Perceptions on the Accessibility of Islamic Banking in the UK – Challenges, Opportunities and Divergence in Opinion

Riaz, Umair; Burton, Bruce; Monk, Elizabeth

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1. Introduction

This paper explores views regarding the accessibility of Islamic banking in the UK amongst those employed in the sector, the faith's scholarly leaders and the nation's wider Muslim population.[1] The UK Government has been effusive in its desire to widen access to the industry's services and transform London into the world's centre for Islamic Finance (Housby, 2011). The terms in which such initiatives are couched – consistent with traditional Islamic thinking and *Ijtihad* (independent reasoning) – focus on social justice allied to the notion of minority emancipation via enhanced corporate communication; the empirical evidence in the present study is therefore contextualised via prior theorising relating to these issues. Whilst such an ethical underpinning might be suggestive of an approach that garners pervasive support across all the relevant parties, direct comparison of the opinions held by everyday Muslims, those at the heart of the industry and Islamic leaders has not been central to prior analyses in the area. In addition, most of the earlier empirical studies emphasise the influence of practical issues such as car parking and opening hours etc. We extend the focus here to include consideration of a broader range of factors relating to Islamic banking's accessibility in Britain including knowledge diffusion, product features and choice determinants.

An embryonic Islamic finance industry first emerged in the 1970s, building on theoretical advances in "Islamic economics" from the 1950s (Kamla and Alsoufi, 2015). Through the development of philosophies relating lending activities to spiritual principles, Islamic banks began to permeate the market in both Muslim and non-Muslim countries. This process reflected growing realisation that Islam's economic and social messages were closely aligned (Akhtar, 2007; Housby 2011). From a strategic point of view, the unique features of Islamic finance have proved simultaneously beneficial and detrimental (Hassan, 2008), but significant in its appeal are the equity-based transactions and distributions of risk that should, in theory, lead to social welfare gains (Kuran, 2004; Iqbal, 2007; Housby 2013). Such purported benefits have encouraged the British government to make particular efforts to support the industry, although the UK is far from unique amongst non-Islamic nations in seeing significant growth in the sector in recent years (Masood et al., 2009).[2]

Siddiqi (2001), Haron and Hisham (2003) and Hassan and Musa (2003) characterise Islamic banking as a phenomenon that represents much more than the ubiquitous prohibition on interest (*Riba*).[3] Siddiqi (2001) and Ahmad and Hassan (2007) argue that Islamic banking should have as its central aim the creation of a harmonious, balanced and just society, encouraging the equal distribution of wealth while forbidding activities that may harm individuals. Such intents and responsibilities require banks to undertake ethical investments and avoid monopolies whilst treating their employees and customers fairly (Kamla et al., 2006; Wilson, 2006). Beekun and Badwai (2005) argue that the societal responsibility of Islamic financial systems should not be limited to approaching, educating and serving Muslims. Instead, the authors argue that everyone should have the right to consume *Shariah*-compliant products, secure employment and hold shares in the institutions concerned. On a practical level, greater espousing of the socially responsible nature of their products could lead Islamic financial institutions to attract significant numbers of new customers (Tameme, 2009), provided that awareness and accessibility - the issues examined here - are recognised and understood.

The UK government has openly championed the Islamic financial industry in an attempt to encourage wider participation (Ahmad, 2008; Housby, 2011). The City of London has been one of the world's most prominent financial centres for centuries (Wilson, 2000) and, reflecting the state's efforts, has become a major hub for Islamic Finance (Ainley et al., 2007; Hutton, 2013; Beloufi and Chachi, 2014). A number of Muslim scholars have noted this growth and see opportunities for the UK industry to flourish further (Wilson, 2000; Karbhari et al., 2004; Ahmed, 2008; Aldohni, 2008; Dusuki, 2008; Walid et al., 2010; Akbar et al., 2012; Rahman, 2012; Quilter-Pinner and Yan, 2013; Fry, 2014; Nazeer, 2015). However, and notwithstanding progress in the UK and elsewhere, many authorities remain doubtful about the long-term future of the Islamic banking sector and its operations (Zaher and Haasan, 2001; Ahmad, 2008; Warsame, 2009). These concerns provide context for the present study's exploration of perceptions about the state of the industry in the UK. Of particular importance here is the suggestion that financial communication is a social paradigm, acknowledgement of which can facilitate meaningful consensus (Kamla, 2009). Gradual change in institutional behaviour reflecting the principles of openness and transparency is unlikely unless communicative processes emerge in which powerful groups are less dominant (Parker, 1991; Gallhofer and Haslam, 2004). Such logic contextualises social engagement by firms (in the present case Islamic banks) in an 'emerging reason' methodology that targets emancipation and social justice whilst enlightening debates about sexual, racial and class discrimination and their relationship to corporate disclosures and engagement – dimensions that are limited in mainstream accounting (Hopwood, 1983; Cooper, 1983; Chua, 1986; Sikka, 2012). In fact, accounting in its broadest sense could help foster the interreligious/intercultural dialogue underpinning the research presented here (Gallhofer & Haslam, 2004). Whilst the UK's Muslim population has often been characterised as marginalised (Housby, 2013), suggesting an emancipatory need, Tinker (2004) argues that there is a close connection between mainstream Western perceptions of Islam today and corporate communication that could be exploited further. Given this complex background, the present study compares the perceptions of everyday British Muslims, Islamic scholars and Islamic bankers in an attempt to establish whether commonality in perceptions has developed or if, instead, the industry has grown despite on-going inconsistency in understanding amongst the three groups most critical to its future in the modern, highly competitive international market for capital – i.e. potential customers, spiritual leaders and those employed in the industry.

The remainder of the paper is structured as follows: Section 2 outlines the prior literature setting out both the potential role for Islamic banking in a modern setting and the nature of published findings to date regarding the industry's operations. Section 3 then sets out the theoretical contextualisation, focussing on institutional engagement / communication issues and their impact on accessibility and emancipation. Section 4 describes the research methods used and explains the choices made in terms of method and sample selection. Section 5 presents and interprets the findings while Section 6 concludes the paper by setting out the main contributions of the study and their possible implications.

2. Prior Literature

2.1 A Potential (Alternative) Role?

Al-Qaradawi (2005) and Kamla (2006) note that Shariah principles guide behaviour in virtually every sphere of Muslims' existence, via concepts such as Tawheed (Unity of God), Khilafah (vicegerency), Umma (community), Adl (justice), Ihsan (kindness), Hikma (wisdom) and Tawadu (modesty). When one moves below the meta-level and delves into the milieu of Islamic philosophy, it becomes evident that ethics dominate economics and not vice-versa, with the notion that "Islamic economics" must be ethical taken to be axiomatic (Naqvi, 1981). It has recently been argued that the modern embodiment of Islamic finance is based on principles of equality and fairness derived from revealed and divine texts, then applied through *Shariah* law (Chapra, 2000a,b; Kuran, 2004; Walsh, 2007). These tenets apply to daily activities including the conduct of business transactions, distribution of income/wealth and, more generally, the treatment of others (Naqvi, 1981; Iqbal and Ali, 2007).

Muslims reportedly view Islamic economic systems as an alternative to both socialism and capitalism (Wilson, 1997),[4] consistent with the notion that an Islamic economic system, by its very nature, creates a balance between material and spiritual needs (Rice, 1999). Islamic ethics prohibit practices such as profiteering and misleading advertising, as these are inconsistent with *Shariah* principles (Wilson, 2000). Instead, ethical and socially responsible behaviour should be a constant ensuring, for example, that consumers do not pay inflated prices for services rendered (Wilson, 2000). Theoretical approaches to Islamic finance argue that related financial institutions should pay particular attention to the prohibition on interest if they are to target social justice to any meaningful extent.[5] For this reason, Islamic banks have developed several financing instruments that are free of interest (*Riba*), and based instead on profit and loss sharing (Karbhari et al., 2004). Whilst these products provide Islamic financial institutions with the ability to emphasise spiritual legality, in practice this often occurs at the expense of the broader ethical dimensions of their business practices (Kuran, 2004; Housby, 2013).

Burgess and Pande (2004) assert that the lack of access to finance is a key reason why the poor remain in such a condition, whilst Hassan and Alamgir (2002) maintain that: “the roots of poverty lie in the fact that the poor are ‘systematically disorganised’ by economic, social and political relationships within which they are caught” (p. 125). In theory, therefore, Islamic banking should provide tangible benefits to the cash-poor (Ahmed, 1991) and in this context *Mudarabah* underlines the profitability of the project rather than the ability to pledge collateral, providing a method whereby banks can target the redistribution of wealth and social justice (Ahmed, 1991). Moore (2001) maintains that non-Islamic banks are less willing to provide loans to the poor, being geared instead towards helping higher income groups. This type of exclusion pushes poorer members of society towards unregulated money lenders and the payment of usurious rates of interest, keeping them in a cycle of poverty (Hassan and Alamgir, 2002).

