

# AL-SHAJARAH

JOURNAL OF ISLAMIC THOUGHT AND CIVILIZATION  
OF  
THE INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA (IIUM)

SPECIAL ISSUE:  
ISLAMIC BANKING AND FINANCE

2017



# AL-SHAJARA

## Special Issue

### Contents

DEMOCRACY AND SOCIO-ECONOMIC INCLUSION IN NIGERIA: REDUCING THE MUTUAL EXCLUSIVITY THROUGH ISLAMIC MICROFINANCE <i>Abideen Adeyemi Adewale, Razali Haron</i>	1
AN INVESTMENT APPRAISAL OF INTERNATIONAL MARITIME ASSETS FOR MALAYSIAN ISLAMIC FINANCIAL INSTITUTIONS – THE CASE FOR EQUITY FINANCE <i>Adam Abdullah, Rusni Hassan, Salina Kassim</i>	27
<i>SHARI'AH</i> ISSUES IN GOLD TRADING AND GOLD RELATED SCAM SCHEMES <i>Azman Mohd Noor</i>	61
CLASSIFICATION OF DEFAULTERS IN THE PAYMENT OF DEBT IN ISLAMIC BANKING PRACTICES <i>Annan Hasan, Muhamad Nasir Haron, Mohd Faysal Mohamed, Budeeman Mana</i>	85
FUNDAMENTALS, UNIVERSE CREATION AND APPRAISAL OF MAJOR <i>SHARI'AH</i> - COMPLIANT STOCKS SCREENING METHODOLOGIES <i>Buerhan Saiti, Khaliq Ahmad</i>	105
OWNERSHIP STRUCTURE OF FAMILY-OWNED FIRMS AND DEBT FINANCING. EVIDENCE ON <i>SHARI'AH</i> -COMPLIANT FIRMS IN MALAYSIA <i>Razali Haron</i>	139
TOWARDS PROVIDING THE BEST <i>SHARĪ'AH</i> GOVERNANCE PRACTICES FOR <i>WAQF</i> BASED INSTITUTIONS <i>Rusni Hassan, Syed Musa Bin Syed Jaafar Alhabshi, Adnan Yusoff</i>	165
PUSHING THE FRONTIERS OF ISLAMIC FINANCE THROUGH SOCIALLY RESPONSIBLE INVESTMENT <i>SUKUK</i> <i>Salina Kassim, Adam Abdullah</i>	187
EXPLORING MULTI-DOMAINS OF ISLAMIC FINANCE EDUCATION CURRICULUM <i>Syed Musa Bin Syed Jaafar Alhabshi</i>	215
TOWARDS THE DEVELOPMENT OF <i>SHARĪ'AH</i> COMPLIANT HIGH QUALITY LIQUID ASSETS FOR ISLAMIC FINANCIAL INSTITUTIONS <i>Engku Rabbiah Adawiah Engku Ali, Umar A. Oseni, Muhd Ramadhan Fitri Ellias, Muhamad Nasir Haron</i>	233
IMPACT ASSESSMENT OF ISLAMIC MICROFINANCE ON THE RELIGIOUS, ETHICAL AND SOCIAL WELL-BEING OF PARTICIPANTS: A CASE STUDY OF PAKISTAN <i>Khaliq Ahmad, Adewale Abideen Adeyemi, Muhammad Nauman Khan</i>	265
NOTES ON CONTRIBUTORS	297

**WoS-Indexed** under *Arts & Humanities Citation Index, Current Contents/Arts and Humanities* and **Scopus**

ISSN 1394-6870



9 771394 687009





# EXPLORING MULTI-DOMAINS OF ISLAMIC FINANCE EDUCATION CURRICULUM

*Syed Musa Bin Syed Jaafar Alhabshi*

## **Abstract**

*With exponential growth in the Islamic financial services industry (IFSI), issues on the quality of Islamic finance curriculum and professional development, relevant to the sustainability of the IFSI have been raised in both academia and industry. In particular, the definitions of Islamic finance and program nomenclature of Islamic finance programmes need clarification and systemization to facilitate the development of meaningful and coherent Islamic finance education initiatives. The fundamentals of Islamic education and its relevance to Islamic finance, are highlighted in this concept paper to emphasize the importance of the nature of man as an ethical being, infused with right and proper knowledge in Islamic finance education. Derived principles involving finance behaviour with reference to 'efficiency' or 'opportunistic gains' are re-examined in the light of Shari'ah based on the sources of belief, values and practice of the Religion of Islam. This is to facilitate clarity in the definition of Islamic finance and the purpose of Islamic finance education. Furthermore, the Malaysian Qualifications Agency (MQA) Muamalat Islamic Finance (MIF) Standard was analysed to explore the domains for an inclusive Islamic finance curriculum domain framework to facilitate the development of 'fit and proper' Islamic finance educators and professionals. Shari'ah prescribed guiding principles and rulings are then discussed within the legal and economic perspectives of banking, capital markets and takaful/insurance. This paper reaffirms the essence of Islamic finance education, given proper adab and akhlaq, in realizing the goals of the maqasid al-Shari'ah in Islamic finance.*

