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Critical insights into contemporary Islamic accounting

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ABSTRACT

Much of the theoretical, normative and prescriptive research in Islamic economics, finance and accounting emphasizes the social and moral character of these disciplines. Considering such emphases, this paper critically explores the potential of aspects of contemporary Islamic accounting research and practice to contribute to the critical accounting project in the latter's efforts to achieve more emancipatory and enabling forms of accounting. The paper concludes that minimal critical theorizing, as well as the narrow instrumental and mechanical emphasis of the majority of Islamic accounting research, are indications that Islamic accounting research is diverting from its primarily proclaimed social and moral roles. This is further exacerbated by the uncritical emulation and embracing of conventional accounting operations and standards by so-called Islamic ones. The paper also attempts to identify ways forward for Islamic banking and accounting research to realize more emancipatory praxis.

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1. Introduction and motivation: The contemporary emergence and expansion of Islamic finance, banking and accounting

A most defining aspect of this era is the return to the religious in all its different pretexts (Žižek, 2000; Pollack, 2008), a resurgence leading some to warn against the repressive nature of religion vis-à-vis modernity and the enlightenment (see, e.g., Grayling, 2006; Hitchens, 2007). In critical theorization, religion has more often than not been negatively portrayed as a threat to social justice and emancipation. Critical thinkers such as Adorno and Horkheimer have perceived religion and faith as a 'swindle' (Hind, 2007, p. 74). They argued that religion is often employed and exploited by the elite to achieve their goals and maximize their wealth. It is often used to protect the elite from public scrutiny and inquiry (Hind, 2007; see also Derrida, 2008). A number of thinkers, however, have argued that some core religious values, divorced from fundamentalism and corruption, constitute emancipatory aspects that if employed may contribute positively to social justice (see Žižek, 2000). Žižek (2000, p. 2), for instance, maintains that the 'substantive core' of Christianity has a significant lineage with Marxism and that both should join forces to fight against capitalism, repression and injustice. Islam, in particular, has been largely accused in the West of fostering fundamentalism and repression (Said, 1978, 1993, 1997; cf. Tinker, 2004; Kamla et al., 2006). It is often attacked in the Western political and cultural spheres on the grounds that its ideology constitutes threats to modernity and the enlightenment (Hind, 2007).

Nonetheless, Islamic revival in the Islamic world (where Muslims constitute a majority) may be appreciated from a political economy perspective, as a concern about social well-being and Islam's ways forward (Wardi, 2005). For many Muslims, both Western capitalism and socialism failed to address their poverty and social misery, enhancing wealth concentration amongst

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small social elites (Gambling and Karim, 1991; Wilson, 1997; Kuran, 2004).¹ Events are convincing many Muslims that an alternative to Western imperial capitalism is necessary and a key form of resistance. For many Muslims, modern interactions with the West have constituted imperialism, colonialism and entailed use of the military to defend Western privileges and ideology (Patel, 2004).² Equally, the spread and predominance of liberal capitalism is seen as on the back of violence (Patel, 2004). For many Muslims, the operations of multinationals, whose search for profits has entailed mobilization of Western governments using soft and/or hard force to serve mutual interests in, e.g., Iraq, reflects this (Patel, 2004; see also Hind, 2007). Such views add to calls for adoption of a comprehensive Islamic social, political and economic system (or such systems). Here, many Muslims perceive Islam to go beyond the spiritual dimension and bring society great blessings, promising a mobilization for justice and fairness, kindness, fulfilment and enlightenment (Sorush, 2002).

The contemporary phenomenon with the 'banner of Islamic finance' (El-Gamal, 2006a, p xi) developed capitalizing on the desire of many Muslims for an Islamic socio-economic and political way (see Choudhury, 1986; Wilson, 1997; El-Gamal, 2006a). Yet several scholars here suspect this phenomenon as it has manifested (see Kuran, 2004; Patel, 2004; El-Gamal, 2006a, 2006b, 2007). Contemporary Islamic finance, banking and accounting practices and institutions have indeed been described as 'ideologically driven by liberalism and the common opposition to socialism that Saudi Arabia and the US shared' (Wardi, 2005, p. 43). Many ostensibly Islamic financial institutions and the research driving them are funded by oil-rich Gulf States, especially Saudi Arabia (Choudhury, 1986).³ Consequently, cooperation between Muslim businessmen and experts in Western business environments to promote and operate financial institutions under the banner of Islam manifested. The UK and US, rather than the Middle East or the Islamic world, became the centres for Islamic financial organizations and research, not denying the significant role played by large Muslim states such as Malaysia and Indonesia in promoting Islamic finance globally (Wardi, 2005). Islamic finance, especially banking, has today become one of the fastest growing financial sectors globally (Rad, 2006). Thus, research has explored the most suitable accounting methods for the operations of Islamic financial institutions. Further, accounting and auditing standards have been developed to help legitimize and standardize these methods. On behalf of these Islamic banking and accounting manifestations, basic conceptual adherence to Islam's moral and social code is substantively claimed.

This paper's objective is to critically appraise contemporary research and practices of Islamic banking and accounting against these social and moral claims. It explores the potential of these contemporary manifestations to address Muslims' calls for a more just and equitable society inspired by Islam. Here, the paper offers critique of the limited scope of Islamic banking and accounting practices and research. It pinpoints their obsession with technical and instrumental matters related to the interest ban and Zakah calculations. The paper discusses how these instrumental emphases are displacing more enabling and emancipatory potentials of Islamic banking and accounting informed by broader and more enabling dimensions of Islam's teachings: Islam's holistic approach to life; its concentration on social justice and the central message of the importance of seeking knowledge. The analysis builds on the critical school's use of 'immanent criticism' and the importance of interdisciplinary dimensions and theorization (see Held, 1980).⁴ The paper, furthermore, goes beyond highlighting contradictions and negativity in Islamic finance and accounting practices and research. It engages with praxis through identifying practices that would better achieve emancipation, inspired by aspects of Islam's teachings and the broader Islamic social agenda. According to Kuran (2004), critical writings in Islamic economics literature are rare. And it is rare to find substantial critique of Islamic accounting in the literature and an aligning of Islamic accounting with critical accounting theorizing and research. This paper attempts to help fill gaps in the literature and encourage research bringing the Islamic accounting agenda closer to the critical accounting project.