Burnside (2011) notes that in modern financial markets, where people are increasingly calling for high levels of ethical behaviour on the part of institutions, the Islamic banking movement is well-placed to prosper, as a “principled” alternative. Similarly, Ainley et al. (2007) maintain that opportunities for Islamic banking’s expansion are non-trivial and could be exploited if the sector was able to convince the UK population about its ethical dimension and suitability for non-Muslims who prioritise this issue. In contrast, El-Gamal (2007) and Pollard and Samers (2007) suggest that contemporary Islamic banking poses little challenge to Western capitalism, indeed the fact that it has flourished at a time when the hegemony of global capitalism has proved resistant to a global credit crisis (Henry and Wilson, 2005; Wardi, 2005; Pollard and Samers, 2007; Buckley, 2011; Baglioni et al., 2014) suggests a disconnect with broader social purposes. Indeed, this aggregate level growth in sector size has been accompanied by Islamic banks withdrawing from certain neighbourhoods and refusing to deal with poorer customers in the US and the UK (Pollard and Samers, 2007). This trend suggests that the industry has departed from the faith's guiding principles of social justice and poverty eradication (Kuran, 2006). Critics have also argued that Islamic financial institutions have developed in such a way as to effectively prioritise the needs of extremely rich individuals; this propensity has occurred simultaneously with a failure to offer much needed micro-finance to small enterprises or entrepreneurs (Ahmed, 2004). This situation has allowed conventional banks to exploit extant demand for Islamic banking by developing interest-free financial instruments that are carefully marketed to customers likely to be concerned about this aspect of Islamic teaching (Tett, 2007).[6]

In an Islamic system, capital is not "saved" as such, but is instead "mobilised" in the real economy by *Shariah*-compliant financing instruments such as *Mudarabah* (Trustee Finance Contracts), *Musharakah* (Joint Partnerships), *Murabahah* (Mark-up Financing), *Sukuk* (Islamic Bonds) and *Ijara* (leasing), all of which are commonly used by UK-based Islamic banks (Usmani, 2002; Beloufi and Chachi, 2014). Although few recent studies have examined the broader social role of these products, with analyses of surface practicalities coming to dominate, literature examining the extent to which Islamic banks achieve community-oriented goals did develop between the early 1990s and the mid-2000s. These analyses tended to indicate that Islamic banks were not performing well in terms of the social principles of *Shariah* (Metwally 1992; Aggarwal and Youssef, 2000; Maali et al., 2003). Usmani (2002) suggests that Islamic banks should have been adopting: "new financing policies … that explore new channels of investment which may encourage development and support of small scale traders to lift up their economic level" (p. 116). Although noting that Islamic banks at the time claimed to employ profit and loss mechanisms in their transactions, Usmani argues that for this to be have been manifest to any meaningful extent, mechanisms like *Musharakah* would have required gradual introduction, augmenting the scope of *Musharakah* financing throughout the product range. More generally, this body of work confirmed the theoretical contention that Islamic banks simply mirror conventional finance offerings (Warde, 2000). El-Gamal (2002) maintains that this type of behaviour represents a conscious attempt by the banks to target the efficiency level of conventional financial products, to the neglect of any broader ethical criteria. Sairally (2007) concurs with the above reasoning and states that the mere replacement of *Riba* with other fixed return products - and the more pervasive risk-averseness of Islamic banks - represents clear evidence of a lack of focus on socio-economic commitments. In this context, Siddiqi (2004) notes that Islamic financial institutions are heavily engaged in the 'financial engineering' of products on a profit-driven basis, leading to neglect of the 'social engineering' needed to achieve social goals. Finally, Asutay (2007) argues that the industry should emphasise issues of community banking, microfinance and socially responsible investment. To re-establish the moral economy of the Muslim world in this way, Asutay argues that bespoke 'ethical' Islamic banking and investment institutions are needed.[7] The present study therefore includes product level analysis in its investigation of extant perspectives.

2.2 Empirical Insights

A vast body of empirical work on Islamic financial institutions, now spanning several countries both within and outside the Muslim world,[8] has developed in recent years. These studies typically focus on selection criteria, performance and service quality / efficiency.[9] However, none of the analyses address awareness pervasion or compare the perceptions of those playing – or potentially playing - differing roles in the sector's development. An exception is provided by Wilson's (1999) investigation of the evolution of Islamic finance from the early 1980s until the late 1990s, focussing on challenges and opportunities in Europe, particularly the UK. The author found that Islamic banking and finance was growing in a non-Muslim financial environment with British Muslims and non-resident Muslims creating the escalation in demand.

Dusuki and Abdullah's (2007) study of the factors influencing consumers' preferences in adopting Islamic banking products and services in Malaysia goes a little further, revealing that ethics, spirituality and social responsibility are all seen as important by potential customers. Similarly, Zainol et al. (2008) report that employees in both Islamic and conventional banks in Malaysia have positive perceptions of the role Islamic products and services could play in providing ethically-driven customers with alternatives to mainstream offerings. Another branch of the literature on Islamic finance discusses the framework of accounting for Islamic financial institutions (e.g. Gambling et al; 1993; Archer et al. 1998; Karim, 1990, 2001; Mirza and Baydoun, 2000; Lewis, 2001; Maurer, 2002; Kamla, 2009). This literature suggests a way forward for research focussing on “Islamic” corporations that fosters emancipatory change in practices and the embracing of social disclosure by the institutions concerned. Related studies by Archer et al. (1998) and Maali et al. (2003) point to a need for improved corporate governance - including fuller disclosures - by Islamic banks because of the monitoring weaknesses inherent in the Islamic banking system.[10]

In terms of the specific challenges facing Islamic banks in the UK, Karbhari et al. (2004) conducted a series of interviews with four institutions based in London and report that the UK government had yet to embrace and support the Islamic banking industry to any significant extent. Ahmad (2008) also investigates the opportunities and challenges for the sector in the UK and reports that the growth of Islamic banking in the UK has been influenced by British and non-British Muslims, although a lack of support and engagement on the part of religious leaders is reported. More recently, Usman and Khan (2012) compared profitability and liquidity ratios for Islamic and conventional banks with the former outperforming the latter. A more general problem with the reality of Islamic banking in the UK is suggested by Akbar et al. (2012) whereby practice is simply not aligned with theory to any real extent and therefore any societal benefits that might be achieved via adherence to religious principles are not discernible.[11] The extant literature can therefore be characterised as exhibiting two key problems that limit its relevance to modern debates: (i) a lack of qualitative explorations of accessibility to (and choice of) services that go beyond purely practical issues such as queuing times to examine contextualising issues such as community engagement; and (ii) a tendency to investigate separately the views of customers, bank employees and everyday Muslims. The existence of the latter gap means that the extent to which government policy in the area can proceed on the basis of a common understanding existing amongst the key stakeholders in the industry’s future is unknown.

3. Theoretical Underpinning – Institutional Engagement and Emancipatory Potential

This study focusses on the interaction between potential customers of Islamic banks in the UK and the institutions involved in such activity. In Islam, “people are themselves part of their environment” (Kamla et al., 2006); in keeping with this notion, views of corporate communication that see such activity as value-laden have begun to identify engagement with the institutions concerned as the key focus of both extant weaknesses and potentiality for improvement (Gallhofer and Haslam, 2003). However, Gallhofer and Haslam (2004) identify a lack of engagement in critical accounting with spiritual matters generally, arguing that this reflects perceptions of religion as a "conservative force in the service of hegemony, helping to preserve an 'unjust and exploitive' socio-political and economic order" (p. 383). Gallhofer and Haslam (2004) maintain instead that "religious and theological debates can be insightful for emancipatory accounting projects" (p. 383) and critical accounting researchers have proposed alternative ways of understanding institutional activity that can challenge hegemony in conceptualisation (Chua, 1986; McPhail et al., 2004; Tinker, 2004). For Gallhofer and Haslam (2004), aspects of religious thoughts such as "liberation theology" can be particularly insightful as they relate to: "resisting repression and focus on 'emancipatory praxis' " (p. 383). This notion of diversion from the mainstream is particularly relevant to the present study, where the role of accessibility to Islamic banking in a largely non-Muslim context is the focus. Critical writers envisioning accounting's emancipatory possibilities have recognised the importance of intervention by human agency as an element of praxis (Gallhofer and Haslam, 2003). However, the literature that links the behaviour of large corporations to religion and theology invariably does so from a Christian perspective, ignoring other religious perspectives (McPhail et al., 2004; Jacobs and Walker, 2004; Kamla et al., 2006; Kamla and Alsoufi, 2015).