**Key Words:** Islamic finance education, ethics and efficiency



## **Introduction: Essential Nature and Principles of Education in Islam**

This section introduces the essential process and critical components of education in Islam according to Syed Muhammad Naquib Al-Attas's seminal work on *The Conception of Education in Islam*, (Al-Attas 1991)<sup>1</sup>, which is relevant to laying the foundations of understanding the concept of Islamic Finance Education and attempts to derive three core principles for curriculum design. Since education can be described as a 'process of instilling something into human man' (Al-Attas, 1991)<sup>2</sup>, it is useful to analyse education as a process or a method to cultivate human personality with relevant content. Education in Islam recognizes man as a rational animal (*haywan an-Natiq*)<sup>3</sup>. Man possess 'aql as an organic entity of reason and intellectus, as well as an inner faculty (*dhu nutq*)<sup>4</sup> to formulate meaning, which involves judgement, discrimination and clarification. 'Aql signifies an innate property that binds and withholds objects of knowledge by means of words. It is synonymous to *qalb*<sup>5</sup> as a spiritual organ of cognition called the 'heart'. The real nature of 'aql is that it is a spiritual substance by which the rational soul (*al-nafs al-natiqah*) recognizes and distinguishes the truth from falsehood. Hence man by its original nature (*fitrah*) has capacity to be inclined to truth and be ethical. Observable outward and audible 'speech' which denotes rationality and represent power and capacity to articulate words in a meaningful pattern is evident of the inner unseen reality, 'aql.

---

<sup>1</sup> Syed Muhammad Naquib Al-Attas, *The Concept of Education in Islam: A Framework for an Islamic Philosophy of Education*, (Kuala Lumpur: International Institute of Islamic Thought and Civilization, 1991).

<sup>2</sup> Ibid, 13.

<sup>3</sup> Al-Jurjani in *Kitab Al Ta'rif*, (Bierut, 1969) , 39, cited in Al-Attas, (1991), op. cit.,14.

<sup>4</sup> *Al-nutq* in Al-Tahanawi, *Kashaf Istilahat al Funun*, (Beirut, 1966), vol.6, 1418 cited in Al-Attas, (1991) op. cit., 14.

<sup>5</sup> Ibn Manzur, vol.11, 457, col.2, cited in Al-Attas, (1991), op. cit., 14.

## 1<sup>st</sup> Principle of Education in Islam: Nature of Man as Ethical Being

Hence education should refer to man as rational animal who has the capacity for understanding speech, and the power responsible for the formulation of meanings (judgement, discrimination, distinction and clarification), ability to articulate words or expressions in a meaningful pattern (i.e. ‘meaning’ in the present context) based on the concept of *ma’na*, which is the recognition of the place of anything in a system. Such recognition occurs when ‘the relation’ *a thing has with other things* in the system becomes clarified and understood. The relation describes a certain order.

‘Meaning’ supposes a mental image of words or expressions in relation to the meaningful pattern and implies an idea or notion from the image that is *mafhum* (understood). When it is expressed in an intelligible form to respond to ‘What it is?’ it becomes the essence (*maahiyyah*). The essence of the thing, which exists outside the mind, is objectively described as ‘reality’ (*haqiqah*). If seen as a specific reality, distinguished from others, it is called individuality or individual existence (*huwiyyah*). Meaning (Al Attas, 1991)<sup>6</sup> can thus be defined as the ‘recognition of the place of anything in a system, which occurs when the relation *a thing has with others in the system*, becomes clarified and understood.’ The relation denotes a certain order. Hence ‘specific difference of a thing distinct from others yet related’ is critical to identify the components of a system.

Man in general as recipient in the education process should be capable to understand the speech (content) and has the capacity (power) to formulate and derive meanings by articulating concepts (terms) such as Sukuk within a certain order (context or system) such as Islamic financial markets in a meaningful manner. In the context of finance, man need to be understood as the educator, policy maker and professionals that provide leadership to the financial industry and community.