The paper's objectives and themes are developed in the following sections. Section two elaborates the emancipatory potential of religion, with a specific focus on Islam, to contribute to an enabling accounting project. It relates Islam's emancipatory potential for the critical accounting school agenda and highlights the obstacles imposed by narrow capitalist ideology to Islamic or other faith-based approaches to accounting and business. Section three critically discusses the nature, work and role of Islamic banking and the AAOIFI (Accounting and Auditing Organisation for Islamic Financial Institutions). It addresses contradictions between what these institutions claim to encompass in respect to Islamic values and what they actually

¹ Iran's Islamic revolution was itself largely a result of the discontent of the less well-off social classes with the West backed politico-economic system dominating Iran under the Shah (Gambling and Karim, 1991).

² After Israel's creation in Palestine and the 1967 Arab defeat in war to a West backed Israel, many Arabs were convinced that an Islamic State would counter failing nationalist Arab governments (Wardi, 2005). A search for an Islamic identity and the desire to tighten Muslim communal bonds, especially in the Indian subcontinent, have enhanced the search and desire for Islamic politics and economics (Kuran, 2004). Invasion of Iraq and Afghanistan and the continued assaults on Lebanon and the Palestinian people as part of the proclaimed 'war on terror' (with Muslims and Islam focus of hostility and suspicion in the West), increase support for Islamic politico-economic movements (Wardi, 2005).

³ For Kuran (2004), claims that much of the 'economic Islamisation' campaign substantively emerged after 1967 because Saudi and other Gulf States sensed growing Muslim dissatisfaction with their own failings to support Islam and their silence on poverty in the Islamic world. Cautious not to disturb relations with the West by military action, Gulf elites sought to show commitment to Islam via establishing and funding research, schools and organizations dedicated to Islamic economics and finance (Wardi, 2005). Yet factors in the spread of Islamic economics and finance are more complex and interrelated. Immigration of many Muslims from the Indian subcontinent and the Middle East to the West and Muslim desire to practice financial activities according to religion are key factors (see Choudhury, 1986; Wardi, 2005; Kuran, 2004).

⁴ Immanent criticism begins by reexamining an object's conceptual principles and assessing its implications and consequences. Critique here is undertaken from within, highlighting contradictions inherent in the object (or ideology) (Held, 1980). This aims to adjust the object's view of itself. It aspires to open up the object, through assessment and reflection, to the possibility of radical change (Held, 1980).

achieve. Section four critically assesses Islamic accounting research papers. It offers critique of the failure of the research to address relevant social issues, such as poverty, in Islamic societies and beyond or to develop a significant critique of capitalistic ideology and contemporary Islamic accounting and banking practice. Section five concludes, reflecting on ways forward for Islamic banking and accounting research and practice. It develops a vision for a critical Islamic accounting where broader social issues constitute a primary concern.

2. Islam's emancipatory potential to contribute to the critical accounting school's agenda

Critical accounting research has highlighted how current capitalistic socio-economic structures entail power relations privileging a few social groups, hindering the emancipation and empowering of the masses (see Anisette, 1999, Anisette, 2000; Chua and Poullaos, 2002; Tinker, 2004; Gallhofer and Haslam, 2004). The research addresses how accounting functions as a mode of power can facilitate imperialism and colonialism and has a role in class conflicts. In the meantime the research argues that accounting has emancipatory potentials, can contribute to the eradication of poverty and furthering social justice (see Neu, 1999; Maurer, 2002; Anisette, 1999, Anisette, 2000; Anisette and Neu, 2004; Gallhofer and Haslam, 2004; Tinker, 2004). In the context of religion, critical accounting engages with and emphasises theological and religious beliefs and values aiming to improve social well-being, mobilizing these influential teachings and values (see Hind, 2007) to challenge and expose tyranny and exploitation in the current order (Gallhofer and Haslam, 2004). Thus, tensions between religion and critical theorization are resolved through bringing insights and energy from the emancipatory potentials of religious teachings (see Pollack, 2008).⁵

Religion, if free from fundamentalism and corruption, can contribute much to reclaiming the enlightenment from the onslaught of new forms of repression represented in corporate practices backed by the State (Hind, 2007). Indeed, religious beliefs held by many, including many politicians and scientists, have not prevented their contribution to enlightenment (Hind, 2007). Religious teachings (in Judaism, Christianity, Islam or other Eastern religions or philosophies) that generally stand against social injustice and tyranny can contribute to and join the critical school agenda to defend and foster humanity and society against corporate greed and governmental systems supporting them (Wilson, 1997; Hind, 2007). Gallhofer and Haslam (2004, p.383) give examples from liberation theology in South America in the 1970s and 1980s when it had a significant role in theorizing the role 'that problematic capitalistic structures play in the repression and exploitation of people'. And, for Gallhofer and Haslam (2004), there are numerous examples in history and contemporary contexts where religion and theology have contributed to supporting the oppressed with their struggle for better lives.

The emphasis on Islam's emancipatory potential here aims to clarify and develop common ground Islam shares with other religious and non-religious belief systems (such as deep-green ideology, critical theories and values of global social justice movements) seeking emancipation, knowledge and social justice. Acknowledging that Islam (as other religions) has often been linked with repression rather than emancipation (see Dawkins, 2006; Grayling, 2006; Hichens, 2007), this paper argues that this is not due primarily to religion's repressive nature, but more to political forces mobilizing religion for its political ends (see Hind, 2007). Fundamental Christianity/Islam, for instance, flourish under specific economic, cultural and political conditions (Hind, 2007).

For most Muslims, Islamic teachings and Sharia provide a comprehensive and detailed code of laws and teachings, which Muslims perceive as their duty to abide by in all aspects of their lives. They do not conceive there should be any separation between their religious and secular affairs (Gambling and Karim, 1991). Most Islamic economic, finance and accounting practices, research and debates have focused on two aspects of Sharia: interest prohibition and Zakah calculations (Islamic tax) (see Kuran, 2004). These aspects have often been dealt with in isolation from other dimensions of Islam. For Kuran (2004), such a limited emphasis has hindered Islamic economics in practice from challenging the status quo or from being comprehensive enough to operate within this status quo. For Kuran (2004), even in Pakistan where government and people are ostensibly committed to establish an Islamic economic system, the emphasis has not gone beyond Zakah and the interest ban. If recognizing the important social implications of these dimensions, this paper concentrates on what it views as more immediately enabling components of Islamic teaching. Islam's holistic approach to life, its concentration on social justice and the central message of the importance of seeking knowledge here are the most significant dimensions of Islam's contribution to the critical accounting project.