Institutional behaviour such as disclosure and communication with society underpins the notion that financial institutions – in the present case Islamic banks – have emancipatory potential for the UK's large, but minority, Muslim population; despite this, the literature on Islamic banking has not yet linked disclosure and accessibility to the issue of enfranchisement (Kamla, 2015). This issue potentially represents a non-trivial limitation in prior work given Tinker's (2004) contention of a close connection between mainstream Western establishments' perceptions of Islam today and financial reporting. Critical accountants argue that the 'narrow gateways' to research restrain the motivation to fully encapsulate issues related to social equality and justice, thereby underestimating the impact of power and domination norms (Moerman, 2006; Kamla, 2009). A recent example of this positioning is provided by Sikka (2012) who argues that there is a need to acknowledge the role of institutions in supporting advantaged groups in society including capital providers. Such a lens might reasonably be assumed to place Islamic banks at the centre of the analysis, in marked contrast to the potentially marginalised UK Muslim population (Sardar, 2003) that they presume to serve - this mismatch in power provides further motivation for the present study. Research that adopts a questioning attitude to institutional action can contribute to the issues outlined above by allowing the opinions of the oppressed in society to inform debates and question societal structures (Gallhofer and Haslam, 2004; Sikka, 2012). In the context of an assumed primacy of capital interests, the mainstream accounting literature is dominated by a focus on goals such as 'social efficiency and economic progress' that often provide coercive and exploitative exchange mechanisms; these in turn serve the interests of the powerful by providing them with financial information as well as rules and regulations that assist the market in 'efficiently' allocating resources (Chua, 1986; McKernan & MacLullich, 2004; Jacobs, 2011; Sikka, 2012). Thus, studies that examine the potential of a capital-based industry to provide societal benefits must explicitly allow the voices of those who might benefit be heard, rather than simply hypothesising from the observed behaviour (and opinions) of those with resource control.[12]

The motivation for including everyday Muslims in the present study also reflects the contention in the accounting literature that emancipatory needs should be perceived as social manifestations that are prejudiced and transformed by particular organisational and societal circumstances (Hopwood, 1983). Research should, therefore, integrate historicity that draws attention to the social conditions that create and sustain socio-economic systems (Davis et al., 1982; Tinker et al., 1982; Cooper, 1983). Likewise, debates regarding organisational communication going forward should be open to the public and not remain restricted to the spheres of 'traditional experts' (Sikka et al., 1989; Gallhofer and Haslam, 2004). Shah (2000) notes that the increasing use of qualitative methodology in social science research amid heightened concerns about issues of identity has led to theoretical debates regarding the latter garnering renewed attention. In terms of explanations advanced by mainstream religious debates, Islamic scholars have, throughout history, interpreted and formed *Shariah* laws through logic, linguistics and contemporary hermeneutics (Kamla, 2015). These interpretations are influenced by the distinct knowledge, understanding and worldview of particular experts and therefore effort is required if engagement with and development of newer interpretations of Islamic tenets is to fully address contemporary problems (Nettler, 1998).

This paper contributes to the above debates by focussing on issues related to the accessibility of Islamic banking in a minority Muslim setting. As a potentially oppressed group in the UK (Sardar, 2003), this community represents an example of a societal element that requires a space in which its voices can be heard (Gallhofer and Haslam, 2004; Sikka, 2012) and would benefit from challenging extant structures via active engagement with dominant institutions - in the present case Islamic banks (Sikka, 2012). Accounting - and corporate communication more generally – has become an integral part of the global economic system rather than providing a check or balance (Shearer, 2002; McKernan and MacLullich, 2004); as Sikka

(2012) argues, the problem has been exacerbated by the tendency in modern organisational reporting to concentrate on investors and managers. By listening to and reporting the voices of Muslims, bankers and scholars in the UK, the present analysis therefore has the potential to contribute to research regarding societal engagement with corporations in a richer manner than studies which focus on the views of single interest groups, or on strictly practical issues regarding service provision. Thus, novel insights are facilitated that contribute to the development of an emancipation-driven corporate engagement that can address the social exclusion of large, but minority, communities.

4. Research Methods

4.1 The Study Frame

To explore the understanding and perceptions of everyday Muslims, Islamic scholars and Islamic banking employees, a mixed-methods approach was adopted.[13] A series of 22 semi-structured interviews was used to investigate the perceptions of everyday Muslims from a varied background. These discussions took place between October 2012 and February 2013, focussing on the perceptions of British Muslims regarding Islamic banking in the UK, in particular the need for future practices to better meet community needs.[14] Participants were selected from across the UK so as to access as wide a range of experiential backgrounds as possible. As the study's aims required access to the views of individuals with (at least) a basic understanding and awareness of Islamic banking, respondents were selected on the basis of: (i) having a direct relationship with one or more Islamic banks; (ii) having dealt with such institutions in the past; or (iii) considering dealing with one soon.[15] Table 1 provides details regarding the participants.

The second part of the study involved ascertaining the views of Islamic scholars and Islamic banking employees via an online structured questionnaire. The questionnaire proceeded after the interviews as the former were intended to allow everyday Muslims to set out their views as potential consumers. The survey then allowed the perspectives of larger samples of those closest to the practical and spiritual issues involved in making Islamic banking more accessible to be studied in the context of the specific concerns of those members of the community most likely to benefit. Two versions of the questionnaire were employed,[16] one for Islamic scholars (encompassing Molanas, Imams and Muftis[17]); and a second for Islamic bank employees (Managers, Directors and Advisors[18]). Of the 200 questionnaires sent to Islamic scholars 84 were returned, 24 of which were incomplete and discarded from the sample. The distribution of questionnaires to Islamic banking officials also involved visiting institutions in the three UK cities where most of the nation's Islamic banks branches and headquarters are situated: Birmingham, Manchester and London (Wilson, 2000; Housby 2011). Of the 43 employees invited, 38 agreed to complete the survey. Table 2 provides details about the respondents.

4.2 Participant Characteristics

Inspection of Table 1 reveals that sixteen out of the twenty-two interviewees were male. Nine of the participants were aged 20-30; eight were 31-40; three were 41-50 and two were over 50. The data on occupation suggest that the desired wide range of lived experiences was achieved, with driving instructors, housewives, accountants, entrepreneurs, university lecturers, students and health professionals amongst those taking part. Although five interviewees had not yet dealt with Islamic banks, all intended doing so imminently; five of the participants had dealt with such institutions for over 5 years; eight for more than 1 year but less than 5 years. Finally, half (eleven) of the participants described themselves as British Pakistani, five identified as being of Pakistani origin, three as British, and one each as British Indian, European and Arab. Table 2 indicates that 57 of the 60 Islamic Scholar questionnaire respondents were male, as were 33 of the 38 who completed the employee version. Respondents' ages ranged from below 30 to 60 plus. Most of the scholars had a Bachelor's degree or higher with 21 having both the latter and a Masters qualification. The data for the Islamic bank employees also indicate wide educational experience across the sample.

5. Results

5.1 UK Muslims' views on the Accessibility of Islamic Banking

Given the potential emancipatory role of Islamic finance set out earlier, the interviews began by asking everyday Muslims for views regarding the freedom to practice Islam in the UK. None of those taking part in the study expressed concerns or highlighted restrictions in this regard. Several of the participants in fact expressed appreciation for the UK government's efforts to encourage faith groups. Whilst a few of the interviewees felt that they had experienced some degree of racism, most of those who were born abroad indicated that they have much more freedom to practice religion in the UK than in their home country. For instance, Resp. 7, a practicing accountant, suggested that: "… the UK is one of the finer places for Muslims to live in 2013, even over and above Muslim countries."

Although most did not go as far as Resp. 7, all of the interviewees believed that the UK is a supportive environment for practicing Muslims. As noted above, the UK government is actively promoting Islamic banking with the aim of making the nation the gateway for Islamic banks in Europe. This positivity was acknowledged by the participants, although perception of room for improvement was evident in several responses, including the following point made by Resp. 14:

> "I have no problems - absolutely no problem at all in anything. I attended a conference to talk about Islam, which was open to non-Muslims as well. We have freedom to practice Islam in the West (but) … what the government is doing to encourage Islamic banking is not enough … the UK is the best Western country to live in but (it) still needs to do a bit more."

