related to Islamic accounting such as development of comprehensive Islamic accounting theory, development of reporting for Islamic organizations, GRI and Islamic reporting, Islamic perspectives of corporate governance and *takāful* accounting.

The Department of Business Administration in its 42 credit hours post-graduate programme spread over three modules has two courses in Islamic finance areas: (i) Seminar in Islamic Finance – *Takāful* and (ii) Islamic Financial System. The Department started their PhD in Business Administration programme two years back and admits students in three areas: Finance, Marketing and Management. It requires completion of mainstream course work containing four papers (12 credits) plus a thesis (60 credits) as per procedure under a supervisory committee. The programme in the Business Administration Department needs time to attain maturity.

The Management Centre of the IIUM was established in 1993. Its programme has been designed on the American pattern and provides students with a strong foundation in the concepts, principles and techniques of modern business management. The programme now has four areas of specialization including one in Islamic Banking and Finance.[1] Ten of the fourteen courses offered are common to all areas of specialization. Each area has four additional specialization courses. The students also have to write a dissertation in their area of specialization supervised by a member of the teaching faculty for the award of the degree. Among the Management Development courses list that the Centre can conduct Islamic Banking and Finance is also included.

The Institute of Islamic Banking and Finance (IIBF) of the University was established in 2004 as a centre of excellence for education and research in Islamic banking and finance so as to meet the demand for experts in the industry at the national and international levels. It offers two programmes for the purpose: PhD and Postgraduate Diploma in Islamic Banking and Finance. The Areas of specialization for PhD in Islamic banking and finance are: Economic Policy and Analysis; *Fiqh Muʿāmalat*; Performance and Efficiency of Islamic Institutions; Accounting Financial Requirements; Property Management; Capital Markets; Micro-credit and Corporate Governance.

Students need to prepare their research proposals for entering the programme. They can embark on their research work once their proposals have duly been approved by the institute. After the completed work has been submitted to the supervisory committee, they will arrange for its examination as per rules. Currently, about 20 students are enrolled with the Institute in the PhD programme working on a variety of topics in the areas including Islamic banking, financing, insurance and investment.

The Postgraduate Diploma in Islamic Banking and Finance (PGDIBF) is aimed at producing personnel who are well acquainted with the concepts and principles of

[1] Each specialization area has 4 courses. In the case of Islamic Banking and Finance these are: Al-Sharīʿah, Economics and society; *Fiqh-Al Mūʿamlat* in Banking and Finance; Islamic Financial system and Environment; and Accounting and Control of Islamic Financial Institutions.

Islamic Banking and finance. It is especially suitable for the practitioners who may want to sharpen their skills and acumen for improving their performance in the industry. The course is available both on full and part time basis.

3.1.2 Autonomous Institutions

This is a category involving a measure of discretion. We shall discuss here institutions that are either affiliated to a public university or otherwise has government funding, control and patronage. The first such institution is the prestigious Labuan School of International Business and Finance, (LSiBF) which is an organ of University Sabah Malaysia. The School started operations in March 1999. Among the five areas it has opened for the honours degree include Islamic Finance as well. It carries the specialization forward to the postgraduate level adding global dimensions. It awards the Master's degree by research done under the supervision of a committee.

The second and now better known institution is the International Centre for Education in Islamic Finance (INCEIF) that Bank Negara Malaysia launched in March 2006. The Centre has signed this year a memorandum of understanding (MoU) with nine institutions of higher learning in the country to forge a strategic partnership between the two. In fact, it has assumed the name as the 'Global University in Islamic Finance'. INCEIF is in its infancy and has just moved into its exclusive premises. It has tentative sort of departments and skeleton faculty including some visiting academics– local and foreign. There also is a Professional Development Panel of 12 experts drawn from the industry and universities to advise on programme design and contents. The Centre holds occasional workshops and conferences in the areas of Islamic finance where the students present their research papers or proposals for expert comments.

The primary objective of INCEIF is to produce high caliber professionals with the necessary technical skills and knowledge in Islamic Finance, especially in the areas of Islamic Banking and *Takāful*. To this end INCEIF runs a programme for awarding the Chartered Islamic Finance Professional (CIFP) certificate. The duration of the programme is kept flexible ranging from 1and half to 6 and half years to suit the young professional of today. It has a fair mix of theory and practice and can be studied on the campus or online. Currently, the programme has over 600 students on rolls from all over the world.