---

<sup>6</sup> Al-Attas, (1991), op. cit., 15

## 2<sup>nd</sup> Principle of Education in Islam: Signs and Sciences of Knowledge

The second element of education is the content, or something to be progressively instilled. This content would refer to knowledge, which include skills, natural and applied sciences. However, knowledge devoid of purpose is incomplete. In Islam all knowledge is from Allah (s.w.t.) in particular 'with reference to God as being its origin, knowledge is the arrival (*husuul*) in the soul of a meaning of the thing, or an object of knowledge; and with reference to the soul as interpreter, knowledge is the arrival (*wusul*) of the soul at the meaning of a thing or an object of knowledge.'<sup>7</sup> Hence, this can be understood as both *recipient* of signs of nature and revelation and subsequently engage in sciences as an *interpreter* who constructs meaning to communicate the signs to others. In the traditional sense the sciences of tafseer (explanation) and *taawil* (interpretation) are expounded to develop scholarship in religious sciences and literature with reference to empirical and thus observable (*zahir*) in nature as well as the interpretive or non-observable (*batin*).

**Knowledge** as content representing skills and sciences should be engaged in a meaningful process of both explaining the observable (*zahir*) and interpreting the non-observable (*batin*). Both are inseparable and need to be understood. Knowledge, with reference to meaning, consists of the recognition of the proper places of things in the order of creation, such that it leads to the recognition of the proper place of God in the order of being and existence. **Recognition** alone does not necessarily imply concomitant action on the part of man to behave in accordance with suitable requirements of what is recognized. True recognition must be followed by acknowledgement, otherwise in vain. Furthermore, **acknowledgement**, like recognition, pertains to man and consists in man making himself suitable to the requirements of the right or proper places of things or affairs. The action pursuant to making himself suitable is denoted by 'amal. Hence, the definition of the 'content of education' is 'the recognition and acknowledgement of the proper places of things in the order of creation, such that it leads to the recognition and acknowledgement

---

<sup>7</sup> Al-Jurjani in *Kitab Al Ta'rifat*, 160-161, cited in Al-Attas, (1991), op. cit., 17.



of the proper place of God in the order of being and existence' (Al-Attas, 1991)<sup>8</sup>.

Both the signs such as share price volatility and science such as investor/market behaviour in finance significantly relate to human behaviour and social interaction. The lack of understanding and acknowledgment of the proper place of God in the order of being and existence poses challenges to the concept of self and external governance, which may ignore sound belief and core values. Thus market behaviour devoid of moral values without proper understanding of self and external governance enables market systemic failures.

### 3<sup>rd</sup> Principle of Education in Islam: Adab in Seeking Knowledge

'*Adab* is the discipline of body, mind and soul; the discipline, that assures the recognition of and acknowledgement of one's proper place in relation to one's physical, intellectual and spiritual capacities and potentials; the recognition and acknowledgement of the reality that knowledge and being are ordered hierarchically according to their various levels (*marātib*) and degrees (*darajāt*)' (Al-Attas, 1991)<sup>9</sup>. *Adab* also refers to self-discipline involving positive and willing parties in enacting one's role in accordance with recognition and acknowledgement. It's actualization in one and in society as a whole, which reflects the condition of justice [*'adl*]. Hence, there are different levels and degree of knowledge and being.

Actualization of *adab* in one and in society as a whole, reflects the condition of justice ('*adl*). In other words the condition of being in the proper place is '*adl*. *Adab* is the spectacle (*mashhad*) of justice, as it is reflected by wisdom. *Adab* is identified with the knowledge of purpose of seeking knowledge, which is to produce a good man, the man of *adab* in both material and spiritual realm. Based on the primordial individual covenant, *mīthāq*<sup>10</sup>, Man in that spiritual condition, possessing speech (*nutq*), is referred to as *al-naḥs al nātiqah*. Therefore, *adab* is the knowledge of the purpose of seeking knowledge. The purpose of seeking knowledge in Islam is to

---

<sup>8</sup> Al-Attas, (1991), op. cit., 20.

<sup>9</sup> Ibid., 22.

<sup>10</sup> *Al-Qur'an*, 7:172

inculcate goodness in man and not only a good citizen. A good man is a man of *adab*. This purpose is evidence by the primordial covenant<sup>11</sup>, where man with cognitive (*ma'rifah*) ability was able to affirm (*qawl*) with their power of speech (*nutq*), the reality and truth of his existential condition in relation to His Lord (as Possessor, Creator, Sustainer, Cherisher and Provider). The covenant is the essence of the religion of Islam (*ad-Deen*). All principles of Islam revert to that spiritual and pre-existing condition<sup>12</sup>. Lacking proper code of conduct in financial practice meant to be consistent with right belief, values and practice may misrepresent the professional integrity and competency to attain the 'fit and proper'<sup>13</sup> criteria in service of the public interest in a socially responsible manner.