Consistent with this broad perception, the interviewees argued that any lack of accessibility to Islamic financial services in the UK reflects a lack of effort and initiative on the part of the Islamic banks rather than governmental stasis. In terms of the extant legal system, complexities were noted but it was widely perceived that regulatory issues relating to Islamic finance have been streamlined so as to ensure that the current framework does not represent an obstacle to progress. In this context Resp. 15, a University student, stated that:

> "I believe that the government is helping Islamic banks at the moment. I think there could be some legal issues. But from what I understand the government has got … different rules for Islamic banks in certain things just to help them operate in the UK. But I don't think there is any such obstacle, apart from competition."

Whilst the UK was perceived to have significant contextual benefits for the industry it was not seen as being immune to problems relating to the image of Islam in the West. Ali and Syed (2010) argue that 'post 9-11' misconceptions about Islam's association with terrorism may be discouraging many secular customers from choosing Islamic banks, including those individuals who might otherwise have placed great value on the sector's purported ethical foundations. Participants here suggested that as long as the Western mind set links Islam with terrorism, the industry will not be able to grow significantly without taking affirmative action. In this regard Resp. 19, a UK-Based Muslim from a 'British Pakistani' background believed that:

> "It is already happening. I believe many non-Muslim customers who might be interested in Islamic banks or ethical banking may not choose Islamic banks because these banks are called Islamic, especially at times (of) Islamophobia in the West. I think misconceptions about Islam put many potential customers off

> and for that reason I think Islamic banks have a duty to educate the public and not just sit there quietly."

The highlighting of this issue accords with speculation that HSBC's closing of several bank accounts held by Muslim groups in 2014 reflected widespread Islamophobia in the community.[19] Such an outcome suggests a disturbing irony whereby Islamophobia might provide a catalyst for stasis in Islamic banking, despite the latter's very existence having been linked with terrorism (Ali and Syed, 2010). Another issue that was advanced as a hurdle to growth in the non-Muslim market was the tendency for Islamic financial products to be given Arabic names;[20] the convoluted terminology of these products was seen as a significant problem for secular customers (as per an earlier contention in Bley and Kuehn, 2004). Here Resp. 20, an experienced property manager, argued that:

> "Islamic banks should simplify their products and names. They are very confusing and are in Arabic. If Islamic banks are operating in the UK, then they should change the terminology to English and come up with names which are simpler and easier to pronounce. I personally know many non-Muslims who have approached Lloyds TSB for Islamic banking services but have been put off by the complex terminology and procedure of Islamic banks."

Whilst the notion of an ethical foundation might attract new "Western" customers to Islamic banks' services and products, Khan and Bhatti (2008) note that Islamic banking generally forbids investment in alcohol- and music-related assets, a policy which differs from what conventional "ethical" banks emphasise as problematic, e.g. tobacco and weapons (Housby 2013). Whilst attracting non-Islamic customers might, in theory, require some opening up of portfolio spectra, Housby (2011) argues that: "Muslims who prefer Islamic financial services do so as a rule because they are Islamic, not because they are ethical in some vaguely defined sense" (p. 182). In the present study, a number of interviewees contended that if Islamic finance is to play a greater role in ethical banking it will have to accommodate contextualised societal norms and concentrate on promoting ethical investments on grounds familiar in particular environments. Resp. 21 went as far as to suggest that:

> "Islamic banks may do a much better job by just calling themselves ethical financial institutions since there is nothing Islamic about them. They are not helping people to get cheap mortgages … they are not bringing about social equality so why call them Islamic? They can be called ethical because these banks claim to invest in ethical funds - which is also a debatable area!"

Despite these concerns on the ground, the role of Islamic banks in providing access to ethical financial products is one of the main drivers of UK strategy in the sector (Housby, 2013).[21] The notion of inter-faith pervasion was indeed apparent in several interviewees' comments regarding ethical principles, notably Resp. 13 (an engineer from a British Muslim family) who stated that:

> "These so-called Islamic banks operating in the UK should not only focus on Muslims, but [they] should also attempt to include non-Muslims, whether they are Christians or Jews. They should listen to every group at least, if they are to follow the true essence of Islam and its core principles of social justice and equality."

Whilst the notion that an Islamic underpinning might exist for something as ostensibly capitalist as financial services provision runs counter to Tinker (2004)'s contention that Islam has "preserved some independence and identity" by managing to "stand apart" from such activity, the referencing of several monotheistic faiths by this interviewee resonates with Tinker's further argument that all such faiths "exhibit a diversity of postures towards capitalism, ranging from militancy to acquiescence." (p. 452).

In a more tangible context, prior literature suggests that Islamic banks may struggle in the long-run, not just from a lack of public awareness and acceptance, but also from (increasingly) high levels of product-based competition from conventional banks (Saleh et al., 2005). There was evidence of such a concern here; for example, Resp. 16 argued that:

> "Credit/top-up cards offering good incentives would on their own attract hundreds of thousands of people. There must be some who are already using these and this would give them a chance to transfer some amount without doing anything, especially for goods, products; they [Islamic banks] can get so much business that it would be unbelievable. They would then earn much for their credit cards as well."

Kamla et al. (2006) argue that "to the extent Islam comes to terms with capitalism it places little to no emphasis on the maximisation of profit (or shareholder wealth) – and specifically sees greed … as a negative value to be avoided, while moderation (*iqtisad*) is seen as a positive value" and "substantive emphasis" placed on the "need to satisfy constraints reflective of Islamic principles in the context of any profit orientation" (p. 253). Whilst the views expressed above suggest a perceived failure to (as of yet) assimilate the faith's tenets into commercial operations, interpretation of the evidence presented here needs to be contextualised via Islam's prioritising of goals very different to those dominating in the UK and other capitalist societies.

Thus, a failure to offer products such as credit cards - counter to normal free-market competitive practice - may reflect an alternative way of thinking in terms of business goals, rather than a simple failure to behave so as to maximise the present value of net future cash flows.

A lack of particular products was by no means the only perceived hindrance to participating in the Islamic banking market – on the demand side, many of the interviewees expressed concerns regarding a generalised lack of knowledge that reflected an attendant disinterest in dealing with financial institutions (see Bley and Kuehn, 2004; Ahmad and Haron, 2002; Gerrard and Cunningham, 1997). In fact, two participants believed that most Muslims - especially the elderly - who came to the UK in the mid-twentieth century remain reluctant to use banks, preferring instead to hold onto cash. The point was also made that most of these individuals have already bought and paid for their houses through conventional mortgages and many do not even know how to open a bank account, especially female members of the community.

5.2 Engagement and Awareness

Lack of awareness has been suggested as a key challenge for Islamic Banking in the UK (Ahmed, 2008). Indeed Fry (2014) argues that British Muslims remain largely unware of *Shariah* offerings and do not fully understand the true essence of Islamic banking or its products. Karbhari et al. (2004) set out what they believe to be the two main reasons for such dearth in knowledge and participation; first, understanding of the Islamic banking notion is at an early stage, with most potential customers not familiar with it at all. Whilst more than a decade has passed since the latter study, the work of Fry suggests that little has changed in this regard. Second, Muslims and non-Muslims alike have relatively detailed understanding of the workings of the "conventional" banking system and therefore feel comfortable with its products and services. However, given global growth in the Islamic finance industry - and renewed government attention - up-to-date empirical evidence from the UK is likely to add to the debate in a meaningful way. The present study therefore included questions for the interviewees about Islamic banks' presence in the community and the efforts these banks have made to educate and engage. The questionnaire survey then explored ways in which Islamic bankers and scholars believed that education and understanding could be made more pervasive. The interviewees felt that Islamic banks do not engage sufficiently with the public, instead simply waiting for individuals interested in spiritually-based finance to approach them.[22] The more general view regarding (non)engagement is summed up in the views of Resp. 11 (a school teacher):

> "You go out and you see halal shops butchers and Islamic bookshops but you don't see Islamic banking more prominently on the high street in the Muslim communities." (*Resp. 11*).

The interviewees expressed their frustration about the almost complete lack of advertisement by Islamic banks, whether via on-line, television or door-to-door means. However, a dominant theme in this part of the discussions was Islamic banks' failure to attend mosques, where the opportunity to run workshops and setup educational and marketing campaigns might present itself.