The CIFP is divided into three parts. The first consists of 15 comprehensive course modules. Second, students have to choose one specialization area out of 6 specified for the purpose. Finally, they have to complete an internship programme.

A list of readings containing about 70 entries provides references for all the modules.

3.1.3 Private Sector Programmes

Commercialization of education has been gaining ground the world over since around the close of the last century. Even public sector institutions of higher learning are under pressure to generate revenues for their survival; oxygen supply from the treasury tends to dwindle. Social sciences and liberal arts are the main suffocates. Profit, not the quality of the final product – the human being - tends to become the driving force of the education 'industry'. The purpose of education, especially in the Islamic context, is to develop human personality: impart knowledge, nourish intellect, sharpen skills, broaden vision, and inculcate commitment to moral values, preparing just lubricants for machines oozing out products for profits cannot be its goal.

However, the fact is that there are hundreds of private colleges providing higher education in Malaysia. There are reasons. Rising population of school leaving students and increasing incomes of their parents because of rapid economic growth tends to fuel the demand for higher education. In contrast, supply lags far behind. Expansion of public education has been slow and admissions restricted. There is also an influx of foreign students, especially from the Muslim countries. The total number of students seeking admission to private institutions for the current year may cross 150,000. Of these, 14% of the places are reserved for foreign students. Most of the private colleges sought twining or split-degree programmes with foreign universities but groups of them are now seeking collaboration also with the local public universities through the franchise system to their mutual advantage.

Private sector higher education in Malaysia is focused on health and technology and institutions do not mostly go beyond the first degree programmes. Some of them run MBA courses as well but have yet to show special interest in launching graduate level learning and research in the area of Islamic finance.

4. EVALUATION AND CHALLENGES

In the foregoing Section we kept the discussion essentially restricted to presenting the factual position concerning graduate level education in Islamic finance in Malaysia. We now propose to have a brief look at the structures, reading materials and quality of research conducted in the field. Following this evaluation, we shall focus on some of the challenges that post-graduate instructions and research currently faces. We may begin with a few general observations before turning to the specifics.

4.1.1. Evaluation

First is the issue of approach and direction. Broadly, one may discern two distinct streams of thought guiding at least implicitly the writings on Islamic economics including finance: One we may call as the puritan or all-or-nothing approach that focuses mostly on Islamic requirements to define or mold reality. It essentially relies on *negative filters*. Thus, we find scathing criticism of mainstream economics to claim if not establish the superiority of the Islamic system.[1] The method promotes divergence and confrontation.

The second is what we may call a 'step-by-step approach'. Writers in the areas of Islamic economics and finance during the past two decades or so have increasingly taken to this route. It works on the principle what cannot be shown as violating of the Sharīʿah norms and would promote human well-being is acceptable as Islamic. The approach basically uses *positive* filters and assimilates all that is useful in the growing stock of mainstream economics. It is accommodative and convergent. Otherwise also, it is not yet time, I believe, to have exclusive higher education programmes in Islamic economics and finance. The teaching and learning of mainstream economics cannot be done away with, more so abruptly.

Economic problems of mankind are essentially the same everywhere; their treatment alone differs according to the perceptions, norms and priorities of various social systems. We cannot seek as we do not seek a replacement of the mainstream body of knowledge in economics (or elsewhere) with something purely Islamic. We cannot wish away the job market compulsions our graduates face today both at home and abroad in a fast integrating world (Hasan 2007, v-vi).

A plea for an integrative step-by-step approach to Islamization of knowledge, however, does not mean that all is well with what one comes across in the field of education in Islamic institutions of higher learning. Indeed, in most cases the approach seems to have opened an escape route for the younger academics, especially those educated in the West, to shun their religious responsibilities in Islamic institutions. Instead of integrating Islamic positions with the mainstream or vice versa they reluctantly put them as *appendices* to mainstream readings. And

[1] Interestingly, even the criticism is rarely original; it is often borrowed from the mainstream literature itself, especially from its heterodox branch. The temptation gives rise to a serious methodological flaw: we tend to compare the practice of one system with our ideal situations oblivious to the fact that oranges cannot be compared with apples.

this brings us to more specific issues in higher level education in Islamic finance (and economics).

4.1.2. Programme Structures

The discussion in the preceding section shows that the course structures at the masters' level in the country are classificatory in the sense that they contain a couple of exclusive sort of course modules dealing with Islamic finance - banking, insurance or markets – in an otherwise mainstream economics programme. They do not attempt inclusion of the Islamic content or modification of the conventional material even where it is appropriate and possible.