Based on the derived core principles, this paper extends the discourse to explore Islamic finance education curriculum with a view to promote the development of ethical Islamic finance scholar cum professional as an ethical being who engage in knowledge/expertise with proper *adab* as proposed by the multi-domain curriculum.

### **Finance as Efficiency Mediator**

Finance as a concept, can be understood as a 'permeating' mediating and intermediary function of an instrument, product, institution, system or regulation which allow surplus units to transfer funds (economic resources) to deficit units via a financial intermediary within the financial system and financial environment. Technically it is assumed to be efficient, but may be opportunistic due to moral hazards arising from lack of counter-value (*'iwad*) and deceptive uncertainty (*gharar*) attributed to information asymmetry<sup>14</sup>.

Financial activities represented by transactions and valuations

---

<sup>11</sup> Ibid.

<sup>12</sup> Syed Muhammad Naquib Al-Attas, *Islam: The Concept of Religion and the Foundation of Ethics and Morality*, (Kuala Lumpur: Dewan Bahasa dan Pustaka Malaysia, 1992), provides further discussion.

<sup>13</sup> BNM/RH/GL 018-5 Prudential Financial Policy Department Islamic Banking and Takaful Department Fit and Proper Criteria, Issued on: 28 June 2013.

<sup>14</sup> In contract theory and economics, information asymmetry deals with the study of decisions in transactions where one party has more or better information than the other which can lead to adverse selection, moral hazard, and information.

convey concepts, which are both in legal form and economic substance respectively. In essence this represents the human behavioural imperative of intention, action and consequences. Every intent relates to the purpose and hence validated by the permissibility of such activities<sup>15</sup>. Action, on the other hand, is verified by the validity of transactions to ensure it is both proper and legitimate. Finally, the consequences or outcomes are mitigated by ensuring that proper actions are consistent with permissible intention to ensure acceptable outcomes. This due process for ensuring *Shari'ah* compliant Islamic financial activities should be embedded in proper governance of Islamic financial activities towards the *maqasid al-Shari'ah*<sup>16</sup>.

In the present context, the financial sector interfaces with all economic sectors with particular emphasis on intermediating financial flows in an integrated manner through money as well as financial instruments (medium of exchange), financial institutions and markets (financial intermediary). In essence 'medium of exchange' and 'financial intermediary' presents the key fundamental concepts to elucidate the role and purpose of finance to facilitate attainment of the goals of *Shari'ah*.

### **Islamic Finance Curriculum: Principle Based Normative Approach**

A curriculum which significantly represents the content of education in the form of programs are designed to attain broad program aims and specific program objectives and learning outcomes as prescribed by accreditation agencies. This paper, in particular, examines and analyses two approaches in the development of Islamic finance

---

<sup>15</sup> It is narrated on the authority of Amirul Mu'minin, Abu Hafis 'Umar bin al-Khattab, (r.a.), who said: I heard the Messenger of Allah, (s.a.w.s.), say: "Actions are (judged) by motives (*niyyah*), so each man will have what he intended. Thus, he whose migration (*hijrah*) was to Allah and His Messenger, his migration is to Allah and His Messenger; but he whose migration was for some worldly thing he might gain, or for a wife he might marry, his migration is to that for which he migrated" (Al-Bukhari, Muslim) in *Sharh Arba'een an-Nawawi, Commentary of Forty Hadiths of An-Nawawi*, by Jamal Ahmed Badi, (Kuala Lumpur: IIUM, 2002), *hadith* no.1.

<sup>16</sup> Muhammad Khalid Masud, *Shatibi's Philosophy of Islamic Law*, (Kuala Lumpur: Islamic Book Trust, 2000).

curriculum in the context of the fundamentals and principles of education in Islam. Finance as a practice based discipline evolved from the systematic development of available accounting and economic information within legal as well as regulatory framework of both institutions and markets. In particular, financial management, which significantly depend on financial statements of business firms and corporations, expands into corporate finance and investments with the increasing emphasis of deposit taking corporations (banks) and financial securities in the financial sector.