Table 3 summarises responses to questions in the survey regarding the relative potential of various methods of increasing awareness of Islamic banking. Inspection of Panel A reveals that "mosque visits" achieved the highest level of support amongst scholars followed by "conferences and workshops" and "Internet advertisement." Scholars' views are therefore broadly in line with those reported for everyday Muslims in the interviews, in terms of a belief that Islamic banks might usefully focus their marketing efforts on visits to places of worship. Inspection of Panel B in the table reveals that mosque visits also generated the highest level of agreement among bankers, with an overall mean of 6.578. The second highest level of agreement was reached for "TV ads" (5.552) followed by Internet advertisement (3.973). These results indicate that Islamic bankers see potential for advertising and marketing to promote their products. Despite the latter perception, the discussions with everyday Muslims revealed a lack of substantive action, with very few having ever encountered Islamic bank representatives at their mosques or evidenced attempts to connect via commercial media. This (widely-held) perception among the interviewees of organisational inaction in the absence of meaningful stimuli suggests a need for broader understanding of the 'conscientization' notion advanced by Gallhofer and Haslam (2004). Of particular relevance is the authors' call for "critical social practices" that can … "act as an educational force in making visible to the individuals and groups their own repression and that of others" i.e. "emancipatory engagement" (p. 391). Notwithstanding this generality, the data in Panel B of Table 3 reveal some significant differences amongst bank managers,' advisors' and directors' views. "Direct mailing" generated a significant difference in responses across the three sub-groups (Kruskal-Wallis p-value of 0.019). The results from the Mann-Whitney tests reveal that the difference was driven by advisors being particularly ambivalent about direct mailing as a means of spreading knowledge of Islamic banking. There was a significant disagreement between management and advisors over conferences and workshops, where management were less concerned about conferences and workshops and instead strongly preferred Mosque visits. This pattern might reflect the high costs involved in travelling and organising conferences across the country and management's greater awareness of these. It is worth reiterating here, however, the interviewees' clearly expressed view that the lack of visits by banks to places of worship remains a major issue.

The views of scholars and bankers are compared in Panel C of Table 3 and in five of the eight cases the average rank differed significantly. These cases included direct mailing, newspapers/magazines and radio, with scholars viewing these methods as less valuable than did bankers. The scholars' views are, however, consistent with the opinions of everyday Muslims explored via the interviews, where concerns about these ways of advertising were not of the same magnitude as worries about the lack of face-to-face engagement at Mosques and assimilation of new technologies. Both of the latter issues saw significantly higher average ranks generated by scholars. Overall, therefore, there appears to be a clear difference in perception about the ways in which awareness of Islamic banking can best be diffused. Perhaps most importantly in the modern world, it is noteworthy that scholars appear to be more appreciative of the potential of the internet than does the industry itself. The relative passivity apparent in the extent of financial institutions' interactions with broader society may reflect a necessary reliance on the type of "pragmatic approach" to Islamic banking product development outlined in Kamla and Alsoufi (2015, p. 142), driven by having to react to religious scholars' engagement in on-going debate regarding the spiritual underpinnings of the industry's offerings.

5.3 Bank Selection Criteria

The selection criteria employed by Islamic bank customers have been examined extensively, representing the dominant focus of research in the area.[23] The studies report a wide variety of factors as impacting on product and institutional choice. However, as noted earlier, the prior studies have concentrated on functional variables without directly examining accessibility-related issues such as employee knowledge, advice from trusted friends/family or even the size of funds available; given the concerns about engagement and education in their broadest senses evident from the interviews, incorporation of these factors was prioritised in the survey. Despite the numerous concerns raised regarding accessibility in the interviews as a whole, when ten variables drawn from the literature, including those relating to the three issues noted above,[24] were put to the participants, most (seven) argued that being *Riba*-free was the most significant, with only five indicating ease of access as most important. However, consideration of the discussions in their entirely suggested that concerns were multi-layered. For example, one of the interviews (Resp. 13, an engineer), pointed to the need for credible scholars to sit on *Shariah* boards rather than "celebrity" types, and argued that:

> "…I would want to take a stand in each bank to know what their principals are. Also, I would want to know this important one, if they claim that they have an Islamic mortgage or product, which scholar has endorsed it [as] halal? And then I would look at the credentials of that scholar, has he studied in a respectable university, is he recognised by other scholars?"

The importance of informed expertise evidenced in this response is in line with Tinker (2004)'s assertion of an "Islamic positivity towards knowledge" in the context of "the importance it (Islam) attaches to the moral, conscious, and practical ennoblement of individuals and the community" (p. 453). Given such theological underpinning, it is notable that the importance of scholarly credentials was reflected in interviewee contributions to discussions about the spiritual foundation of banking products in modern-day Britain.

Poor communication with the public was also a major factor in selection criteria narratives. For example, Resp. 10, frustrated by the lack of communication on the part of the Islamic banks, stated that: "…you phone [Islamic banks] up and you don't get a reply from them for at least two to three weeks for a general enquiry." Similarly Resp. 20, a property manager from a British Pakistani background, argued that his priority was:

> "Efficient services. I have contacted an Islamic bank a few times and I can honestly say that they are very unorganised. The person on the phone doesn't have detailed knowledge about their products. He said that he will get me someone who can explain better. I waited for days to hear from them, and once they called me back, instead of answering my questions, they changed the topic. The behaviour wasn't very polite and helpful to I decided to give up."

As of 2014, 22 Islamic banks provide *Shariah*-compliant products and services (Belouafi and Chachi, 2014) in the UK, but only the Al-Rayan bank provides Islamic mortgages to customers in Scotland, despite having no branches, retail or corporate banking facilities.[25] The potential significance of this paucity in provision becomes clear via the evidence in Nazeer (2013) of an ethical finance market in Scotland that is growing at an estimated annual rate of 15 to 20 per cent. As a result, experts believe that the surging *Sukuk* market – accompanied by appropriate explanation of the philosophical basis of Islamic finance - could make Scotland a major hub for Islamic investments (Quilter-Pinner and Yan, 2013). However, the lack of institutional infrastructure might represent an obstacle to major growth in industry penetration - several interviewees highlighted this issue, suggesting that Islamic banks have been neglecting less prosperous parts of the UK in favour of targeting wealthy regions (and individuals). In practice, therefore, Islamic windows are the only choice for Muslims living in certain parts of the UK who desire financial services consistent with their faith's principles. Resp. 14, a University Lecturer of Arab descent, referred to the issue in relative terms:

> "I was told that Lloyds was the only supplier of Islamic banking in Scotland. I might have chosen the Islamic bank of Britain if I were in England. In other words, it's the access issue."

Loo (2010) claims that non-Muslims perceive Islamic banking to be the exclusive preserve of followers of the religion and not appropriate for people from a different/no faith. However, it has been suggested that non-Muslims might see merits in Islamic banking were the products marketed more extensively (Karbhari et al., 2004; Zainol et al., 2008). This issue was recognised by interviewees in the present study who linked their concerns to the lack of UK-wide service provision.[26] This narrow strategy was seen by the interviewees as targeting wealthy Muslims, thus excluding under-privileged groups in society irrespective of faith. One of the participants, Resp. 5, summed up the concerns regarding the impact of branch scarcity on accessibility evident across the interviews:

> "I think now if I were to choose a bank account, because I have two already, I would definitely look at one where it is easy to access, and it has got more branches, because there are no Islamic banks where I live."

Ahmed (2008) maintains that Islamic banking is weaker in terms of competitive forces than is the rest of the UK's banking sector. Ahmed suggests that this reflects both a lack of infrastructure - including physical branches - as well as the absence of meaningful regulation. The Al Rayan Bank, noted earlier as the only provider of Islamic mortgages in Scotland, has only eight branches in the UK, whilst HSBC withdrew from Islamic retail banking in 2013. The latter change has left Lloyds as the only conventional bank operating Islamic windows in Britain. The closure of HSBC's *Shariah* activities in the UK (as well as in Bahrain, Bangladesh, UAE, Singapore and Mauritius) has been attributed to a lack of demand for these services (Jenkins and Hall, 2012; Fry, 2014), but the evidence in the present study suggests that there is a significant latent need for such services that could be tapped were the institutions themselves to play a more proactive role in nurturing custom. In terms of the relative importance of various criteria, the desire to follow *Shariah* law was mentioned by nine interviewees, but the same number expressed concern about the lack of a country-wide branch network and other facilities such as internet banking, ATMs and engagement with market comparison websites.[27] For some, however, including Resp. 16 a property manager from a British Pakistani background, it was the religious dimension that dominated:

> "Shariah compliance comes first, then the … others. There are three main products you use: current account, credit card and a home loan. Some might give you extra, good or less service. But end of the day they are just the same thing; they have to be halal and Shariah-compliant. No cup of tea! I can live with that."

