Geo-education of Islamic finance in the State of global islamic Economy

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Abstract

The education of Islamic finance has witnessed a drastic increase in different regions of the world over the last few years. This paper proposes to study the geo-educational dynamics of Islamic finance, i.e. the relationship between educational space and power. In this geo-educational rivalry some interesting facts are coming out. For instance Britain is outpacing motherhood countries of Islamic finance; in terms of the number of programs provided by UK higher education institutions. on the other hand, Malaysia, is striving hard to consolidate its position to become an educational hub for Islamic finance. And How About other State of global islamic Economy? What does this dynamism tell us about the current and future cartography of Islamic finance education in the state of global islamic economy? Which countries and/or regions are going to take a lead? What sort of realities might develop at Universities, Departments and other higher educational institutions? Finally what sort of implications will these developments have upon the floats of Islamic finance discipline among the state of global islamic Economy? Our working sample consists of Top 10 Global Economic Indicator score at 2016 - 2017 among them are Malaysia, UAE, Bahrain, Saudi Arabia, Oman, Pakistan, Kuwait, Qatar, Jordan, Indonesia, data is taken from Thomson Reuters State of the global islamic economy report 2016/17.

Keyword : Geo-Education, Islamic Finance

1. Introduction

Latest reports and studies, about the development and growth of Islamic finance (IF) industry, show that the educational aspects, of this newly emerging industry, are gaining momentum and attracting more attention. Building on a rich history, the Islamic Finance industry continues to play a pivotal role in the wider global economy. The existing Islamic Finance market stands at a \$2 trillion in assets based on 2015's disclosed assets by all Islamic Finance institutions along with sukuk and Islamic funds, with Islamic banking assets and sukuk continuing to dominate the industry (Thomson Reuters: state of global islamic finance report 2016/17:53)For instance the newest report of ICD & Thomson Reuters (2013: 42) reveals that there are over 533 institutions offering degrees or courses in IF. And between 2010 and 2012, there were 655 published researches globally in this field. Islamic finance (IF) as an emerging phenomenon, that came into being only over the last five decades or so, at the international scene picked up dramatically since the mid 1990's. Its growth rates have almost doubled from 14% during 1994-2002 to 26% in the 2003-2010 periods (Warde, 2010). Therefore, it is anticipated that the development of the various aspects of IF, including educational one, is indispensable of the effects the aforementioned eventualities.

2. Sample of the study

Our working sample consists of Top 10 Global Economic Indicator score at 2016 - 2017 among them are Malaysia, UAE, Bahrain, Saudi Arabia, Oman, Pakistan, Kuwait, Qatar, Jordan, Indonesia, data is taken from Thomson Reuters State of the global islamic economy report 2016/17.

3. Geoeducation of Islamic Finance

The geo-education explores the relationship between power and space :a virtual space in the sense that its borders keep constantly changing. The object of geo-education is the international educational flows and interactions of their actors reported to their ability to influence, persuade and/or attract. The interest of the geo-educational approach (GEA) is to distinguish between territorial attractiveness (A) and external competitiveness (C) with their respective weightings α and β .

$$GEA = \{\alpha C, \beta A\}$$

In the combinational analysis, the interaction between these two variables induced four possible cases (Table 1); zero denoting to the absence of the variable, and one denoting to its existence.

Table 1: Combinational analysis of IF Education

Cases	A	C	Corresponding Countries
Case 1	1	0	Pakistan, Jordan, Bahrain, Indonesia, Kuwait, Qatar, Saudi Arabia, Oman,
Case 2	1	1	Malaysia, UAE

Source:survey(Belouafi & Belabes, 2012)

It is clear from the above table vast majority of the countries that have some activities in IF education falls in case 1, and this category is dominated by Muslim countries relying mainly on the A variable. On the other hand, advanced countries Malaysia and UAE that are coming to the race are relying upon the C variable. Will this pattern indicate that the prestigious image and the well established infrastructure that educational institutions have in these countries work in their favor to have more space in the IF education field?

4. Educational Attractiveness

In this study, the educational attractiveness of a country is defined as its ability to attract the higher education courses to its territory. In this competition, each country tries to become the hub for IF education on a regional or may be the international level. Figure 1 shows a world map of the educational attractiveness in IF education. Malaysia comes in first position, followed by UAE, Oman and Saudi Arabia does not host an IF program yet in its higher education system

Figure 1. Repartition of Educational Attractiveness in IF by continents

Figure 2. Repartition of educational attractiveness in IF by continents by countries

This Figure shows that IF higher education is no longer confined to arabs but has transformed into an interest for other areas outside these traditional location, such as Malaysia in addition, these programmes seem to attract student of different nationalities and background, the case studies covered in this paper may shed more light on the attractive of programmes with reference to learners origins and background.

5. Islamic Finance Indicator

The 2016 State of the Global Islamic Economy Report revisits the Islamic Finance indicator to evaluate countries' health and development of their Islamic Finance ecosystem. The indicator does not focus on the overall size and growth trajectory of a country in this sector; instead it evaluates them on relative strengths of the ecosystem they have for the development of the sector.

