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ISLAMIC BANKING: THE NEED TO HARMONISE REGULATIONS

An Interview with PLF's AmBank Group Resident Fellow

PROFESSOR ABDUL GHAFAR

Ismail is the AmBank Group-sponsored Resident Fellow at Perdana Leadership Foundation whose research work, "The Future of Islamic Banking in the Global Market", is completed and will soon be published by the Foundation. He is the Professor of Banking and Financial Economics at the School of Economics, Universiti Kebangsaan Malaysia. He received his PhD from the University of Southampton, England. He currently acts as the Head of Islamic Economics and Finance Research Center (EKONIS) and has been the Chairman of the Shari'ah Committee of Citibank Berhad since April 2005.

Ms Izyan Syazwani caught up with him recently and managed to find out more about his work and Islamic finance.

Can you tell us your background in Islamic banking?

I joined the university (UKM) in 1987. They asked me to pursue my studies in the UK and I did my PhD in Islamic banking. Actually my knowledge in Islamic Banking went way back to when I was in secondary school, when I learned about the subject of Muamalat (a set of rules (fiqh) related to business/trading/commercial transaction as well as lending and borrowing

contracts). I was in a religious school so I managed to learn from several Ustaz. We learned from a "classic", the 'kitab kuning', which is usually written in Arabic / Jawi without any full stops or paragraphs. Only chapters are denoted.

It was difficult to differentiate and segregate the topics but that was the beauty of learning from such books. Sometimes there are no verses, no 'sabdu' and it became a challenge because we have to add these ourselves. Therefore, I can honestly say that my basics regarding Islamic finance goes way back to secondary and religious school.

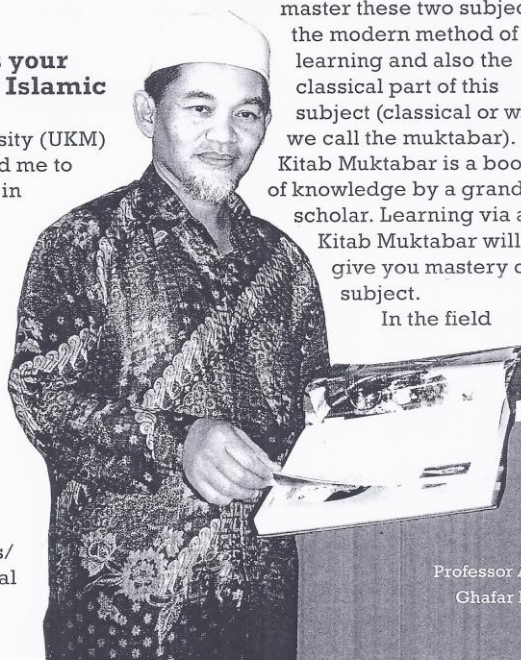
But of course, our comprehension on numbers has to be good also. In order to be good in this field, you need to master these two subjects, the modern method of learning and also the classical part of this subject (classical or what we call the muktabar). A Kitab Muktabar is a book of knowledge by a grand scholar. Learning via a Kitab Muktabar will give you mastery of a subject.

In the field

of Islamic finance, we cannot depend on one source only but we must also refer to past opinions. We must create a connection or a bridge between the classical perspectives and contemporary issues regarding the subject. It is important to transmit the knowledge of the current generation to the future generation and as such, we cannot overlook these linkages as they will be points of reference to the generation that will inherit the knowledge from us.

Your research topic for Perdana Leadership Foundation under the PLF Resident Fellowship programme focuses on the future of Islamic banking in a globalised world. Can you elaborate on the central ideas of your research?

In a global environment, each country wants to introduce and grow its Islamic finance sector. The concept of Islamic Finance comes from the same source but in terms of its applications, different schools of thoughts are being used, leading to differences in rules and regulations. For example, each Mazhab (school of thought), whether it be Hanafi, Maliki, Syafie or Hambali, will have different



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