2.1. The importance of knowledge, the holistic approach to life and social justice in Islam and accounting

The importance of knowledge, El-Gamal (2006b) explains, is probably one of the most distinctive features of Islamic teachings. The central message of seeking knowledge in Islam has been key in facilitating 'remarkable scientific advances' in Muslims' history, as well as cultural and artistic developments, which allowed for the emergence of a 'truly great civilization'

⁵ For Gallhofer and Haslam (2004), theology and religion have been rarely visited by critical accounting researchers to provide emancipatory visions of accounting due in part to the Christian Church's alignment in the West in the Middle Ages with conservative forces contributing to the subjection of groups in society to injustice, exploitation and tyranny.

(Wilson, 1997, p. 115).⁶ For Tinker (2004, p. 452), 'Islam, with its emphasis on knowledge to preserve human integrity has resembled the enlightenment's emphasis on encouraging one to use and act according to his/her knowledge and understandings. This has made Islam, as was the enlightenment, a contended enemy of capitalism' (Tinker, 2004, p. 452). The central message of seeking knowledge in Islam can be a significant motivation Muslim and non-Muslim accountants today, together, to interrogate and expose the repressive aspects and consequences of capitalism in their societies. Such focus brings closer the critical accounting agenda to the Islamic accounting project (see, e.g., Hoogvelt, 1997; Held and McGrew, 2002; Monbiot, 2001, 2003 on the political, social and economic consequences of capitalism).

Another central aspect of Islam is its promotion of a holistic approach to life. For Chapra (1992), the holistic approach to life and its concentration on the need for balance in satisfying both the material and spiritual needs of all human beings has a significant influence on economics. Gambling and Karim (1991, p. 32) argue, in line with the writings of the Islamic scholar Said Qutb (1953), that the 'Islamic economic system should be viewed from a holistic perspective, which involves an understanding of the concept of God, the Universe, life, and the human being. This holistic approach provides an appreciation of the nature of social justice in Islam'. The Quran maintains that wealth should not be concentrated and mobilized in the hands of a few individuals. The Quran warns that such wealth mobilization engenders social imbalances (59:7) (Gambling and Karim, 1991). The Prophet also taught his followers that poverty in their communities should not be tolerated (Choudhury, 1986; Gambling and Karim, 1991). Members of the community have an obligation to facilitate an equal and fair distribution of wealth through Zakah or the embracement of other Islamic values such as kindness and compassion between Muslims in the community (see Kamla et al., 2006).

The holistic and social emphasis of Islamic teachings engendered the establishment of Islamic institutions in the peak period of Islamic civilization (the seventh and eighth centuries), whose role was to maintain the cohesion of the Islamic society as a whole and ensure the accountability of trade and business. One of these institutions to regulate the market was *al-Hisba*, whereby society was to be protected from fraud and exploitation (Wilson, 1997). The *Hisba* office was established under the Abbasids (seventh and eighth Centuries) for the 'promotion of good and the prevention of evil' (Gambling and Karim, 1991, p.50).⁷ It seeks to reinforce the basic elements of Islam including the equality of all Muslims and the outlawing of discrimination on account of race, gender, or class. The *Muhtasib* (accountant in Arabic) was appointed to ensure that market trading and traders in the area coincided with the Sharia (Gambling and Karim, 1991). This included duties to protect the natural environment,⁸ ensure prevention of monopolies, price controls and well-maintained public utilities and government resources (Gambling and Karim, 1991). Consequently, the role of *Muhtasib* was mainly to ensure justice in society, encompassing both spiritual and secular dimensions (Gambling and Karim, 1991; Murtuza, 2000).

For Gambling and Karim (1991), the concept and role of *Hisba* and *Muhtasib* in early Islamic governance models provides inspiration for accounting today, contributing to debates surrounding a form of social accounting where business accountability include its 'externalities' and where faithful and transparent corporate reporting on business's financial, social and environmental impacts are called for. The concepts can also contribute to debates surrounding the role of accountancy and international regulatory bodies, whose role should be to ensure that business organizations are operating in line with the public interest (Gambling and Karim, 1991). A reflection on accounting's role in Islam provides for a departure from or a challenge to accounting's role under a narrow capitalism. According to Gambling and Karim (1991, p. 2), Western capitalism's efforts to divorce accounting from moral considerations are not realistic, as 'amoral accounting is neither essential nor desirable—and is, in fact, strictly impossible'. Tinker (2004, p. 454) also argues that accounting in the liberal and capitalistic context has 'assumed a role of efficiency and control to ensure and impose the injunctions of capital accumulation and market relations'. Further, international bodies such as FASB, WTO and ICC that are supposed to play a role in regulating business organizations in the public interest (akin to what has been discussed above in the context of *Hisba*) have been captured by the institutions that they are supposed to regulate, displacing concerns over ecological and social matters from the spheres of accounting and finance (Tinker, 2004).

From the above, aspects of Islam's ideology that assign priority to holistic approaches to knowledge, society and life represent a significant departure from capitalism and liberal markets economies (see Choudhury, 1986; Gambling and Karim, 1991; Wilson, 1997). They open up the possibility of a broader social agenda where social justice, working with local communities, eradication of poverty, caring for the environment, accountability and transparency constitute a central position in economics, finance and accounting. They facilitate and require the unity between the secular and the non-secular, the material and the spiritual, which has been long marginalized in classical and neoclassical economics (Tinker, 2004). This allows accounting and finance to emphasise the religious as well as the financial, be accountable to society and the environment as well as providers of finance, and report on the non-measurable as well as the measurable.

⁶ Recognition of Muslim contribution to the advancement of humanity and knowledge is largely absent from Western mainstream historical writings, arguably helping to maintain and inflame current hostility and prejudice against Arabs and Muslims in the West (Said, 1978, 1997; Murtuza, 2000; Tinker, 2004).

⁷ The *Hisba* was established in the spirit of the Quranic verse: 'Let there arise out of you a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong; they are the ones to attain felicity' (Quran 3:104). Murtuza (2000, p. 2) defined *Hisba* as an 'agency that sought to prevent the economic exploitation of human beings at the hand of others'.

⁸ The *Muhtasib* was responsible for ensuring that buildings raised did not obstruct light and vision for neighbors and that flourmills and leather tanning factories did not operate in residential areas—and had the right to collect money from businessmen to arrange water supplies and remove garbage (Murtuza, 2000).

3. Critique of Islamic banking and accounting practices

The following section addresses the multitude of practices that Islamic banks promote as Islamic. It highlights the overly conventional nature of these practices and their failure to achieve the Islamic social objectives discussed above. The section also underscores the objectives of the AAOIFI and its failure to achieve its stated social emphases.