Malaysia, the United Arab Emirates, and Bahrain lead the Islamic Finance indicator ranking that focuses on the health of the Islamic Finance ecosystem in a country relative to its size and including its related social considerations.

The ranking was calculated according to four criteria:

- Financial (e.g. size of Islamic Finance assets and number of Islamic Finance institutions);
 - Governance (e.g. regulations for Islamic Finance and disclosure index score);
 - Awareness (e.g. number of related news articles, Islamic Finance education institutions, research papers, and events); and
 - Social (e.g. value of Zakat and charity and CSR disclosure index score).
- Below are the top 10 countries in the Islamic Finance indicator.

Figure 3 :Top 10 Islamic Finance

Data Source: Thomson Reuters Report 2016

Table 2 : Top 10 Country In Islamic Finance according to four criteria

Islamic Finance	Sector Score	Asset Size	Governance Score	Awareness Score	Social Score	GIE Ranking
Malaysia	189	276	114	317	49	1
Uni Emirat Arab	92	59	72	167	69	2
Bahrain	90	54	106	143	58	3
Saudi Arabia	83	111	28	47	148	4
Oman	51	7	70	74	53	5
Kuwait	51	63	50	49	44	7
Pakistan	47	19	72	76	22	6
Qatar	47	38	42	55	53	8
Indonesia	38	24	74	30	23	10
Jordan	35	8	39	49	44	9

Malaysia once again leads the indicator ranking, establishing itself as the global hub for Islamic Finance. This is mainly due to the country having a large IF asset base, a large number of IF institutions and funds, in addition to having the strongest regulatory framework and highest awareness score of all countries. United Arab Emirates (UAE) The UAE overtakes Bahrain in the rankings for this year, occupying 2ndplace. While its relative IF asset base is low, its governance score indicates an improvement in its regulations, while its improved awareness score illustrates its media and publicity drive to solidify its status as a global IF hub. BahrainOvertaken by the UAE, Bahrain nevertheless still manages to maintain a strong position, occupying 3rdplace in the rankings.The country has improved in all sub-indicators, showing particularly strong performance in its IF governance and awareness scores.

6. Educational Competitiveness

Educational competitiveness of a country is defined in this case by its ability to gain educational space outside its borders. Figure 4 shows a worlmap of educational competitiveness in IF.

Figure 4 : Educational Competitiveness In IF

Thus, the two dimensions; attractiveness and competitiveness, are complementary and, therefore, one cannot substitute by adapting the language of instruction of the elite of the accueil country (case 1) or to the country of origin (case 2). Thus, the teaching of IF by a Malaysian institution in France in English. In the geoeducational rivalry, the language of the country of origin seems relegated to the background in favour to the conquest of an educational space.

7. Islamic Finance Education : soft skill tool of standard rivalry

Many researchers have noticed a close relationship between IF education and the central banks of Malaysia and Lebanon respectively via the international centre for education in Islamic finance (INCEIF) and école Supérieure des Affaires des Affaires (ESA) of Bayreuth (Chaar & Ourset, 2008). INCEIF was established in December 2005 by the Central Bank of Malaysia. ESA Bayreuth is managed since its creation, in April 1996, by the Chamber of Commerce and Industry of Paris, the French Ministry of Foreign Affairs and the Central Bank of Lebanon. The entry of the central banks of Bahrain and Singapore came to accentuate this trend. The Central Bank of Bahrain has launched in July 13, 2011 a special fund to finance research, education and training in IF (the Waqf (endowment) Fund); and it is active in working with the industry and stakeholders in developing industry standards and the standardization of market practices. Interestingly a Malaysian project is been developed in this direction, via the Association for Islamic Finance Advancement, as evidenced by the following remark of the Prime Minister of Malaysia, Mohd Najib Abdul Razak in 19 April 2011 *“It (The Economic Transformation Programme (ETP)) will also establish the Association for Islamic Finance Advancement (AIFA), which will accredit programmes and advance and promote Islamic Finance education globally. With a GNI impact of RM1.2 billion by 2020, it will see the creation of about 4,300 related jobs”*

8. Conclusions

In a global islamic economy world where competing powers seek new fields of operation; the geo-educational approach provides additional reading grid of international relations. It sheds light on the redrawing of the educational map. Behind the effects of a particular country aiming to become the educational hub in Islamic finance, there are hidden power rivalries that do not appear at first. Among the issues of this rivalry that may appear at this stage are the standards that relate to IF industry. Arbitration appears to be gaining momentum. All such developments will have far reaching consequences to the development of the IF discipline and its curricula at higher learning institutions, especially if they gain recognition from an international standards-setting like the BIS, and the backing of an international institution like the IMF, and, may be a regional backing as one from the Islamic Development Bank (IsDB). Such realities are possible if we take setting for IF industry.

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