Until late nineties the Department of Economics in IIUM used to have Islamic Economics identified as one of the major areas of specialization at the master's level. This was undone around 1998; even a course - Issues in Islamic Economics – was silently dropped from the programme. But of late, the Department has returned, as stated above, to the right path; the programme has been overhauled, making Islamic Economics and Finance as one of the areas of specialization. That would help the university in retrieving the ground it has been losing all these years to other institutions. Nevertheless, in most other courses of the Department, the Islamic content is almost non-existent. On this score, the position in other institutions of higher learning is not much different.

The two new courses introduced in the area are experimental and would take time to mature. Even so, a few flaws may be mentioned. The course title "Islamic Economics and Finance issues from Sharīʿah Perspective" looks ill-worded and internally inconsistent. In what sense something which has already been declared *Islamic* may need to be looked at from the Sharīʿah perspective is unclear. A more sensible formulation could possibly be: "Financial issues from Sharīʿah perspective". But then course content may need revision. Indeed, the justification for the course would have to be reconsidered. The other course Al-siyasa- al-Sharīʿah or Sharīʿah oriented public policy too has areas to be reviewed with reference to their economic relevance in the modern context. These matters apart the Master of Economics programme at the IIUM is now a good mix of mainstream and Islamic knowledge concerning modern finance and the students must fit well into the market demand structure.

However, the position of the PhD courses is not that satisfactory at the Faculty. The source of difficulty is the differences in the programme structures of its constituents as described earlier.

The structure at the Department of Economics is much more demanding than in other programmes of the faculty. Here, students find the *Qualifying Comprehensive Examination* much cumbersome, rather fearsome. Economics is fast losing students to other alternatives in and outside the university[1]. The Department was the first in the Faculty to start the programme and it may not be out of place to recall that the Department had earned the approval of the Ministry for the proposal on the condition that it would award PhD in *Islamic* economics as its mark of distinction. Later on the university never met that condition, the Ministry never insisted on it.

4.1.3. Reading Materials

Muslims in general are not much known in the habit of reading and writing. We do not have many world class economists among them even as in many countries the bulk of the university academics have got their higher level degrees from abroad, especially from the US or the UK. A perusal of the readings recommended in the course outlines contain most of the entries from the Western sources. A little contrast one finds in the mid-east educational instructions where they teach social sciences including economics mostly in the Arabic language since long; the locals write books or translate them from foreign languages, especially from English.

In courses on Islamic finance, as elsewhere, the students mainly rely on journal articles, monographs and books which often do not meet the requirements in terms of analytical depth or range of coverage for the graduate level students. IRTI, the Islamic Foundation, IIIT and the Islamic Economics Research Centre of King Abdulaziz University have done laudable work in publishing useful reading materials. Of late, the International Islamic universities at Islamabad and Kuala Lumpur are adding to this effort. Indeed, it is these institutions that gave shape and stature to the subject so as to win worldwide recognition as an upcoming academic discipline. However, their publications have by and large failed to attract referencing in course modules at graduate level and for broadly three reasons.

1. Most of the books are not cohesive and their authors tend to side track the contributions of other writers unless the same are in line with the classical stream of thought. They often attempt to cover vast and varied topics in the same volume. The result is that most of them are found harping from one topic to another without coming to grips with any.

[1] The number of students seeking admission to the programme in the Department of Economics has progressively fallen to 3 this year and the IIUM is fast losing in the admissions to the programme to competing institutions in the country.

2. At times the writings suffer from serious internal inconsistencies, and erroneous formulations (Hasan 1998, 27). The reviews of them published in academic journals have been rather prosaic, not evaluative. Even when weaker spots of any work were highlighted, the subsequent literature took little notice of the comments, however valid, as though they never existed. One must know that a body of knowledge cannot develop on the right course in the absence of constructive evaluations and the cognizance of what they are worth. The response from authors to the comments in the literature on Islamic economics is surprisingly rare.

3. Many of the publications treated as 'books' by their authors and publishers alike are at best no more than extended papers on specific topics. Individually, they seldom wear the format of a course covering text for students. Publications from IRTI especially tend to fall in this category. They are useful but are generally more informative than analytical or evaluative. Their utility for graduate level students is quite limited.