3.1. Critique of Islamic banking

Islamic banking in the last two decades has grown and expanded globally after gaining support and endorsement from the oil-rich Gulf States (Henry and Wilson, 2005). It became a successful global phenomenon, existing in majority and non-majority Muslim countries. And it is provided by both Islamic and non-Islamic banks (Iqbal, 1997; Murtuza, 2000; Pollard and Samers, 2007).⁹ The worldwide success of this contemporary phenomenon is in part due to the desire of Muslims to invest and save their money in ways they perceive compatible with their religious beliefs and cultural values (Iqbal, 1997; Murtuza, 2000). The success of Islamic banking has been boosted further when multinational and conventional banks began providing 'Islamic products' and 'Islamic windows' (Pollard and Samers, 2007). They perceived a significant opportunity to make money by providing the millions of Muslims around the world with investments and saving opportunities marketed and promoted under the banner of Islam. Citibank was the first Western bank to open its Islamic bank subsidiary in Bahrain in 1996. Other British, American, French and Swiss banks such as HSBC, American Express, UBS and Banque Nationale de Paris followed suite in providing Islamic products through their branches in the West or through opening up Islamic subsidiaries in Pakistan, Bahrain and other Islamic countries (Iqbal, 1997; Murtuza, 2000; Pollard and Samers, 2007).

Contemporary Islamic banking places the interest ban, albeit in theory, at the core of its activities and products (Kuran, 2004). This means that Islamic banks differentiate their activities and products from conventional ones in that they should share profit and loss with their depositors (Dar and Presely, 2000). Consequently, Profit Loss Sharing (PLS) is the primary concept that Islamic finance is built and marketed upon (Dar and Presely, 2000). PLS is a 'contractual arrangement between two or more transacting parties, which allows them to pool their resources to invest in a project to share in profit and loss' (Dar and Presely, 2000, p. 4). The most dominant financing techniques promoted by Islamic banks as specifically Islamic are *Mudarabah* (a partnership in profit between the provider(s) of labour and the providers of capital. Profit is shared as agreed by the two parties and the losses are borne by the provider(s) of funds), *Musharakah* (an investment based technique, each party contributing to a partnership's capital in equal or varying degrees, with losses shared in proportion to the contributed capital), *Murabaha* (the sale of goods at cost plus an agreed profit mark up) and *Qard Hassan* (loan repayments are made over a period agreed by both parties, with no profit accruing to fund providers) (Iqbal, 1997; Faysal Islamic Bank, 1999; Dar and Presely, 2000; Haniffa et al., 2002).

In practice, PLS and the avoidance of interest constitute very little of Islamic banks' operations. Dar and Presely (2000) explain that despite the successful phenomenon of Islamic banking, Islamic banks have in general terms failed to employ PLS techniques to most of their operations. They report on the International Organization of Islamic Banks' findings that less than 20% of Islamic banking operations adopt PLS techniques such as *Mudarabah* and *Musharakah*, and that includes the largest intergovernmental Islamic bank (the Islamic Development Bank). Almost all Islamic banking operations are based on mark-up (combining the features of deferred payment sale and a mark-up on price) rather than PLS (Dar and Presely, 2000). These interest-bearing products are marketed and passed as Islamic by Sharia Supervisory Boards (SSBs: in-house religious advisors to Islamic banks, Karim, 1989). AAOIFI's standards contribute to legitimizing them as Islamic to the Muslim public (Kuran, 2004; El-Gamal, 2006a). The role of the SSBs as trusted Muslim scholars in Islamic societies has been crucial in marketing Islamic banks' products. Their statements in banks' annual reports as to the adherence of the bank's activities to Sharia are an important marketing and legitimizing tool (El-Gamal, 2006a).

Islamic banks' failure to significantly employ PLS techniques is due to their recognition that they lack the skills to distinguish between good and bad investment opportunities (Kuran, 2004). They fear that if they employ PLS techniques to lending, they will make bad choices and end up with more losses than profits. In effect, the activities of Islamic banks promising interest free banking are described by a number of observers as 'merely a fiction' (El-Gamal, 2007). El-Gamal (2006a) explains that Islamic finance and banking in practical terms tend to end up replicating conventional products and innovations. El-Gamal (2006a) highlights a number of Islamic products provided by Islamic financial institutions (such as *Sukuk* or Islamic bonds) that are merely 'thinly veiled versions' of contemporary financial instruments with interest embedded in them. For El-Gamal, Islamic finance is not built from classical jurisprudence. Rather, it is a modification of conventional practice where that practice is deemed forbidden.

Islamic banks are not distinguished by their social emphases or developmental dimensions either. In making loans, Kuran (2004) explains, Islamic banks employ mainly financial criteria in decision making. As in conventional banking, Islamic banks pay little attention to non-financial considerations such as the health of future generations (Kuran, 2004; Newton, 2006).

⁹ There are now over 300 Islamic banks and financial institutions globally, with assets of roughly between \$200 and \$300 billion. Conventional banks in many Islamic countries have become Islamic banks to expand their client base. Further, 25% of Islamic banking and finance operates outside the Islamic world. Its global character was boosted by the creation of the Dow Jones Islamic Market Index in 1999, and the Dow Jones Citigroup Sukuk (Islamic Bond) Index in Kuala Lumpur in 2003 (Pollard and Samers, 2007).

In contrast to the social and developmental role assigned to Islamic banking in theoretical debates, contemporary Islamic banks scarcely prioritize long-term development projects over projects aimed at quick profits. They do not appear to provide the cash-poor with investment opportunities. Further, they show little sign of bias against projects with heavy social and environmental costs and are scarcely transparent or accountable to communities and customers left to trust the rulings of the Sharia Board (Kuran, 2004; Newton, 2006). Like conventional banks, Islamic banks are contributing to the rise in the debt culture without any significant focus on or prioritization of moral, social or ethical dimensions as emphasized in Islamic teachings (see Kuran, 2004; Patel, 2004; Newton, 2006). For Kuran (2004), the only difference between conventional and Islamic banking is in appearance: Islamic banks are managed by a religious council; their headquarters are full of signs of Islamic piety, veiled females and bearded males.