As regards community outreach, the negative picture emerging from the discussions was summed up by Resp. 17, an entrepreneur, who remarked that:

> "We only get to know about them [Islamic banks] from friends and other people. I don't think they play an important role in educating in different ways and making sure that people are understanding."

The widespread impression of institutional torpor that permeated the interviews is clearly inconsistent with the notion of Islamic banking fostering widespread social justice via providing accessible, spiritually-resonant products for the wide community, including its most disadvantaged elements. Whether deliberately or not, the banks concerned appear to have placed barriers to access that have in turn led to a view developing where only selected wealthy individuals in big cities - with personal connections – are targeted by the industry's offerings.[28]

Turning to the larger sample of scholars' and bankers' views obtained via the survey, Panel A of Table 4 reveals that "presence of a *Shariah* board with high-profile Islamic scholars" achieved the strongest support among the religious leaders, with an overall mean of 4.583. However, Panel A in the table also reports significant differences in scholars' views on this issue with a p-value of 0.045 from the Kruskal-Wallis test and the Mann-Whitney statistics indicating stronger support from *Molanas* than from *Muftis*. A significant difference is also evident regarding the "inclusion of high-profile Islamic scholars" between *Imams* and *Muftis,* indicating that *Muftis* are less concerned about this issue. The Kruskal-Wallis test statistics are also highly significant in the case of "provision of Internet banking facilities," with a significant p-value of 0.041; the associated Mann-Whitney test results suggest disagreement between *Molanas* and *Muftis* and also between *Imams* and *Muftis,* with *Muftis* appearing relatively relaxed about the provision of internet facilities. The results also reveal a significant difference between *Molanas* and *Muftis* over “advice from friends and relatives” in bank selection criteria, again indicating lower support from *Muftis*. For the factor “country-wide branch network,” the Kruskal-Wallis test results reveal a significant difference across the three groups, with the Mann-Whitney test revealing disagreement between *Molanas* and *Muftis* and between *Imams* and *Muftis*; once more, the *Muftis* generated the lowest average figures. Lastly, for the factor “inclusion of *Qard Hassan* in products,” the Kruskal-Wallis test revealed a significant difference amongst the groups; the Mann-Whitney results reveal that, as before, it is the *Muftis*’ low averages that are driving the significant findings. This is particularly surprising here, as *Muftis* have deeper knowledge of *Shariah* and are tasked with passing on Islamic rulings (Gilliat-Ray, 2010) - the inclusion of *Qard Hassan*[29] is a core concept in Islamic finance and has been so since the time of Prophet Muhammad (PBUH). In any case, there is clearly evidence of significant variation in scholarly perspectives on these matters.

Inspection of Panel B reveals that bankers also viewed high-profile scholars’ presence as most important, although in this case with no significant sub-group differences. This evidence appears to conflict with a point made by several interviewees regarding problems caused by banks’ insistence on seeking out a few high-profile “star” names for theocratic input rather than employing a diverse range of suitably qualified scholars. Although all mean responses from both scholars and bankers were above the mid-point of 3, suggesting that a wide range of factors are perceived to be important when making a choice between Islamic banks, the lowest figures generated (particularly by the banks) related to “advice from friends and relatives.” In contrast, several interviewees had suggested that this source of advice often has to be relied upon in the absence of any meaningful attempts at wider marketing. The next strongest level of support amongst scholars was found for the statement concerning “knowledge of employees about the products.” This finding suggests that Islamic scholars have concerns similar to those of the general Muslim population (as evidenced in the interviewees) and Islamic banking staff might therefore require further training to enable effective communication with potential customers.

The views of scholars and bankers are compared in Panel C of Table 4. Inspection of the data reveals that Islamic scholars place significantly greater importance on the inclusion of *Qard Hassan* in bank products than do the bankers themselves. Again, the scholars’ views appear to be closer to those of the everyday Muslim interviewees, several of whom expressed a strong desire for Islamic banks to offer products that include *Qard Hassan* (or something similar) to help the poor. Another significant difference between scholars and bankers is evidenced in the case of “the amount of funds available,” where Islamic scholars generated the higher mean. This result suggests once more that scholars’ views resonate with those of everyday Muslims who expressed a desire for Islamic banks to provide substantive levels of loans and mortgages. The related issue of product competiveness drew several additional comments from the survey respondents;[30] one of the banking employees stated that:

> “While it has been encouraging to observe the growth of Islamic banking in the UK, many Muslims including myself may find it difficult to reconcile the fact that we live in a secular country where some products offered are not as competitive as the ones in the high street. If we are given an option to take the non-Islamic product which is cheaper, then why wouldn't we given the financial constraints we live in?” (Director 4).[31]

In summary, there was broad agreement that a range of factors are important in the selection of Islamic banks, although the *Muftis* were more circumspect in most cases. It is thus evident that if the Islamic banking industry is to achieve long-term success in the UK, it must listen (and respond) to the voices of UK Muslims and note their need for provision of internet banking facilities, qualified scholars, inclusion of *Qard Hassan* and country-wide branch networks. Without assimilation of the multi-layered nature of societal requirements, progress is likely to be slow and any emancipatory impact benefiting the UK’s minority Muslim community suppressed. It may be instructive here to note McKernan and MacLullic (2004)’s contention that, in Habermasian ‘lifeworld’ and ‘system’ separation, “the growth of international capitalism … is clearly linked with a severing of the accounting profession from the traditional professional value preferences and self-understandings that motivated and guided previous generations of accountants” (p. 332). Applying this reasoning to interpretation of the evidence presented above, it is not difficult to discern elements of such decoupling in the context of a UK Islamic banking industry unable to inoculate itself completely from assimilation by the norms of global capitalism.

5.4 Bankers’ views on Islamic Products in the UK

It was clear from the interviews that Islamic banks in the UK are seen as having much to do if they are to achieve sustainable growth that engages large swathes of the nation’s potentially marginalised Islamic community rather than relying on the business of a relatively small number of wealthy individuals. In an attempt to drill down to individual product level and establish whether particular types of Islamic financial offerings might be able to service larger numbers going forward, the banks were asked for their perceptions about the current popularity of the seven products most regularly mentioned in the literature. Given the dominance of concerns about ethical and spiritual issues evident in the interviews, the bankers were also asked whether they considered each of the seven to be fully *Shariah*-compliant and/or ethical.

Panel A of Table 5 summarises the results relating to perceived product popularity. The lowest mean value of 2.078 occurred for *Musharakah*, indicating the highest level of favourability amongst the bankers, followed by *Murabahah* and *Mudarabah.* This evidence is consistent with the previous literature, which suggests that *Musharakah* contracts' inherent suitability for long-term financing (Zaher and Hassan, 2001) has led to significant demand.[32] The data was then disaggregated to determine if the nature of particular individuals' roles in the banks affected these perceptions significantly. The p-value for the Kruskal-Wallis test was highly significant for *Ijara;* the pairwise Mann-Whitney data in the table reveals that this was driven by management seeing *Ijara* as significantly less popular than did advisors. This finding is interesting, given that many Islamic banks in the UK offer *Ijara.*[33] It might be expected that advisors, with their relative proximity to the process of selling to the public, will have a reasonable feel for the latter's perceptions; if this is the case, the significant differences in their responses from those of managers in this regard is concerning. In fact, the incongruity in views between these two sub-groups also occurred with *Sukuk* bonds, although with advisors seeing less appeal in this case.[34]

Panel B of Table 5 summarises yes/no responses from bankers regarding whether the seven products investigated: (i) have been modified according to UK laws; (ii) are ethical, and (iii) are fully *Shariah*-compliant. Inspection of the data reveals that *Salam* and *Sukuk* are the only products believed to have been modified according to UK laws. The other six products were all viewed widely as being both ethical and *Shariah*-compliant. This evidence suggests that the industry believes its products to have major attractions and market potential. However, on closer inspection of Panel B it becomes obvious that whilst the two products seen as most popular by the banks (*Musharakah* and *Murabarah*) are the two seen as fully *Shariah*-compliant by the highest numbers of bankers (21 and 15 respectively), they perform poorly in terms of ethics (4 and 7). In contrast, the two products seen as least appealing (*Salam* and *Istisna*) perform very differently (widely seen as ethical, but not fully *Shariah*-based). These findings are potentially troublesome for those concerned about the industry's future in suggesting that ethical and spiritual characteristics are not seen as complementary by those closest to the Islamic banking industry. Perceived popularity appears to be detached from ethical strength, despite the potential outlined earlier here for the latter providing a basis for long-term growth in the sector. The two substantive points made in this section of the discussions (incongruity in management and advisor views and a disconnect in bankers' views regarding ethical and spiritual value – with the latter, but not the former, impacting positively on perceived popularity) together suggest the relevance of Kamla (2015)'s review of recent intellectual debates on Islam and accounting. In particular, Kamla argues that: "Accounting practices and values are shaped in certain socioeconomic contexts and their meanings do not go beyond that context." In contrast "as CMIs (critical Muslim intellectuals) promote a contextual and historical theology, their thought emphasizes the need of cultural hybridity and 'differentiated universalism' as a challenge to metanarratives in accounting research" (p. 73). Consideration of this viewpoint in the context of the evidence reported here suggests that inconsistency in opinions regarding the key features and attractiveness of particular financial services that attempt to reflect Islamic values is entirely rational in a society dominated by non-Muslims (i.e. where terminology and marketing strategy norms reflect long-established Western tradition and practice).