Conventional finance curriculum that represents efficiency<sup>17</sup> arguments based on intermediation and arbitrage are technically disconnected from ethical norms and may pose ‘opportunistic (unethical) behaviour’. Specifically, the over-reliance on the ‘time value of money’ and adoption of interest (usury) as the ‘financial benchmark’ has aggravated the disequilibrium of counter value (*iwad*) between financial and non-financial sectors. Such disequilibrium in (inefficient) pricing and disparity in (unethical) distribution could be attributed to various institution financial scandals as well as systemic financial instability. Attempts to moderate with government intervention due to ‘institutional or market failures’ would only contain rather than address the problem despite efforts in regulation through supervision and transparency in the form of disclosures. The core issue remain unresolved, that is a ‘perplexed ethical being’ inundated with generic financial governance policies in the promise for a more socially responsible institution and transparent market has yet to fulfil the needs of the financial community. In other words putting a ‘square peg in a round hole’. Islamic economics and finance intended as proponents of principle based prescriptive solutions to the current issues are based on the fundamental religious belief and value system derived from the sources of the *Shari’ah* which are the *Qur’an* and the *Sunnah*. It is intended that *Shari’ah* principles and rulings are substantively adopted in the laws and regulation to facilitate the governance and proper implementation of Islamic banking, capital and *takaful*

---

<sup>17</sup> There are various forms of efficiency including information efficiency that facilitates allocative decisions. Information asymmetry disrupts allocative efficiency.



practices<sup>18</sup>. Hence, a prescriptive value based normative approach is introduced to discern and complement the current ethical positive approaches to finance. The emphasis of ethical being as the focus of education in Islamic finance attempts to identify the relevant domains, which will support an integrated curriculum for Islamic finance.

### **Program or Domain Based Curriculum Approaches?**

This section reviews and compare both ‘program based standard and domain based curriculum framework to highlight pertinent common features that can integrate the relevant approaches. An attempt to standardize program on Islamic commercial transactions and Islamic finance, *Muamalah* and Islamic Finance (MIF), was initiated to explore common curriculum content that are mutually supportive to offer both *Muamalat* and Islamic finance programs. Though both disciplines refer to *Shari’ah* as sources of knowledge and guidance to proper conduct in commercial and finance practices, other disciplines such as law and economics as well as the significance of Islamic belief system (Islamic world view) could not be ignored. “The general objective of MIF programme is to prepare graduates with knowledge on MIF theories and applications and the ability to interlink with the global environment and possess high ethical values.”<sup>19</sup> The general objective would ‘technically’ apply to any programme from the five disciplines of Malaysian Qualifications Agency (MQA) *Muamalat* and Islamic Finance (MIF) standard which are *Muamalat*, Islamic Finance, Islamic Economics, Islamic Accounting and Islamic Management. Further deliberation of the objectives are each level are specified in the following table:

---

<sup>18</sup> This is qualified, since emphasis is given to substance over form in Islamic finance transactions (Majallah, art.no.3), thus, blocking the legal means to an unlawful outcome (*sadd al-dhara’i*) is required, since it would be in the public interest (*maslahah*), where Islamic risk-bearing sales contracts are structured as risk-free debt modes of finance (form), that only imitate conventional modes of risk-free debt finance and are similarly priced at the TVM, i.e. interest (substance). In this case, legal opinions claiming *Shari’ah*-compliance would be negated.

<sup>19</sup> Malaysian Qualifications Agency (MQA), Programme Standards: *Muamalat* and Islamic Finance, (Kuala Lumpur: MQA, 2013), 13.

Table 1: Comparative Analysis MQA MIF Certification Levels

LEVEL	OBJECTIVES	DISCIPLINES <sup>20</sup>	LEARNING OUTCOMES	COMMENT
<b>CRTIFICATE</b>	Basic skills and knowledge in <i>Muamalat</i> and <i>Shari'ah</i> as well as awareness of ethics and accountability for each of the specified courses	<i>Muamalat</i> Islamic Economics Islamic Finance Islamic Management Islamic Accounting	Understand Utilise Perform Execute Communicate Demonstrate	It should focus on awareness of the foundations and equip with basic technical skills.
<b>DIPLOMA</b>	Relevant skills and broad based knowledge and to apply principles and solve problems	<i>Muamalat</i> Islamic Economics Islamic Finance Islamic Management Islamic Accounting	Demonstrate Communicate	It should focus on awareness and equip with principles and functional technical skills
<b>ADVANCED DIPLOMA</b>	Relevant skills and broad based knowledge as well as to assist Islamic institutions and their clients	<i>Muamalat</i> Islamic Economics Islamic Finance Islamic Management Islamic Accounting	Demonstrate Apply Possess	It should On understanding and be equip with both conceptual and technical skills
<b>BACHELORS DEGREE</b>	Sufficient knowledge and skills for higher degree of autonomy than diploma such as effective leadership	<i>Muamalat</i> Islamic Economics Islamic Finance Islamic Management Islamic Accounting	Apply Communicate Demonstrate	Focus should be understanding and equip with both conceptual and technical skills as well as institutional issues