It is unsurprising then that Islamic banking has not posed any significant challenge to mainstream conventional banking (Kuran, 2004; El-Gamal, 2006a). On the contrary, Kuran (2004) explains that conventional, secular and Western banks have sensed an opportunity to be exploited. Citicorp and other large American banks have devised financial instruments marketed as acceptable to their customers troubled by interest. And where interest is illegal, European, American and Far Eastern banks have had no trouble abiding formally by this ban. The Pakistani branches of Chase Manhattan and Deutsche Bank now claim to do only interest-free business, although it is widely recognized that their operations have not changed in any fundamental sense (Kuran, 2004). Henry and Wilson (2005) explain that large Western multinational banks and financial institutions emerged as the most significant players in and beneficiaries from the Islamic finance industry. They received large deposits from their wealthy clients in the Gulf and were assigned a variety of projects in the Middle East and North Africa because of their proclaimed Islamic nature (Henry and Wilson, 2005). In fact, the Islamic banking trend has been boosted by the investments and interest of Western, multinational banks who discovered they could use and market many of their existing products under the banner of Islamic banking (Tett, 2007). Similarly, El-Gamal (2007) expounds that international banks and international law firms are driving innovation in the structuring of financial products that in substance disguise interest-bearing transactions. Western lawyers and bankers, along with SSB members, in contrast to the poor, the disadvantaged and the faithful in Islamic and non-Islamic communities, have emerged as significant beneficiaries from the Islamic banking movements (El-Gamal, 2007).

The contemporary market-friendly Islamic banking phenomenon has also gained the support of international organizations and Western governments. The World Bank has encouraged engagement with the Islamic Development Bank. Further, multinational oil and construction corporations have claimed employment of Islamic financial instruments in their Gulf State operations (Henry and Wilson, 2005). In 2004, US President Bush appointed the first Islamic finance scholar and advisor in residence for the White House. Similarly, UK Prime Minister Brown proclaimed that he would like to make Britain the 'gateway' for Islamic banking (see El-Gamal, 2007; Pollard and Samers, 2007). The UK and the US have been pioneers, alongside Saudi Arabia, in funding and hosting conferences devoted to promoting and discussing regulations and operations of Islamic financial institutions (see Wardi, 2005; Dar and Presely, 2000).

From the above, contemporary Islamic banking constitutes little challenge to dominant capitalism or rejection of mainstream banking operations and philosophies. On the contrary, Islamic banking flourishes under and even requires capitalism with a liberalized commercial banking environment (Henry and Wilson, 2005; Wardi, 2005; Pollard and Samers, 2007). Islamic banking's expansion indeed depends on the liberalization policies that swept the world, including the Arab and Islamic world. These policies allow Islamic as well as conventional banks to benefit from reduced governmental control over debt allocation (see Wardi, 2005). In this sense, Islamic banking merely substitutes for conventional banking (Pollard and Samers, 2007). Further, Islamic banking is actively seeking global 'big business' status (Pollard and Samers, 2007). Pollard and Samers (2007) hold that on numerous occasions Islamic banks withdrew from certain neighbourhoods and refused to deal with poorer customers in the UK and the US for narrow commercial reasons. Caring for the surrounding environment, supporting local communities and providing opportunities for the cash poor is scarcely, it appears, an element of the contemporary banking movement carrying the banner of Islam. In effect, 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. Islamic accounting standards and regulations were developed to support and legitimize Islamic banking (Maurer, 2002; El-Gamal, 2006a). It is of interest to explore whether these standards and regulations resemble Islamic banking in their contradictions and manifestations. The next section explores the role of the AAOIFI.

3.2. *Critique of the AAOIFI*

The AAOIFI is a standard setting body based in Bahrain and established in 1997 (Maurer, 2002). According to the AAOIFI, its objective is to develop accounting and auditing 'thoughts relevant to Islamic institutions; prepare, promulgate, interpret, review and amend accounting and auditing standards for Islamic financial institutions and to carry out commissioning of research in the area of Islamic accounting and auditing' (AAOIFI, 2007). The organization claims that these objectives are carried out in 'accordance with the precepts of Islamic Sharia'. The objective of the standards is to increase market confidence in the activities of Islamic banks, render them comparable, and facilitate transfer of Islamic banking and finance practices across national and regulatory contexts (Maurer, 2002; AAOIFI, 2007). The AAOIFI's founders aimed to avoid inconsistencies between individual boards and help in developing new products (Lewis, 2001). Despite that for most Islamic financial institutions the AAOIFI standards are not mandatory, the AAOIFI has been successful in promoting its standards to Islamic

financial institutions globally. By 2009, the AAOIFI will have issued ninety standards (Alchaar, 2007). In addition to standard setting, the AAOIFI runs programmes leading to an Islamic CPA certificate and certificates for Islamic auditors and Sharia Supervisory Board members. These are very popular amongst young Muslims seeking careers in Islamic finance (AAOIFI, 2007; Alchaar, 2007).

Critique of AAOIFI's role and standards has addressed their emulation of Western capitalistic driven accounting bodies, their overall emphasis on technical and instrumental issues relating to interest prohibition and Zakah calculation and their role in legitimizing and promoting Islamic banking products and activities as Sharia compliant and interest-free (Lewis, 2001; Maurer, 2002; Kuran, 2004; El-Gamal, 2006a, 2006b).

Despite the AAOIFI's claims to build its standards on the Sharia, the AAOIFI's standards have built significantly on standards issued by Western, international accounting bodies especially the IASC (International Accounting Standards Committee) (Maurer, 2002). Concerned with acceptance and transferability globally, the AAOIFI has developed its standards by drawing on the most dominant accounting and auditing practices in Islamic institutions (Lewis, 2001; Maurer, 2002). The focus of the AAOIFI's standards, furthermore, is largely limited to technical and instrumental concerns relating to the prohibition of interest and Zakah accounting (see Kuran, 2004; El-Gamal, 2006a). The technical obsession with the interest ban (Kuran, 2004) in the development of the Islamic standards counters the more enabling and emancipatory potential of Islam for accounting (*supra*). Instead, for Maurer (2002, p. 657), the objectives of the AAOIFI standards are the same as any other standards issued by international or local accounting bodies in the capital market: 'the provision of decision-usefulness facts for large investors'. The AAOIFI standards' emphasize the decision-usefulness criteria for self-interested wealth maximizers as well as the effectiveness, efficiency and global growth of the industry (see Alchaar, 2007). There is evidence of the AAOIFI's embracing of the spirit of the dominant capitalism and market ideology (Maurer, 2002).¹⁰ The AAOIFI failed to properly create an alternative culture of accounting informed by Islamic values and created a 'culture [that] constructed [the existing] anew' (Maurer, 2002, p. 662).

Further, for El-Gamal (2006a), the standardization of Islamic accounting through the AAOIFI has helped legitimize these standards as Islamic and reduce suspicion by Muslims as to their Islamic nature. For El-Gamal (2006a), Islamic financial products supported by AAOIFI standards are perceived by customers and users as mature, creating false perceptions in their minds about the true nature of Islamic banking and finance (El-Gamal, 2006a). This has reduced the pressure on Islamic banks and financial institutions to educate the public about the significant similarities between Islamic products and conventional ones (El-Gamal, 2006a).

