

work: “Hopefully, this volume will enhance ties between the early and succeeding generations not only in Bangladesh, India, and Pakistan, but it would also be a learning resource for the growing South Asian expatriates, many of whom are nearly sealed off from the knowledge of their core. Both Bangladesh and today’s West Bengal (Bangla) are the heirs to the two Bengal partitions—1905 and 1947 though the Muslim and Hindu versions of those epoch-making episodes are still shadowed by sharp disagreements. Neither the 1947 partition nor the 1971 Bangladesh independence from Pakistan could, so far, change those historical legacies.”(11)

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**Feisal Khan. 2019. *Islamic Banking in Pakistan: Shariah-compliant finance and the quest to make Pakistan more Islamic*. New York: Routledge, 185 pp. ISBN: 978-0-415-77975-3 (hbk), 978-1-315-67024-9 (ebk).**

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*Islamic Banking in Pakistan: Shariah-Compliant Finance and the Quest to make Pakistan more Islamic* is an interesting addition to the South Asian studies. Rather than merely evaluating the performance of Islamic Banking and Finance (IBF), that started in 1986 in Pakistan, vis-à-vis other banking systems, Feisal Khan ventured to link this development with the essential character of Pakistan shaped largely by a polarizing battle and tensions between two competing groups which he calls “Islamic minimalist” and “Islamic maximalist.” Although the battle started long before the independence of Pakistan in 1947, it still continues. With Islamic banking and finance flourishing in Pakistan and beyond, Islamic maximalist sees this, according to the author, as a crucial element of a model Islamic state.

Pakistan’s Islamic banking is a part of the global rise in Islamic banking and finance in recent years. There are over 700 Islamic banks in over 60 different countries across the globe, with over \$1.3 trillion financial assets. The growth of Islamic banking and finance is remarkable, with 150 per cent growth since 2006. Other Western

or conventional banks such as HSBC, Citibank, Bank of America, Standard Chartered, and Union Bank of Switzerland also have Islamic banking subsidiaries or offer Islamic financial products. Like other financial sectors, Islamic banking and finance is growing within and beyond the Muslim territories; however, its growth in Pakistan, as the author claims, is uniquely linked with the continuous battle between the modernists and the Islamists.

The book tries to link the rise of Islamic banking and finance with the essential emergence of Pakistan from the British India in 1947 based largely on Muslim nationalism, as opposed to independent India on Hindu chauvinism, also known as *Hindutva* movement. Although the leaders of Muslim nationalism—specially Muhammad Ali Jinnah—were largely secular and “modernist” with little or no public display of Islamic practices, articulation of this movement was utterly Islamic revivalism that placed Islam at the center of the new state. One pioneer of this movement was Syed Abul Ala Maududi who left India for Pakistan for this ambition. Like the leaders of the Pakistan movement, despite their secular stance, utilized religion to mobilize the masses, the later rulers specially the military diktat in 1985 used Islam through, for example, instituting a fully Islamic banking system, for their political legitimacy.

Pakistan now is “the most dangerous country in the world” (p. 6), partly due to its nuclear weapons, ongoing brutal terrorism, support for Taliban, and its link with the terrorist attacks in India, which means, according to the author, the battle between modernist and Islamist are far from over, and even more intense today than before. Is the rise of Islamic banking and finance in Pakistan an interface in this battle or an essential gain of the Islamist that undermines the secular values dragging into the current notorious legacies of brutal insurgency and terrorism? The book tries to address this question, focusing on other complex connecting issues, for example: Have things really changed since the “reboot” of Islamic banking in Pakistan in 2002? What does current Islamic banking in Pakistan really look like? And how do its practitioners and customers feel about it? Aside from secondary sources, the author made a primary investigation to answer these questions.

The book is organized into nine chapters. Chapter One adumbrates the rise of Islamic banking and finance globally and the inherent rationale

on writing this book. Chapter Two unpacks a complex historical debate on the creation of Pakistan, focusing on the question of Islamic republic or merely a republic of Muslims. After independence in 1947, Pakistan embraced a series of Islamization both from the civil society and from the military ruler, notably with the Constitutional amendments to create federal *Shariat* Court and the *Shariat Appellate Bench* of the Supreme Court. This process of post-independence Islamization has been captured in Chapter Three “The Post-Jinnah Islamization of Pakistan.” Chapter Four delves into the debate over *riba* (interest or usury) which is prohibited in Islam bringing insights from two camps, Islamic minimalist who favor a modernist interpretation of Islam and Islamic maximalist who favor *Shariat* as ultimate guiding principle for the state, while Chapter Five engages in the “new orthodoxy of ‘old’ financial norms” focusing on, for example, permissibility of charging interest on financial transactions, time value of money in Islam, and an alternative theory as to why Islam and other pre-modern societies prohibited the charging of interest on loans. A detailed examination of how Islamic banking and finance is operating and performing across the globe, albeit differently, vis-à-vis its conventional counterparts is found in Chapter Six which titles “the nuts and bolts of Islamic banking worldwide.” The book then waltzes to the critical case of Pakistan “rebooting Islamic banking in Pakistan to make it more Islamic” and its broader implications on finance in particular and society in general (Chapter Seven), and the empirical differences between stakeholders involved in Islamic banking and finance and other conventional banks on the “three decades of Pakistani experiment” (Chapter Eight). The concluding chapter (Chapter Nine) raises a number of questions and contours on the future path and an alternative vision of Islamic banking. Currently, however, “for the banking and financial sector at least, it is so much more form than substance that Islamic banking is *de facto* conventional banking” (p. 163) and it may remain so.

The book is certainly an excellent contribution to the areas of global finance, South Asian studies (Pakistan’s politics of identity in particular), and ongoing debate over the compatibility between Islam and modernity. The historical narratives on the formation of Pakistan that colluded with Islam and secularism, and a critical competitive analysis between Islamic and other conventional banking systems, are

among the brilliant analyses the author made. The book, however, has some shortcomings.

First, this binary opposition between modernist and the Islamist or Islamic minimalist and maximalist is problematic, simplistic and reductionist. His portrayal of “Islamic maximalist” on those who favor an Islamic state making Pakistan a “new Medina” through the establishment of Islamic bank is not entirely true. Many of these people are modernist as well who, through Islamic banking and finance, made Islam compatible with, and enter into, modern capitalism. The rise of Islamic banking and finance in Pakistan and beyond can be explained by taking insights from the Max Weber’s seminal book *The Protestant Ethic and Spirit of Capitalism*. Weber found an “affinity” between the work ethic of the Protestants (and Calvinists) and some essential characteristics of modern capitalism. The rise of capitalism, with some Islamic character, in the Muslim world, particularly in Pakistan, can be understood as an affinity between Islamic ethic (*by-muajjal and mudaraba*, for instance) used by a section of people to develop banks and enterprises for the accumulation of wealth and investment and the unplanned emergence of capitalism. The author’s treatment of Islamic banks and finance merely as “Islamic” for the “Islamic minimalist” disconnecting largely from the uncoordinated emergence of capitalism in the Muslim world is subject to contestation. Second, although the author claims to have an empirical investigation for this book, no chapter or section of a chapter has been adequately devoted systematically to tell the readers about the robustness of the methodology used. Finally, it is not clear why Islamic Banking in Pakistan is a unique case “to make Pakistan more Islamic”, as the author tries to portray, given that Islamic banking and finance has now been a global phenomenon, working in both Muslim and western countries.