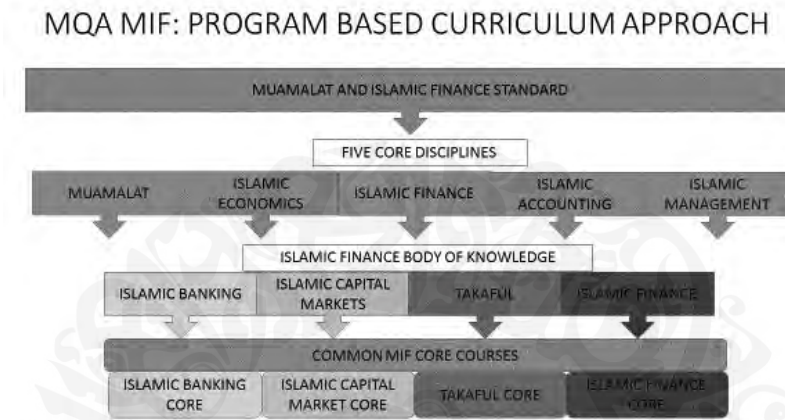
<sup>20</sup> *Muamalat* briefly refers to *Shari'ah* based transactions. Islamic economics, Islamic finance and Islamic management refers to both conventional and Islamic courses. Islamic accounting however refer to Islamic courses only.

<b>POSTGRADUATE DIPLOMA</b>	Relevant skills and broad based knowledge as well as to assist Islamic institutions and their clients	<i>Muamalat</i> Islamic Economics Islamic Finance Islamic Management Islamic Accounting	Demonstrate Apply Solve	Focus should be understanding and equip with both conceptual and technical skills as well as institutional problem solving skills
<b>MASTERS DEGREE</b>	Advanced knowledge and skills to deal with demands and challenges of Islamic finance industry	<i>Muamalat</i> Islamic Economics Islamic Finance Islamic Management Islamic Accounting	Demonstrate Apply Solve	Focus should be understanding and equip with both conceptual and technical skills as well as institutional leadership skills
<b>DOCTORAL DEGREE</b>	Develop, expand and apply knowledge of principles in both industry and society directed to both practitioners/ researchers	<i>Muamalat</i> Islamic Economics Islamic Finance Islamic Management Islamic Accounting	Generate Demonstrate Contribute Engaged Promote Demonstrate	Focus should be understanding and equip with both conceptual and research skills as well as academic leadership and scholarship

As highlighted in the above table, the programme aims and learning outcomes are guided by generic education objectives and learning processes for each level and do not specify the learning content/domain outcomes or for each discipline from interdisciplinary theories or multi-disciplinary objectives. The levels of learning outcomes are generic and not related to specific context in terms of the institutional role and the tasks to be executed. The final column propose some initial assessment for each level of competency.

Though specific references are made to Islamic disciplines however these do not indicate whether an Islamic perspective or comparative perspective or both are adopted since both conventional and Islamic courses are recognized in each discipline. In terms of standalone discipline or a combination of both the MQA MIF standard is indicative of a potential interdisciplinary approach. The following figure illustrates the MQA MIF approach to a 'programme based curriculum'.

Figure 1: Analytical MQA MIF Programme Based Curriculum Framework



Source: MIFER (2016)<sup>21</sup>

Though MQA MIF standard presents a comprehensive approach for the five disciplines, it also prescribed the body of knowledge for Islamic finance to be within three sectors as well as a generic fourth sector. The discipline core and elective courses are meant to be traceable to each of the sector in Islamic finance discipline. A further elaboration on the inter-disciplinary academic research and multi-disciplinary industry application of Islamic finance would be useful to identify the appropriate theories and relevant applications to domains of Islamic finance. Furthermore, *Shari'ah* (Islamic law) which is sourced from the revealed religion of Islam (*ad-Deen*) needs to be specified to guide the applications of *Shari'ah* in Islamic Finance and to be consistent with Islamic belief (worldview)<sup>22</sup>. Currently most discussions relate to *Shari'ah* without specific reference to the religion of Islam (*Ad Deen ul Islam*). The body of knowledge of Islamic Finance in MQA MIF specifies four

<sup>21</sup> International Council of Islamic Finance Educators (ICIFE), *Malaysian Islamic Finance Education Report* (MIFER), (Kuala Lumpur: ICIFE, 2016).

<sup>22</sup> *Sharia'ah* Islamic Law is derived from Religion of Islam (*Ad-Deen*), cf. *Al-Qur'an*, 42:13



sectors namely, Islamic Banking, Islamic Capital Markets, *Takaful* and Islamic Finance. This imply the knowledge classification is derived from industry practice rather than from ‘root disciplines’.