From the above, one may again conclude that Islamic banking and accounting fail to substantially challenge or depart from conventional banking and accounting. Further, the 'effective actuality' (Held, 1980, p. 185) of Islamic banking and accounting institutions contradict their own self-stated conceptual principles. As noted, both Islamic banks and the AAOIFI have proclaimed Islam to signify and justify their existence and distinguish them from the conventional and Western. Thus, Islamic banking and accounting have failed by their own aims (Held, 1980, p. 185). Awareness and debate of this failure in the Muslim and international community, including in the Islamic banking and finance community, would be important. It may help in developing and opening up Islamic banking and accounting to change in line with Islamic and social justice principles. Below, elaboration as to how this vision may be better achieved is offered.

4. Critical insights into contemporary Islamic accounting research

This section offers critical insights into contemporary Islamic accounting research. The focus is on research published from around the beginning of the 1990s until today, a period when Islamic banking and finance have enjoyed success and when the AAOIFI has emerged as the main regulator and standard setter body for Islamic accounting and auditing. The purpose is to explore the emancipatory and enabling role and potential of Islamic accounting research published in English-speaking accounting journals (the UK and US in particular having become centres of research in Islamic accounting, see Kuran, 2004; El-Gamal, 2006a). The section assesses the willingness of Islamic accounting research to address social, political and economic concerns key to society's welfare and development. Does the research discuss and focus on issues such as social justice, the environment, women empowerment, health care, education, poverty eradication, freedom from tyranny, imperialism and exploitation? Does it bring insights and give voice to Muslims and/or the marginalized in society? The section also assesses the extent to which Islamic accounting research engages in critical theorization and questioning of the role of capitalism and its institutions. It also explores whether the research undertakes a critique of Islamic accounting and banking institutions and the nature of their operations.¹¹

Normative prescriptions in Islamic accounting research place significant emphasis on ethics and often relate Islamic accounting to social accounting debates in Western literature (see Gambling and Karim, 1986; Mirza and Baydoun, 1999;

¹⁰ For Maurer (2002), only in a context where an information asymmetry between agents and those pursuing a self-interest in a narrow wealth maximization is important, is such decision-usefulness a helpful framework for accounting.

¹¹ Few articles on Islamic accounting have appeared in the well-known critical and interdisciplinary accounting journals. While this may be due to a lack of interest of these journals, it is more likely due to the lack of critical emphasis in Islamic accounting research or the desire of this research to concentrate on mainstream journals and to integrate such research with the mainstream and conventional (as in much research in Islamic, see Choudhury, 1986; Kuran, 2004; Tripp, 2006; El-Gamal, 2006a, 2006b).

Baydoun and Willett, 2000; Pomeranz, 2004; Sulaiman, 2001; Sulaiman and Willett, 2001; Kamla et al., 2006; Maali et al., 2006). These papers discuss how Islamic Sharia requires the integration of the secular and the non-secular and imposes ethical dimensions on business and accounting such as fairness, honesty and equality. A number of papers argue that there is a need under Islamic teachings for more 'all-embracing criteria of social accountability and full disclosure' (Baydoun and Willett, 2000, p. 81; see also Gambling and Karim, 1986; Mirza and Baydoun, 1999; Baydoun and Willett, 2000; Pomeranz, 2004; Lewis, 2001; Sulaiman, 2001; Sulaiman and Willett, 2001; Maali et al., 2006).

The ethical and moral emphasis, however, usually falls short of employing critical theoretical dimensions that question dominant capitalist ideology and the nature and emphases of Western accounting standards. The Islamic accounting literature, for instance, is silent on the role of capitalism and Western imperialism in creating conditions of extreme deprivation and poverty within and outside the Muslim world. Further, the research frequently attempts to link Islamic accounting to today's contemporary practices of accounting in the Western, capitalistic context. Some papers go further to claim that there are no significant differences or obstacles hindering Muslims from embracing current Western and capitalistic accounting practices (see Zaid, 2000; Pomeranz, 2004).¹² Further, the literature scarcely problematizes the provision and promotion by Western, multinational banks of products under the banner of Islam, considering the controversial nature of multinational banks. For instance, Pomeranz (1997, p. 123) celebrates the opening by Citibank of the first Islamic banking subsidiary in Bahrain holding it an 'eventual realization of substantial benefits by both Western and Islamic banks'. Further, for Pomeranz (1997), the move towards market policies and privatization in many Islamic countries are serving the needs of Islamic banking. Such tendencies in Islamic accounting research exemplify contradictions in this research between its normative ethical claims and its practical recommendations and findings.

Differences between Islamic accounting and banking and conventional counterparts in the Islamic accounting literature are usually reduced to technical (rather than social) dimensions related to the prohibition of interest and Zakah calculations (see Abdul-Rahman and Goddard, 1998; Mirza and Baydoun, 1999; Baydoun and Willett, 2000; Lewis, 2001; Sulaiman and Willett, 2001). Mirza and Baydoun (1999), for instance, in attempting to answer whether Islamic societies need their own accounting and reporting standards, emphasize the interest ban as the main point of contention. They conclude that the main differences between Islamic and Western style financial statements are likely to be in the detailed treatment of certain balance sheet items, building on the presumption that in any organization (Islamic or not) the 'first and foremost responsibility of firm managers is to safeguard the interest of shareholders' (Mirza and Baydoun, 1999, p. 41). Similarly Baydoun and Willett (2000, p. 72) hold that 'it is possible to adapt rather than replace WFAS (Western Financial Accounting Statements)' when developing Islamic accounting standards (see also Sulaiman and Willett, 2001).

Islamic accounting research also fails to question the appropriateness of the phenomenon of Islamic banking and accounting manifesting globally today. For instance, Lewis (2001), akin to most papers discussing Islamic finance and banking, focuses on what should be taking place rather than the problematic actualities of Islamic bank operations. A statement such as 'Islamic banking provides services to its customers free from interest, and the giving and taking of interest is prohibited in all other transactions as well' (Lewis, 2001, p. 120) may give the impression that this is the reality of Islamic bank operations (see also Karim, 2001).¹³ Similarly, Hamid et al. (1993), provide a normative description of the concepts and techniques integral to the operations of Islamic financial institutions such as *Murabaha*, *Musharakah* and *Mudarabah*. They explain, that according to these principles and techniques, 'much of the conventional Western finance wisdom is incompatible with Islamic traditions' (Hamid et al., 1993, p. 146). They, however, fail to mention the basic similarities between the products actually offered by Islamic banks and conventional banks and ignore the rare use of PLS or *Mudrabah* in Islamic banking (see also Karim, 2001; Maali et al., 2006). Most Islamic accounting papers give the impression that Islamic banking products and services 'do not violate Sharia' and are free of interest.