4.1.4. Quality of Students and Instructions

The number of students in programmes offering post-graduate degrees or diplomas in Islamic finance is on the rise but the pace is rather slow. Presumably, the public sector institutions are also not much eager to increase the enrollment because of non-availability of qualified teaching staff. Some of the institutions have no professionals of their own. For instance, to run its post-graduate and research programmes the IIiBF at the IIUM depends exclusively on the teachers drawn from other departments of the university. Such a practice detracts from the stability and reputation of higher learning institutions. The quality, motivation and commitment in teaching hardly remain cohesive. In contrast, private sector institutions are better organized; the recent policy shift in colleges for seeking collaboration with the local universities has increased their viability. The strategy allows the universities to market their degrees with private colleges serving as the intermediaries. Both profit and at reduced responsibility for the product.[1]

The overall quality of students seeking post-graduate and research degrees in Islamic finance is no different from what it is in other courses in the economics and management faculties; it is simply poor. The proportion of the bright, motivated

[1] Usually the teaching is done by the twining university faculty members; extra earnings are Legitimate.

and hard working students is low. Bulk of the students is the seeker of degrees, not of knowledge or skills. This is more palpable at the PhD level. It is naïve for teachers to proceed on the assumption that their students have any prior background needed for the subject; even the knowledge of basics in economics, especially quantitative applications, is conspicuous by its very absence. Language, the vehicle of ideas is found broken despite the students having required proficiency certificates. Most of them I came across could not write few sentences entirely free of errors. To teach and guide this sort of students is indeed a nightmare. The irony is that institutions keep minimum pass grades on a much higher side to impress about the quality of the degrees they confer. Examiners have to inflate grades to meet the norm; not all deserve what they get.

In recent years, public universities in Malaysia have been under pressure to move up the global rankings yet they play no part in selecting their students. Indeed, the centralized university intake system of the Higher Education Ministry in Malaysia seems to be working against what the country wants the universities to achieve. Academicians are up in arms questioning the role of the system (See NST, April 8, 2008, page 8.).

On the instructions side, the teachers too do not always have the appropriate and adequate knowledge of what they teach; many tend to seek students' appreciation through grade inflation. This benefits them too; students raise teachers' ratings in compensatory gratitude improving their job retention prospects. The PhD work – quality of dissertations and the teacher inputs - leave much to be desired. It is not always merit that earns higher academic positions for academics or sustains them there.

4.2. The Challenges

Being in its infancy, the graduate level education in Islamic finance faces many challenges; poses a few also. The space constraint does not allow us to discuss all that we may want to discuss. We just focus here only on three issues that are in our opinion of paramount importance. These include (i) Convergence of Islamic finance to mainstream in theory and practice (ii) academic administration and (iii) the supervision of research. We may discover that there is linkage between them. Business guides policy. Policy implementation seeks compliant administrations that need not always put in place an efficient research supervision system.

4.2.1. Convergence: A Boon or Bane?

We have argued that the reality on the ground is that Islamic finance has been imitating from its very inception its mainstream counterpart in almost every detail. The convergence of the two systems is in that sense unidirectional and the West has welcomed, in fact encouraged it.[1] Is this convergence a boon or bane for Islamic finance? The search for an answer naturally leads us to a more basic question: why is the West so interested in Islamic finance? Surely, it is not the promotion of any Islamic cause but the sharing of the expanding market currently estimated at over USD 250 billion (AFF 2007, 4). The rising incomes in the Muslim countries, especially the mid-east, have created much attraction for interest free finance the world over.

Likewise, *Takāful* or Islamic insurance based on the principle of joint responsibility and communal solidarity has enabled Muslims to insure their assets and opened the doors on conventional insurers to enter another promising investment area. Economic liberalization has encouraged and boosted these developments in the field of Islamic finance.

However, the main story revolves around the product called *Ṣukūk* or Islamic bond that we have discussed in Section 2. Its emergence as an alternative to conventional bonds has aroused in a big way the interest of even western governments in the Islamic financial markets. But the spanner Taqi Usmani threw reversing the Islamic permissibility of most *ṣukūk* instruments has greatly dampened hopes at least until the clouds he caste are entirely cleared.