An analysis of Islamic banking as a body of knowledge with direct reference to the ‘core banking process’ found only five (5) banking courses that could be identified from all levels of course requirements from Certificate to Doctorate. These courses include Islamic Bank Management, Banking Operations, Islamic Banking Legal Framework, Islamic Treasury and Islamic Trade Finance. With regard to Islamic capital as a body of knowledge with reference to financial securities only eight (8) capital market courses could be identified from all levels of course requirements from Certificate to Doctorate. The courses are Islamic Capital Market, Islamic investment, Islamic wealth management, Fund Management, Islamic and conventional financial market, Equity market, Derivatives and *Sukuk*. In terms of *Takaful* as body of knowledge with direct reference to *Takaful* business only seven (7) *Takaful* courses are identified from all level of course requirements from certificate to Doctorate. These courses are *Takaful*, Framework of *Takaful*, Family *Takaful*, General *Takaful*, Re-*Takaful*, *Takaful* Business and Fund Management.

The above preliminary observations indicate the challenge of classifying the body of knowledge in Islamic finance from the context of Industry sectors. Hence a systematic classification that is both coherent and consistent for Islamic finance as a body of knowledge is explored by identifying the specific domains that formalize the discipline of Islamic finance.

### **Domain Approach to Islamic Finance Curriculum**

Curriculum domains are introduced and intended to enable a component analysis of Islamic finance as a curriculum framework. This thought process is due to the recognition of finance as applied science which derives its roots from economics (resources), sociology (society) and psychology (human personality) as well as evolve with law and accounting professional practices. Inter disciplinary theories from economics, sociology and psychology which shapes the personality and social interactions in economic

resources decision are critical to analyse theoretical developments in Islamic finance. Furthermore multi-disciplinary principles and applications involving economics, law and accounting are inevitable in formulating policies, strategies and solutions in Islamic finance.

Therefore, by re-examining finance from a domain perspective, this approach allows both inter disciplinary analysis and multi-disciplinary formulation of a more integrated curriculum. From a socio-economics perspective of production, pricing and distribution, finance decisions are made based on institutionalized personal beliefs consistent with professional conduct. With the acknowledgement of Islamic belief system (worldview) and application of *Shari'ah* principles and rulings in laws, contracts, regulations and governance to attain ethical (*akhlaq*) and proper conduct (*adab*) for the betterment (*maslahah*) of the society, finance is embraced as Islamic finance.

This approach to curriculum design and structure expand the current MQA MIF 'programme based curriculum approach' to include various programme types with 'pertinent' Islamic finance component in the programme. From a relatively 'exclusive approach' to '*Muamalat* and Islamic finance programmes' the proposed structure as deliberated presents a more 'inclusive approach' programs from root disciplines as well as professional practices that are included in the domains of Islamic finance.

Table 2: Comparative Curriculum Analytics of Program Based with Domain Based Approaches<sup>23</sup>

MODE OF STUDY	PROGRAM BASED COURSEWORK ONLY	DOMAIN BASED COURSEWORK ONLY
<b>PROGRAMMES OFFERED</b>	<p><b>STAND ALONE</b></p> <ul style="list-style-type: none"> <li>• Bachelor in <i>Muamalat</i></li> <li>• Bachelor in Islamic Finance</li> <li>• Bachelor in Islamic Economics</li> <li>• Bachelor in Islamic Accounting</li> <li>• Bachelor in <i>Muamalat</i> Administration</li> </ul> <p><b>COMBINATION</b></p> <ul style="list-style-type: none"> <li>• Bachelor in <i>Muamalat</i> and Islamic Risk Management</li> <li>• Bachelor in Islamic Economics and Islamic banking</li> </ul> <p><b>SPECIALIZATION APPROACH</b></p> <ul style="list-style-type: none"> <li>• Bachelor in Business Administration (Islamic Finance)</li> <li>• Bachelor of Management (Islamic Finance)</li> <li>• Bachelor of Economics in (Islamic Finance)</li> </ul>	<p><b>PROFESSIONAL DEGREE</b></p> <ul style="list-style-type: none"> <li>• Bachelor in Finance/Islamic Finance (Islamic Banking)</li> <li>• Bachelor in Finance/Islamic Finance (Islamic Capital Markets)</li> <li>• Bachelor in Finance/Islamic Finance (<i>Takaful</i>)</li> </ul> <p><b>SPECIALIZATION</b></p> <ul style="list-style-type: none"> <li>• B.Sc. or B.A. in Islamic Finance</li> <li>• B.Sc. or B.A. in Islamic Banking</li> <li>• B.Sc. or B.A. in Islamic Capital Market</li> <li>• B.Sc. or B.A. in Risk Management and <i>Takaful</i></li> </ul> <p><b>MAJOR/CONCENTRATION</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Business (Islamic Finance)</li> <li>• Bachelor of Laws (Islamic Finance)</li> <li>• Bachelor of Social Science (Islamic Finance)</li> <li>• Bachelor of <i>Shari'ah</i> (Islamic Finance)</li> </ul>