Similarly, the role and standards of the AAOIFI also escape critical analysis. For instance, Baydoun and Willett (2000) do not see a problem with how AAOIFI developed their 'Islamic' accounting and auditing standards by mainly adopting and slightly modifying IASB's standards. Indeed, Baydoun and Willett (2000) hold that Western accounting standards and financial statements can be used to develop Islamic corporate reporting standards if simply later adjusted (see also Pomeranz, 1997; Karim, 2001) (Lewis, 2001, exceptionally does incorporate some critique of the AAOIFI's standard setting here). Despite the admitted strong affiliation of AAOIFI standards with those of the IASB in the Islamic accounting literature (Maali et al., 2006; Karim, 2001, Baydoun and Willett, 2000; Mirza and Baydoun, 1999), some papers still simply proclaim that the AAOIFI was established to support Islam by developing accounting standards and help implement Islamic ethics (e.g., Pomeranz, 1997, p. 123). Islamic accounting research seems to overlook the failings of the AAOIFI to live up to the Islamic ideals it was established to serve. Soft approaches to AAOIFI's role and standards feature, e.g., in Sulaiman and Willett (2001) and Gambling et al. (1993).

Another feature of Islamic banking that escaped critique in the research is the SSB's role (see Karim, 1989; Gambling et al., 1993; Pomeranz, 2004). Karim (1989, p. 39), for instance, holds that the SSB members are 'guided by their moral beliefs and

¹² Zaid (2000), for instance, concludes that major similarities exist between the role of the accountant in Islamic societies of the Middle Ages and the role played by accountants and auditors in today's Western environment without justifying these findings in line with Sharia requirements of social justice.

¹³ Lewis (2001), albeit briefly, acknowledges ambiguities facing Islamic accounting in applying these concepts but holds that the establishment of supervisory boards and the AAOIFI aims at resolving them. Here he ignores the sometimes complicit role played by the supervisory boards and the AAOIFI in promoting Islamic banking that departs little from the conventional.

obligations to religious peers and the community'. In discussing the role of the SSB, Karim is mainly normative in assumptions and suggestions. No empirical analysis is undertaken to explore the level of independence of the SSB in practice or its actual ability to deliver on the moral and ethical promises. Further, the SSB's role in marketing Islamic bank products untroubled by interest under the banner of Islam provokes little criticism in the literature. Further, the alignment and cooperation of some Muslim scholars and rich elites in the Islamic world is scarcely problematized. This benefits capital, while poverty is endemic in many parts of the world (see Kahf, 2005, for discussion of the SSBs).

The absence of critical theoretical dimensions in contemporary Islamic accounting research is a result of the apparent obsession of this literature to satisfy immediate and practical needs of Islamic banks and financial institutions. This is consistent with Choudhury's (1986) review of the Islamic economics literature. For Choudhury, concentration on the immediate needs of Islamic banks and other financial institutions is due to the funding preferences of a number of Islamic institutions that emerged in the late 1970 (e.g., The Islamic Development Bank and the Organization of Islamic Conferences). These institutions have encouraged research in Islamic economics (and indeed accounting) focusing on practical and immediate needs of Islamic banks. This has hindered the emergence of a consistent theoretical approach to Islamic economics (and accounting) research that would prioritise social justice (Choudhury, 1986; Kuran, 2004).

The critical exploration of Islamic accounting literature carried out here exposes its serious deficiencies to represent emancipatory and enabling potential. The literature ignores the holistic aspects of Islamic teaching and merely concentrates on instrumental and limited financial dimensions. It also fails to live up to its own proclaimed normative ethical dimensions. This is not only evident in the issues that Islamic accounting research chooses to emphasize, but also in issues that the research avoids to discuss and displaces from attention. Issues concerning socio-economic development in the non-Western and even Islamic world seem to be of no concern to Islamic accounting research. Freedom, women empowerment and knowledge deficits were all issues highlighted by the first Arab Human Development Reports in 2002 as the core of underdevelopment in the Arab world. These issues seem to be displaced from Islamic accounting research (as in Islamic economics, see Kuran, 2004). Similarly, Muslim's voices are significantly absent from Islamic accounting research. The Islamic accounting literature gives little insight into Muslims' views of accounting, banking or finance (Islamic or not). The narrowness and the avoidance of critical issues by the literature suit many Arab and Islamic governments close to the West. It allows these countries to pursue their economic reforms and modernization programmes that promote liberal policies and privatization under the auspices of protection of Islamic tradition Islam's ability to survive modernity (Kuran, 2004). It is not surprising then that the West has welcomed and fostered such a research agenda as it does not constitute any serious challenge to or departure from the dominant liberal and capitalistic views of economics and accounting.

5. Conclusion and reflection for ways forward

This study has critically explored the potential of contemporary manifestations of Islamic accounting and research to join the critical accounting agenda. The analysis indicates that these manifestations fall significantly short of realizing the enabling praxis of a more emancipatory accounting and constitute little departure from conventional accounting and finance. Discussion also highlighted contradictions between the ethical claims of these manifestations and their actualities.

A serious reflection on the current role of Islamic banking and accounting opens up the urgency for a radical change. Building on Islamic teachings discussed in this study such as holism, social justice and knowledge development constitutes a platform for Islamic banking and accounting to go beyond emphasis on interest prohibition and ethical rhetoric that in practice bears little resemblance to operations. These teachings may shift Islamic banking and accounting practice to emphasize social justice, working with local communities, provision of business opportunities for the cash-poor, decision-making beyond merely financial criteria, the environment, accountability and transparency, which should all be central to the operations of Islamic banks and their accounting practices.