The emerging convergence has forged and strengthened linkages in the field of Islamic finance from Jakarta to London and New York. It encouraged the use of positive-screen methodology improving the interface of Islamic finance with the mainstream. Convergence may have many advantages. For instance, one of the complex challenges Islamic finance faces today is of regulation including credit creation and control. Regulators in the field can learn a lot from conventional practices for improving the stability of Islamic institutions and help save them from possible crises in years ahead (AFF 2007, 5).

The convergence merits as sampled above cannot be denied and the process has already advanced to a level that its reversal seems improbable. However, there is also the other side of coin - the long run consequences of convergence - that cannot be ignored. The allowance of opening Islamic windows in conventional banks

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[1] On this we have already referred to Dar and Presley. See also Arab Financial Forum (AFF) Harvard University (2007) and the special issue of the Islamic Economics Review on Islamic Finance (2008).

which I call as mixed banking did bring more business to the folds of Islamic banking but if *ends must justify the means* several trends are indeed disturbing. Profit to the neglect of Islamic goals has become the driving force of Islamic finance.[1]

Again, the business tends to pass into the hands of mainstream commercial banks, thanks to the opening of 'windows': the market share of mixed banking today hovers around 70% in Malaysia. Competition among the equals may probably improve performance of all the participants simultaneously, among the unequal it becomes competition of the pond – the big fish eating the smaller ones. Interestingly, a country that protected its car industry for over half a century sees foreign competition as the tonic for the health of its infant Islamic finance!

I had warned in an earlier writing that in Islamic finance as it operates today profit seeking tends to overpower Islamic considerations in business contracts and there is need to invoke the preventive injunctions of the Sharīʿah (Hasan 2005, 21). Now, Taqi Usmani confirms the validity of that position as exemplified by *Ṣukūk* instruments.[2] Owen Mathews (2005) observes that the giant Western banks - or rather their Islamic subsidiaries – like Citigroup and HSBC are leading the Islamic financial sector. "The Bahrain based Citi subsidiary, with deposits at $6 billion, and at least 10 other Western majors dwarf the biggest locally owned rival, Al Barka, worth a little half a billion….. How did the Western banks come to dominate the market predicated on Islamic purity?" Simply because these banks gain Islamic credibility by hiring top rank Sharīʿah scholars. Due to their scarcity in the market, most experts sit on boards of many institutions with salaries as much as $88,500 per year from each bank[3]. The control over Islamic finance and Muslim wealth is unwittingly passing into the hands of Westerners due to the increasing

[1] Since the year 2000 more articles have presumably focused on measuring the efficiency of Islamic banks than on any other aspect of Islamic finance based exclusively on cost-profit criteria. It is nobody's point that Islamic banks should not work to pay their way and make profits but that can hardly be the only goal they must work for.

[2] I have quoted Taqi in Section 2. For me the more important part of that quotation is where he says that permission for instruments closely resembling stratagems than real transactions was granted in order to facilitate under difficult circumstances for figurative turning the wheel when Islamic financial institutions were few in number and weak. "It was expected that Islamic banks would progress in time to genuine operations based on the objectives of an Islamic economic system and that they would distance themselves, even step by step, from what resembled interest based enterprises. What is happening at the present time, however, is the opposite". My comment, to put it mildly, is that the *fuqhā*' allowed the lion taste human blood for vitality in the innocuous hope that the beast would later give up preying on humans, even if gradually.

[3] For example Taqi Usmani sits on the board of Citi Islamic, HSBC, Al Baraka, and eight others. He is also the chairman of the Dow Jones Islamic Indexes Sharīʿah panel.

convergence to the mainstream models. Is this welcome in an era when accounts of individuals and nations can be frozen at on whims of the powerful?

No answer can be offered to this complex question as we must remain presently content with the remark that convergence would not allow us having a puritan approach or models in higher education for Islamic finance like other social science fields of study.

However, some preventive measures can be taken in the field of education to minimize the impact of convergence.

a. Frame curriculum not according to western standards or models but rooted in Islamic ethos and commensurate with Sharīʿah goals.
b. Prefer importing competent teachers from abroad rather than sending students there for education and training. This would save money and preserve culture as well.
c. Let university teachers prepare reading materials for their students integrating mainstream and Islamic positions using positive filters. Works must be screened for quality control and may be published by approved organizations. Teachers may then rely on such works.