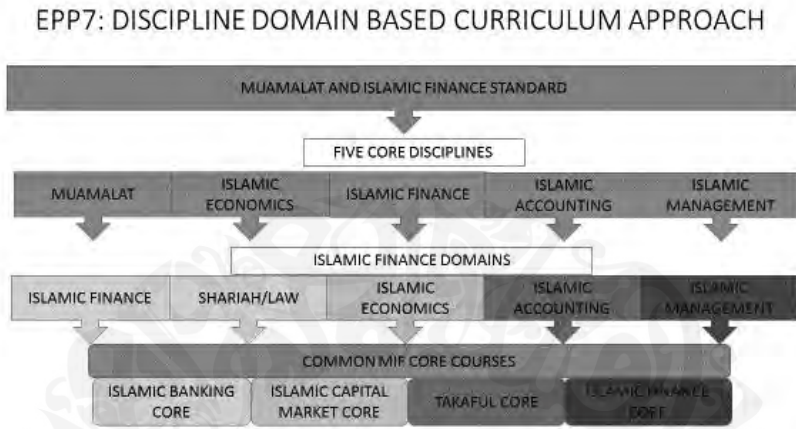
<sup>23</sup> The Program Based Approach refers to the MQA MIF Document, whilst the Domain Based Approach is derived from a series of Malaysian Economic Transformation Plan (ETP) Entry Point Project Seven (EPP 7) Round Table Discussions.

The above table distinguish the two approaches by making reference to professional degree, specialization or concentration. A professional degree in Finance/Islamic Finance enables the graduate to practice in the field of finance with special reference to Islamic finance. Specialization as a field of study identifies specific financial sectors that enable the graduate to both practice and conduct research in the particular sector. Finally a major or concentration in Islamic finance domains allow discipline or professional based programs to major or minor in Islamic finance courses. Essentially, the Domain approach affords more flexibility and inclusiveness to Islamic finance programmes. The domain approach also a adopts a discerning purposive perspective by recognizing universal values consistent with Islamic belief, practice and ethics. Therefore, economic efficiency, legitimacy, equity and social justice in economics and law as well as principles of accountability in accounting and management, are generally accepted unless contradictory to *Shari'ah* as sources of guidance to right and proper conduct. Thus, Islamic finance graduates are to be conversant with both conventional and Islamic finance as the normative discerns and complement the positive aspects of conventional finance.

As an extension to elucidate further the Islamic Finance component of MQA MIF, the Islamic Finance Domain Approach (figure 2) recognizes Islamic finance as a field of positive finance with normative approach consistent with *Shari'ah* principles and rulings.



Figure 2: Islamic Finance Domain Based Approach



Source: MIFER (2016)<sup>24</sup>

Figure 2 presents Islamic finance as a program discipline with five (5) primary domains comprising of Islamic finance, Shariah/Law, Islamic Economics, Islamic Accounting and Islamic Management. The domains facilitates identifying scholars in the various schools of Shari’ah, Law, Economics, Accounting and Management that contribute to theories and principles consistent to Islamic belief, values and practices. Therefore, the domains adopt an inclusive approach to recognize inter-disciplinary academic research and literature to be recognized as part of the curriculum in addition to Islamic finance as a discipline cum domain. At the next level, industry sector segmentation is recognized for banking, capital markets and *takaful*/insurance as established sectors. The third sector also referred to social finance is also to be included to allow for specialized expertise in supporting social institutions. Though all sectors are similar and consistent to the MQA MIF standard, the curriculum content should comprise of all five (5) domains to allow a comprehensive understanding of Islamic finance as a discipline. This enables the curriculum to be consistent with the ‘fit and proper’ test in professional conduct of directors and management in

<sup>24</sup> ICIFE, *Malaysian Islamic Finance Education Report* (MIFER), (2016), op. cit.

implementing proper and effective governance of financial institutions.

### **Conclusion**

With increasing attention directed towards Islamic finance by the financial community for financial remedies, the approach towards 'legitimacy and ethical price efficiency and financial stability solutions' are anticipated from quality (purposive) Islamic finance curriculum. Hence, the recognition and acknowledgement of the proper places of finance and the financial system in the order of creation, such that it leads to the recognition and acknowledgement of the Islamic belief, values and practice that promotes orderly society to achieve the objectives of the *Shari'ah (maqasid al-Shari'ah)*, thus providing pertinent consideration of *adab* and *akhlaq* to the future development of the Islamic finance curriculum.