Inspiration to realize these radical changes and shift in emphasis in Islamic banking can also draw upon and emulate other non-religious initiatives that to a certain extent succeeded in bringing benefits to local communities and to the poor. Microcredit schemes, famously manifest in the Grameen Bank in Bangladesh, have brought significant benefits to rural, poor communities, especially women (see Rahman, 1999). Providing small loans exclusively to the poor to promote self-employment and income generation has transformed many lives in rural Bangladesh (Rahman, 1999; see also Islam, 2007, for discussion of the good, the bad and the required improvements for microcredits). Islamic banks can learn from the successful experience of the Grameen Bank and similar initiatives in poorer communities. Islamic principles such as social justice discussed here are more in line with local initiatives to empower the poor and the community than with global business expansion. Islamic teachings can contribute to expanding the microcredits phenomenon further to the extremely poor in Muslim societies. Islam (2007) holds that the extremely poor in rural Bangladesh are sometimes refraining from engagement with the Grameen Bank and other similar initiatives because of interest bearing transactions. Islamic banks, in this context, may reach more Muslims in need of finance by genuinely introducing PLS techniques to microcredits (see Islam, 2007). To be successful though, Islamic banking, as with the Grameen Bank, needs to monitor and train and engage closely with its customers (see Islam, 2007).

Further, in line with the holistic approach to life and knowledge development in Islam, Islamic banking needs to open up and cooperate with other religious and secular social institutions and programs that aim to achieve social justice solutions. For instance, Kuran (2004) maintains that Islamic (local) institutions like clinics, schools and centres that serve the underprivileged in society have had significant success in a number of communities in the Islamic world. Similarly, vast numbers

of religious institutions (such as of Liberation Theology in Christianity and the Jubilee Debt Campaign in Judaism) have been active and committed to the betterment of society and the realization of social justice (see Pepinster, 2008). Islamic banking needs to join forces and cooperate with these community initiatives. A social framework aimed at achieving social justice can only be established through the exchange and cooperation of a multitude of social and financial organizations in the community or society (see also Islam, 2007).

Accounting, inspired by Islamic teachings, can play a role in the realization of this radical change in the nature of Islamic banking and finance. The holistic message of Islam is central here. It requires that a separation between the sacred and the secular be abandoned. The accounting system, therefore, on macro and micro levels, should create and provide information that reflects deeper social and ethical dimensions (see Kamla et al., 2006). Knowledge development, social justice and community principles require honest and full disclosures to empower society and the community and not just capital expansion and growth. In this sense, accounting should enable the regulator, the auditor and society to establish whether the organization has contributed positively to social justice and whether its money and profits come from fair and honest practices. For example, accounting should help the community to establish whether institutions, such as Islamic banks, are practicing the values they espouse. Accounting, including quantitative and qualitative information, should enable different constituents in society to establish whether the bank has contributed to elevating its customers from poverty conditions or not. Further, financial and risk assessment techniques in conventional accounting and banks should be changed and developed to allow for more loans and investment opportunities for customers from poorer backgrounds. After all, the experience of the Grameen Bank has shown that the poor, with adequate support, training and mentoring, are very good in paying back their debts (see Rahman, 1999; Islam, 2007). Internal accounts going beyond financial growth and efficiency could also provide the institution or the Islamic bank's management with information on whether they have met their religious as well as financial commitments. External and internal accounting should be related to wider social accountability concepts including details of the types of projects the bank is financing and their social and environmental impacts and assessment. Accounting that enhances the organization's as well as society's appreciation of organizational impact on the overall socio-economic systems is more in line with the knowledge principle in Islam. As Kamla et al. (2006, p. 258) maintain, it contributes to enhancing the type of 'social knowledge' necessary for development in Islamic society.

The role of accounting regulatory bodies and of accountants can also be changed to embrace a more holistic approach. Section two demonstrates how the *Hisba* and the *Muhtasib* historically incorporated both spiritual and secular dimensions and went beyond narrowly conceived financial considerations. They sought as duty significant accountability to society and the environment (see Kamla et al., 2006 for further discussion of the role of accountants in Islam). Islamic accounting regulatory bodies such as the AAOIFI should play the role of regulating business organizations in the interest of the public, equality, sustainability and social justice. Only then may the AAOIFI properly claim to operate and develop accounting standards according to Sharia.

Islamic accounting research, for its part, needs to play a role in making these changes in the role of Islamic banking and accounting possible. Developing and researching ways in which accounting can change in line with Islamic teachings to include rather than exclude the disadvantaged and the poor is one dimension. Bringing the financial and social needs of the poor to the centre of Islamic research is important here. The critical evaluation of Islamic accounting research indicated a significant lack of studies that focus on Muslim's voices or insights into the needs of the poor and disadvantaged in society. Islamic accounting research, in line with seeking knowledge and the truth, should also embark on interrogating the limitations and flaws of contemporary practices of Islamic banking and finance. It is clear that so far Islamic accounting research is reluctant to openly criticize and expose the nature of Islamic banking activities and institutions. Engagement with praxis that builds on Islamic teachings, other religious initiatives and the work and theorization of the critical school can provide Islamic accounting research with the tools to live up to their own ethical claims about the role of Islamic banking and accounting.

The critical accounting school itself can begin to engage and open up more to Islam (and other religions) and make use of the ability of faith to change people's lives to the better. It can move beyond a simple negative suspicion of religion and its role in society (Gallhofer and Haslam, 2004) and begin working with religion to open up new possibilities for emancipation. For instance, the significance of the spiritual in Islamic accounting thought can provide a boost to the critical school's calls for an accounting that goes beyond efficiency and profits and concentrates on issues such as how we are affecting the livelihood of each other and our environment (see Kamla et al., 2006). Accounting inspired by Islam and the spiritual can shift emphasis from the measurable to the non-measurable. Concerns about the spiritual can bring in voices from different ranges of people and help in making the marginalized and the distressed heard and their wishes acted upon. Furthermore, as discussed in section two, Islamic teachings constitute significant dimensions that contradict and stand aside from capitalism. Consequently, Islamic accounting and the critical school project can join forces in their interrogation of Western capitalism and fight against conditions of labour, capital, commodity and other resource exploitation. The Western system's aggressive position against all, but specifically against Muslims in Palestine, Iraq, Afghanistan and even those living in the West can be exposed. Engagement, dialogue and cooperation between Islam, the critical school and other religions can create a platform for resisting the hostilities of classical and neoclassical schools of thought to Muslims and beyond.

In Summary Islamic banking and accounting need to build more on Islamic teachings of holism, justice and importance of knowledge in order to broaden their social agenda and realize their ethical claims. They also need to engage, cooperate and communicate with other religious and non-religious initiatives and critical theorization seeking social justice and community empowerment. The Islamic accounting and banking project must respond to the masses of Muslims who supported it initially

on the grounds of advancing social justice, eradication of poverty and freedom from forms of subjection, imperialism and colonialism. Unless it does so, it will most certainly begin to lose Muslims' support and diminish as it will be exposed as a superficial phenomenon that does not constitute the substance and spirit of Islam.

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