6. Reflection and Routes Forward

This paper has explored the perceptions of everyday Muslims, Islamic scholars and Islamic bank employees on a wide range of issues relating to the accessibility of Islamic banking in the UK. Little work of this scope has been undertaken in this broad context, especially of a type that compares perspectives across the three groups. The findings reveal that while progress has been made - and freedom to practice Islam is seen as widespread - UK-based Muslims see room for better service provision, including growth in internet banking facilities, simplified product terminology and branch network depth. Of particular concern was evidence that the perceptions of Islamic bankers and scholars - arguably the two groups with the most important role in terms of long-term industry growth - differed markedly.[35] Notably the scholars (notwithstanding differences amongst sub-groups, in particular some idiosyncrasies relating to *Muftis*) were more attuned to the need for on-line presence to increase levels of awareness and understanding. In fact, this evidence was part of a more general pattern in the findings whereby scholarly perceptions seemed to be closer to those of the Muslim population than were the views of the bankers. Perhaps the most interesting aspect of the evidence generated by the bankers - and the most concerning if a broader, partly secular, customer base is to develop - is that the products seen as most popular were believed to be those with a strong *Shariah* component, whereas those thoughts be least popular were those viewed as ethical.

Whilst the UK government has made public its desire to support and nurture the industry, it is evident from this study that Islamic banking in Britain has a long way to go before it can claim to have provided meaningful service to the nation's Muslim community. These perceptions are particularly concerning given that Islamic banks' products remain uncompetitive (Warsame, 2009).[36] More generally, Kuran (2004) claims that Islamic banks have been unable to demonstrate rewards and principles in a way which supports any moral superiority of Islamic banks. In fact, empirical evidence such as that reported here suggests that the institutions concerned are somewhat blasé and prefer to wait for spiritually-/ethically- conscious consumers to visit them. Moreover, the participants believe that the UK's Islamic banking sector is defined by poor levels of customer service and a restricted set of products and services. Considering these points together with evidence of incongruity in perspectives, it seems reasonable to argue that addressing financial exclusion and empowering the disadvantaged community requires manifestation of the Islamic practices of *Ijtihad* (independent reasoning) and *Qiyas*[37] to overcome prevailing misconceptions about Islamic finance. This approach might also help Islamic institutions to create socially responsible investment tools for non-secular customers. In any case, such actions would mean the banks taking a more pro-active stance, and considering much more carefully the benefits of the products they offer in the context of particular community demand.[38]

The present study represents only the start of what we would hope becomes a more capacious framework for examining Islamic banking practice, with the call for deeper reasoning and analogy made above stemming from an approach that places an understanding of the industry's tendency for inertia at the centre of the enquiry. A move away from aggregate studies illustrating the relative importance of car-parking facilities etc. allows the notions that should drive theocratic provision of important services to emerge from the research itself, rather than being used at a meta level to rationalise empirical data. Bayat (2013) argues that the Islamic banking industry remains a secular "commotion," divorced in practice from religious principles to the extent that an intimate relationship has developed between Islamic and conventional banking, with profit the end irrespective of the means. Thus, Islamic heritage can connect with Western thought in a manner that reflects the: "multilayer identity of the postcolonial Muslim intelligentsia" (Kersten, 2011, p. 25). Such interaction could deal with (some of) the problems identified here regarding the link between financial institutions that purport to reflect Islamic values and the local Muslim population. The coincidence of perceptions revealed in the study between religious leaders and everyday Muslims suggests that the views of the *Ullama* are vital components of any vision for long-term Islamic banking success. Such conceptualisation of the future would permit recognition (as evidenced by day-to-day Muslim experiences) of failures, and thereby facilitate financial institutions' attempts to serve the needs of groups within society for whom conventional banking offerings run contrary to religious maxims. In short, Islamic scholars could usefully foster *Ijtihad* in tandem with institutional efforts at community engagement, with a more competitive and accessible industry - one that reflects and addresses the variation(s) in opinions of different parties evidenced here - the result.

Building on the notion of *Ijtihad*, the pedigree of critical accounting research in addressing the emancipation of marginalised "other" groups in financial communication contexts suggests that it could play an important role in future debates regarding UK Muslims' relationships with the banks that purport to serve their needs (Sardar, 2003).[39] Failure to incorporate these insights into accounting research that explores Islamic (and other faiths in "minority" settings) experiences is to divest thought from essential lived realities and hamper attempts to renew theoretical positions in financial communication and intervention that might benefit Muslims (Chua, 1986; Gallhofer and Haslam, 2004; Moerman, 2006). The notion of theoretically-based service providers is an obvious example of an area where critical accounting, freed from purely financial and capitalistic tenets, is highly relevant. The broader issues raised in an Islamic context and highlighted here regarding Muslims' perceptions suggests that the potential "consumers" of the products offered by the banking sector strongly desire interaction with companies that goes well beyond a desire for information upon to which to base financial decision-making. Unfortunately, the evidence in the study suggests that banks do not fully appreciate their own potential in this context, and attempts to develop deeper dialogues – encapsulating *Ijtihad* and *Qiyas* – will require the coming together of community, religious and industry leaders. If such a change does not unfold, Kamla's contention that Islamic banking "substantially departs from and even contradicts holistic Islamic principles including social justice and the eradication of poverty and misery, leaving a gap between the ethical claims of these institutions and their actualities" (Kamla, 2009, p. 926), is likely to remain powerfully descriptive of the sector in the UK for some time to come.

Any such move might help address a perception shared by several of the interviewees that demographic issues are significant – Islamic men, and 2nd / 3rd generation British Muslims were seen as being most likely to interact with financial institutions. Accounting could play a role in this context by helping to foster inter-faith/inter-cultural conversations and understanding between financial institutions and all demographics extant within the UK's Muslim community. Whilst Gallhofer and Haslam (2004) note that: the global interconnectedness of forms of repression require a "common and counter-hegemonic reading of accounting" (p. 395), the evidence presented here indicates that the supposedly theocratic financial institutions catering for UK Muslims do little more than report statutory financial information – information that does not seem to permeate through to those members of the community most in need of the potential empowerment Islamic banking services might provide. Extant hegemony in the way in which banks position themselves in society is not believed to have been challenged by the UK's Islamic finance sector to any meaningful degree, with desire for the business of a relatively small number of rich individuals remaining a widespread perception. Only by recognising (and reconciling) the views of the three parties represented here - everyday Muslims, scholars and bankers - is a framework for the industry's development that fully encapsulates broader ethical doctrines likely to materialise. Without movement away from the current piecemeal approach to product development and customer targeting, the industry's long-term sustainability is hard to see in a wholly encouraging light, with disadvantaged British Muslims paying the highest price.