4.2.2. Academic Administration

We find that there is much diversity, patch work and tentative in academic programmes designed for graduate level education for Islamic finance within and between institutions providing it. Since it involves matters of faith and interpretation, scope for debate and thought variants is rather limited. A further problem arises because of the convergence of the Islamic and mainstream systems in learning and operations. It will be difficult to keep a check on Western versions of Islamic position on financial matters in years ahead. Strong, knowledgeable, and motivated leadership and administration is an imperative for keeping Islamic finance education free of deviant ideas. Following suggestions may help.

1. Collective effort may be an answer to this challenge. In this regard, the first requirement is to put persons in administrative positions essentially on academic merits right from the rector down the line to the departmental heads. An objective policy norm could possibly be that administrative hierarchy follows with rare exceptions the academic hierarchy. The scenario, for instance, of a junior staff installed as head of the department

evaluating a highly qualified senior and sitting in judgment over the quality of his and his students' researches for his continuation in job or promotion looks to me simply funny. I have seen in meetings some such heads advancing flimsy reasons to deny the hardworking qualified seniors their legitimate rights. Likewise, academic non-performers cannot provide inspiring leadership to the faculty. They tend to protect their position through manipulative public relations.

2. Once meritocracy prevails in educational institutions, it would be easy to promote collective planning. In a small country like Malaysia local universities may establish Islamic finance circles for periodic discussions of programme structures, course modules and readings materials. They can plan writing of text books for particular courses where effort must be made at integrating Islamic and mainstream positions in the running text of each chapter rather than supplemented later with separate discussions on Islamic positions as is the current practice.[1]

3. Countries may combine on geographic basis to form Regional Financial Circles that may subsequently federate in a foundation at the international level to publish and distribute the selected material produced at various levels. All this require evolving an efficient and fast delivery system. The apex organization must be outside the IDB and must be supported by the OIC. The show must be run essentially by the members of the academia.

4.2.3. Supervision of Research

We have seen that research output arises both at the master and PhD levels. In the former case it forms part of the degree requirement and its weight in terms of credits may differ depending on the credits scheme the student opts for. This has produced hundreds of researches since 1992 at the IIUM in Islamic economics; each under a single supervisor but the proportion of those in the area of Islamic finance has not been high. A few of the works have been published as chapters in books or in conference proceedings.

Dissertations at the PhD level are of late being done under usually three member supervisory committees at the IIUM. One of them is designated in each case as the main supervisor and works as the chairman of the committee. In the

[1] As an example of such a first time attempt at integration as a formal textbook see Zubair Hasan (2007 print) *Introduction to Microeconomics: An Islamic Perspective,* Pearson Prentice Hall, Malaysia.

beginning, the decision on the composition of the committee was decided by the Head of the Department; the student had little say in the matter. This has of late been reversed; students can choose their main supervisor and the other members of the committee. The question of joint supervision of PhD students has been in circulation ever since the Martin Harris committee in their 'Review of Post-graduate Education in UK' had recommended it as a panacea in 1996 forming part of a package of reforms.

One need not question the efficacy of joint supervision in principle. It may well bring together varied knowledge, skills, and experience to enrich guidance for the benefit of the doctoral student. For example, the presence of an economist and a Sharīʿah scholar in a team guiding *Ṣukūk* related doctoral research may be of great help to him. Joint supervision may also act as a means of providing training in supervisory work to the young entrants into the profession (Pole 1998). However, joint supervision is no substitute for research environment needed for quality output at the post-graduate level. This includes in particular infrastructural facilities, research culture, and the overall setting conducive for conducting research. The significance of the research topic, the methodology and perspective it employs and the stage the work has reached are important factors supplementary to the environment. Joint supervision is a very complex matter. The effectiveness of the arrangement would depend on the status, knowledge and skills the supervisors bring in.

It may be mentioned that natural sciences have been the terrain for joint supervision; it has not been common in social sciences including economics, let alone finance. Again, where it is operating the norm is to have two supervisors in the team, rarely more and never beyond three. The senior among them is identified. He is ultimately responsible for the student; equality among the team members is not granted (Pole 1998).

What is happening in the Faculty of Economics and Management Sciences of the IIUM in the field of doctoral supervision when juxtaposed with this international scenario is chaotic, to put it mildly. Three member supervisory committees is the norm, extended occasionally to master's level research as well. There have been cases where supervisory responsibilities were assumed by faculty members in an area where they had little to show in terms of formal qualifications or published research. Junior members of the committees are at times defiant of the main supervisor putting the students in quandary.

There are no minimal qualifications laid down to my knowledge in terms of academic qualifications, experience, specialization – actual not claimed - or well recognized work for one being the main supervisor. One reason is shortage of well qualified staff with necessary skills, experience and reputation. Non-competitive compensation packages, deficient recognition and arbitrary reward systems are to be blamed. Dissatisfaction among doctoral students is common and tends to be frustrating. The entire PhD programme in my view needs a complete overhaul without loss of time.[1] The conditions in other public universities of the country are marginally different barring few exceptions.

The root source of messy situations we face here or elsewhere in the Muslim world in the field of higher education in the case of Islamic finance as well as in other fields is the continued neglect of developing the *critical mass'* or foundational conditions and infrastructure: a prerequisite for developing doctoral research on fruitful lines (Delamont et al, 1997). Critical mass includes target based policies, creation of research culture and environment, development of academies and centers for training the post-graduate researchers to work as supervisors, promotion of scholarship and meritocracy in the universities, publication of commissioned, screened and appropriate reading materials for post-graduate students integrating mainstream and Islamic positions where possible and ample funding for research with well-defined time frames for completion. It is well to note that during the past two years the Ministry of Higher Education and Bank Negara Malaysia have shown awareness of this deficiency and efforts are on course to fill in the gap including funding, and at pace. We may consider the following as some of the remedial measures to face this challenge.

1. There ought to be structural *uniformity* in matters of admission, supervision and evaluation of research among the various departments of the same faculty.

[1] The remarks may look harsh from one having long association with the faculty but are frank and unbiased intended to be a wakeup not for the IIUM alone but for all institutions of higher learning in the Muslim world lest it is too late for catching up with others in the global race. I make them with the conviction that wider loyalties are more important than the narrower ones.

2. Students must be properly screened for adequacy of required knowledge, skills and motivation for doctoral work, more so in matters of language, economic theory and quantitative methods.
3. Students must be completely free in the choice of their supervisor. A single supervisor norm is preferable for guiding research; the committee experiment has posed many more problems than it resolved. If committees are to remain, main supervisor must have the final say in matters of dispute concerning research.
4. There must be some minimal qualifications for a person to act as the main supervisor or to be a member of the supervisory committee despite shortage of personnel.

5. CONCLUDING REMARKS

Policies concerning graduate Islamic finance education have generally been tentative, rudimentary and wayward.[1] There has been mushrooming of private colleges including many bogus ones. There is no lack of sub-standard curricula designs and course modules. Even public universities of repute have very diverse and competing programmes for PhD under the same roof confusing the students. The supervision is ill-managed and not always competent. There are suggestions to introduce supervision of the supervisors for improving the situation (Emilsson and Johnson 2007). Some other points of significance that emanate from the foregoing discussion are in brief as under.

1. The unidirectional convergence of Islamic finance with the mainstream in practice is directing its educational approach and structure as well. In both cases it has potential to promote divisive and deviant tendencies in the area of Islamic finance. There already is some evidence on the point and has to be somehow guarded against.
2. There is much diversity in the academic programmes and course structures in the area of Islamic finance within and between public institutions. Some degree of standardization with flexibility margins is desirable, feasible as

[1] One cause as well as evidence could be that within four years of its creation the Ministry of Higher education in Malaysia has now the third person heading it (Razak March 23, 2008, NST, 35).

well. Establishment of layered mutual consultation bodies and sharing of information may help.

3. Creation of research environment, foundational infrastructure promotive of positive filtering approach, sharing of knowledge and experience, cooperative teaching and ample funding may help build the critical mass to speed up research and build skills in the area of education.
4. Since the total number of students seeking doctoral degrees is not very large, their admission may be restricted to selected institutions where faculty and facilities could be strengthened to promote excellence. This will also allow pooling of teachers coupled with stricter screening of the students. The final product could thus be improved at reduced cost.
5. Academic administration must in general synchronize with academic hierarchy. Contribution to knowledge, research and supervision ought to be recognized and appropriately rewarded strictly on merit.
6. All these efforts would help develop what we have described above as the 'critical mass' conducive for teaching and research in Islamic finance at the higher education institutions. The arrangements would produce Sharīʿah literate economists. Advisory boards are today exclusively loaded with Sharīʿah scholars. We need trained economists also on the advisory boards.[1]

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NOTE: *The information on programme structures and course contents for various educational institutions in this paper are quoted from their websites or the brochures sent out. Discrepancies, if any, may be due to lag in updating information on the net.*