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ENDNOTES

[1] Hereafter we employ the term "everyday Muslims" to distinguish followers of Islam who are neither scholars nor bank employees from those drawn from the two latter categories.
[2] The industry is set to expand significantly in the years ahead (UKIFS, 2013). The total value of market assets reached $2 trillion for the first time in 2014, reflecting a trebling in size since the global financial crisis, with a figure of $3 trillion predicted by the end of 2018 (London Stock Exchange, 2015). Around 95% of this value is located in Asia, North Africa and the Middle East (IFSB, 2016). However, the UK remains one of the most advanced Islamic financial markets in the Western world and has quickly become a key destination for foreign *Shariah*-compliant institutions (Filippo et al., 2013). The UK was the first Western country to allow the establishment of a fully-fledged Islamic bank, Al-Rayan, and currently hosts six operational Islamic banks, more than any other Western country (Fry, 2014).
[3] To these authors, the industry represents a system that promotes socially responsible investment, thereby targeting socio-economic objectives; it attempts to do this by balancing individual incentives and the need for investment that benefits all (Haron, 1995; Al-Omar and Abdel-Haq, 1996).
[4] Where Allah is the 'owner' of the entire universe and humans are only beneficiaries, or temporary guardians, of any assets that they own (Kamla et al., 2006).
[5] See, e.g., Wilson (1997); Zaher and Hassan (2001); Beekun and Badawi (2005); Kuran (2004); Kamla (2009); Beck et al. (2012) and Akbar et al. (2012).
[6] Tett concludes that the main impact of the growing interest in Islamic banking has been the boosting of profits in many large traditional banks and financial institutions as they take the opportunity to market their own products under the Islamic banner.
[7] A note of caution is provided by Housby (2011), who points out that following the global financial crisis of 2007-2008, concerns were raised regarding the scale of the Islamic sector's exposure to falling property values. In Islamic contracts, all finance is secured on the values of real underlying assets and Housby argues that much of the surge of activity in Islamic finance in the UK was based on the assumption that growth in property prices would carry on either indefinitely, or at least to the extent that any form of finance secured on a house was effectively risk-free. Housby therefore suggests that Islamic banks face certain systemic risks that need to be carefully considered; failure to do so could compromise the industry's future, and eliminate the potential to address social injustice.
[8] These include Kaynak et al. (1991) in Turkey; Boyd et al. (1994) in the US; Kennington et al. (1996), Poland; lmossawi (2001), Bahrain; Ford & Jones (2001) and Devlin (2002a,b) in the UK; Abdul-Rehman and Masood (2012), Pakistan and the UK; Lymperopoulos et al. (2006) and Mylonakis (2007), Greece; Amin and Isa (2008), Haron (2005) and Amin et al. (2009), Malaysia; and Hamid and Masood (2011), Pakistan.
[9] These investigations suggest that a range of factors are important, but these tend to reflect the practical orientation of the analyses and emphasise issues such as customer service, opening hours and car parking facilities.
[10] Maali et al. (2003) find that Islamic banks provide far less social responsibility information than might be expected.
[11] Kamla and Rammal (2013) confirm the tendency for only cursory engagement with spiritual values to be evidenced in Islamic banks' financial reports.
[12] Gallhofer and Haslam (2004) suggest that financial communication can help create an inter-faith/intercultural dialogue in this space; such a conversation might engender pervasive understanding by pointing "to the global interconnectedness of forms of repression and thus help to arrive at common and counter-hegemonic reading of accounting" (p. 395). Again the lack of explicit consideration of Islam's social orientation(s) in the prior literature on banking represents a missed opportunity for non-surface contextualisation.
[13] Whilst this choice was partly driven by the practical need to access significant numbers of individuals in each of the three categories, Creswell et al. (2003) argue that mixed-methods research has inherent advantages in that it conveys a sense of rigour in the research whilst facilitating tailoring for different stakeholders. Bryman (2008) also supports mixed-methods research, suggesting that with any study of a subjective nature, the approach facilitates surprises and novel insights that could easily be missed if only a single tool was employed.
[14] A copy of the questions guiding the interviews is provided in Appendix 1.
[15] For the selection of interviewees, a snowball-sampling technique was used. Saunders et al. (2012) note that appropriate use of this method increases the likelihood of a sample being representative in terms of desired characteristics.
[16] These are available as Appendices 2 and 3 for the Scholars' and Bankers' versions respectively.
[17] In Islam, a scholar with expertise in legal affairs is known as a '*Mufti*' and has the power to issue '*fatwas*' that have binding authority. Scholars who direct and carry out the functions of Mosques, including oversight of youth education, are called '*Mullahs*' or '*Molanas*'. Such individuals typically have degree qualifications in Islamic

studies (Gilliat-Ray, 2010). Finally, '*Imams'* lead prayers and officiate at weddings. *Imams* are seen as providing an intermediary role between God and humanity (Gilliat-Ray, 2010).
[18] The surveys were first distributed via the 'surveymonkey' website, but to improve the scholarly response rate several were also hand-delivered at mosques.
[19] Guardian (2014).
[20] The complex nature of the linguistics surrounding Islamic finance also appears to be relevant at the institutional level. For example, the Islamic bank of Britain recently changed its name to Al-Rayan Bank. Whilst the stated reasoning behind this change was a desire to simplify the name and to mirror the bank's successful parent, Masraf Al-Rayan, the broader issues of language noted in the discussion above relating to products are clearly relevant in such cases.
[21] Housby contends that: "It is at this most fundamental level [i.e. the promotion of mankind's well-being] that there is the greatest possibility of convergence and co-operation with other forms of ethical striving, whether by those of other religious traditions or that which arises from a secular aspiration to make a better world" (p. 6).
[22] In fact, there was a perception that in so far as Islamic banks attempt to "sell" their products, this is often done by stretching underlying religious notions, effectively "manipulating" Islamic principles to offer services that are spiritual in perfunctory terms only.
[23] See, e.g., Erol and El-Bdour (1989); Haron et al. (1994); Gerrard and Cunningham (1997); Metawa and Almossawi (1998); Kaynak and Whiteley (1999); Devlin and Gerrard (2005); Hamid and Masood (2011); Abdul-Rehman and Masood, (2012).
[24] The same ten factors were put to the survey respondents; the full list is provided in Table 4 below.
[25] In Northern Ireland, 'Amine Advisors Limited' is currently the sole provider of investment opportunities for Muslims looking for faith-based products.
[26] For example, Resp. 13 argued that those Islamic banks who do advertise their products and services do so only on "Asian-targeted and Muslim TV channels/newspapers and never in English."
[27] A smaller number also pointed to a lack of flexibility, interest rate concerns and capital protection.
[28] This empirical picture is consistent with the earlier contention in Pollard and Samers (2007) that the practice of Islamic banking is not recognisable as one that emphasises the principles of social justice and the eradication of poverty at the faith's heart (Kuran, 2004).
[29] "*Qard Hassan*" loans are made by banks to enhance social welfare and require capital repayment only. This type of loan is usually made on a short-term basis, with the funds used for humanitarian and welfare purposes (Salleh et al., 2013).
[30] The survey included an open question that provided the opportunity to add comments on any issue relating to Islamic banking.
[31] However, one of the participants in the scholars' survey stated that Islamic banks should "join the government schemes in which they help to lower the deposit from 20 to 5 per cent, like conventional banks are doing, and offering high lending amounts" (Imam 40).
[32] Although on the supply-side, HSBC's switch to *Musharakah* offerings has been noted as having a significant impact on market structure (Belouafi and Chachi, 2014).
[33] Including the Islamic Bank of Britain, the Ahli United Bank, Al-Buraq and the United National Bank.
[34] In late 2010, International Innovative Technologies (IIT) raised $10 million from the first commercial *Sukuk* issue in Britain (Housby, 2011). At that point it was made clear that the motivation for issuing *Sukuk* was to attract investment from overseas and to make religiously-acceptable financial products available to British Muslims. Once again, the observed inter-group difference in perceptions might reflect advisor proximity to the process of selling products to the public. However, with the introduction to the London market of an Islamic index in 2014 views may change in the future (Housby, 2011).
[35] The call for deeper levels of thought on the supply-side in Islamic banking also fits with the contention in Moosa (2003) that Muslim leaders can act as pioneers for the faith's Islamic axiom without compromising tradition.
[36] The interviewees' remarks suggested that the higher fees associated with Islamic mortgages do not reflect any substantive religious or moral value intrinsic to the product.
[37] In Islam *Qiyas* represents a deductive analogy comprising the original case as set out in the *Quran* and *Sunnah*, the new case, the effective cause found in both the new and old cases, plus the rule in the original applied to the new (Al-Salami, 2015).
[38] As regards the notion of applying *Ijtihad* and *Qiyas* to the practice of Islamic banking, it is worth recalling Heck (2006)'s contention that Muslim scholars used to devise transactions that reconciled modern market principles with the teachings of Islam. Europeans thus benefited from Islamic ideas and principles and, over time, these came to form the basis of a venture capital system that contributed to the collapse of the European feudal model (El-Ghattis, 2016). However, Islam's contribution to modern financial paradigms has rarely been made explicit in modern literature (El-Ghattis, 2016) and, as a result, attempts to research Islamic economics has lacked rigour.
[39] For instance, stories of and insights into the lives of those living as "others" (Gallhofer and Haslam, 2003) can make visible the impact of constraints on accessibility caused by firms' perceived role as product providers in

(free) markets (Kuran, 2006), rather than vehicles with the potential to enrich lives via education and community embeddedness.