ISLAMIC BANKING AND FINANCE TEACHING: A CASE OF THE FACULTY OF ECONOMICS IN INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

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Introduction

Islamic banking and finance increasingly became a popular field of interest of economists as well as the educators for more than three decades. Albeit indirectly these fields of interests have been tremendously increased within the economic life, the education newly began to establish its components providing better environment.

Although Islamic banking and finance (IBF) is one of the fastest growing businesses both in the Muslim countries and the other world countries, Turkey has given
less attention to this field. In the modern understanding, the Islamic banking and finance started in the 20th century in the mid-forties its intellectual dynamics started to provide sources to build up an interest free banking on the basis of profit sharing. This type of banking system is a new paradigm in economic agenda of the world sharing both profit and loss bringing the traditional system of Mudarabah to the modern understanding of Islamic banking and finance. Later on the new banking system attracted more attention because of the needs of new coming generation of Muslim nation. The first practical experience of Islamic banking was launched 1963 when Myt Gamt Savings Bank project began to offer interest free banking in Egypt however the institutional establishment of it began in 1970s as well as a practical implementation of contemporary thought in Islamic Economic was conceived at the same time. Following the coming of the President Sadat to the power, he established Nassar Social Bank as an interest-free financial institution in 1971. In international level, with the actively encouragement of Muslim intellectual people, many conferences began to be organized. The Conference of the Finance Ministers of the Islamic Countries in Karachi in 1970, the First International Conference on Islamic Economics in Mecca in 1976, the International Economic Conference in London in 1977, were organized respectively. As an institution the idea of establishing Islamic Development Bank (IDB) was born in the 2nd Islamic Foreign Ministers Conference held in Karachi 1970 in order to provide funding to projects for the member countries. Its declaration of intent was issued by the First Conference of Finance Ministers of Islamic Countries, held in Jeddah in 1973 and formally the IDB was launched on 15th Shawal, 1395AH equal to 20 October 1975. Following the establishment of the IDB the first private Islamic commercial bank was founded in Dubai in 1975. Most of the Islamic banks were established in Arab countries, Bahrain, the United Arab Emirates, Sudan, Egypt, Saudi Arabia, Jordan, Kuwait and Qatar between 1975 and 1983. Following these years Islamic banking spread more widely and rapidly throughout Muslim and non-Muslim countries. Accordingly many multinational banks began to offer the new banking system and more importantly the International Monetary Fund (IMF) had to accept the impact of Islamic banking methods for financial intermediation.

Pakistan, because of the Islamization process, introduced the interest free economic system late 1977; it is also one of the significant countries in the world that has been trying to implement the newly popular Islamic banking system. On the other hand, Malaysia’s interest to Islamic banking goes back to the beginning of

5 http://www.oicun.org/635/9idb accessed 03 October 2010.
sixties with the establishment of Tabung Haji (Pilgrims Management and Fund Board) in order to invest the savings of the local Muslims who have interest to perform hajj (pilgrim). Officially, in July 1983 with the establishment of Bank Islam Malaysia Berhad (BIMB), Islamic banking and financial system were introduced in Malaysia. Although it carries out commercial banking system the principles of Islamic laws were applied. In Iran, immediately after the Islamic Revolution in 1979, all banks were nationalized accordingly banking regulations were changed with the approval of the interest free Islamic banking law, in 1983 the banking system were completely transferred to Islamic banking system with a three-years transition period. The first establishment of Bank Muamalat in Indonesia was in 1994.

Islamic banks now have capability of competing with traditional banks. The institution of Islamic banking is growing at a rate of 15% per year and with perception of continuous growth. The Islamic banks have more than 300 institutions all over the world more than 55 countries including the following countries: Albania, Algeria, Australia, Bahamas, Bahrain, Bangladesh, British Virgin Islands, Brunei, Canada, Cayman Islands, Cyprus, Djibouti, Egypt, France, Gambia, Germany, Guinea, India, Indonesia, Iran, Iraq, Italy, Ivory Coast, Jordan, Kazakhstan, Kuwait, Lebanon, Luxembourg, Malaysia, Mauritania, Morocco, The Netherlands, Niger, Nigeria, Oman, Pakistan, Palestine, Philippines, Qatar, Russia, Saudi Arabia, Senegal, South Africa, Sri Lanka, Sudan, Switzerland, Tunisia, Turkey, Trinidad and Tobago, United Arab Emirates, United Kingdom, United States, Yemen. With the growth of 50% since 2000, the annual rate, assets and the funds managed by these institutions have reached to $660 billion by the end of 2007. The largest sharia-compliant assets, the potential market of the $4 trillion, are located in Iran, Bahrain, Saudi Arabia, Malaysia and Kuwait.

In Turkey, Islamic banking experience began with the Decree number of 85/7506 which permitting to establish Islamic financial institutions on the 16th of December 1983. With this Decree foreign Islamic banks found a way to build partnerships with Turkish investors. Three companies Al Baraka Turkish Special Finance House (1985), Faisal Finance (1985), and Kuwait Turkish Finance (1989) made joint companies. Immediately after short-ranges, three Turkish investors have formed Anadolu Finance (1991), İhlas Finance (1995) and Asya Finance Companies (1996). In addition to this, Islamic Finance Houses (Özel Finans Kurumlar) which were called “Special Finance Houses (ÖFK)” with the Banking law Decree number of 5411 dated 19.10 2005 were changed to Participation Banks “Katılım Bankaları”.

Current financial and economical agenda shows that Islamic banking system now is taking shape both Muslim and non-Muslim countries and most likely will continue to grow enormously both in already have it established and newly introduced countries and also potential countries. Turkey’s parameters show that the alternative banking and finance system will have great deal of space among the market besides the conventional banking. Therefore, to give more space on this alterna-

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tive banking system, most probably, will strength development of the Turkish economy and give a chance to establish substantial educational institutions in order to produce intellectual and human resources.

In line with this prediction, for the sake of development of Islamic banking and finance high quality human resources and the support of higher education is an inevitable reality. Teaching both conventional and Islamic practices in banking and finance will open the mind of future generation to develop the Islamic banking system within the conventional. To bring the Muslim capital to Turkey to invest about more than US $ 1 trillion by the end of 2013 could be a great deal of opportunity for future economic development of Turkey. The inevitable amount of value requires Islamic way of transaction; banking and finance do deal with. Hence, its educational institutions and a suitable environment for them are significantly unavoidable.

Muslim intellectuals and governmental bodies firstly have organized an international educational conference in Makkah in 1977 to emphasise on the significance of establishing Islamic Institutions. The idea of founding Islamic Universities has been materialized with establishing International Islamic University of Pakistan in 1981, and International Islamic University Malaysia in 1983. Turkey, unfortunately has missed the chance of establishing International Islamic University Turkey because the idea was offered first to Turkey but it was neglected due to the current political situation of the country, however, Malaysia had taken it into their priorities as a great opportunity to the country by Dato' Seri Dr. Mahathir Mohamad, the Prime Minister of Malaysia on 12 January 1982, and immediately after almost one year on 20 May 1983 the IIUM was officially established by receiving its Establishment Order from His Majesty the Yang Dipertua Agong, HRH Sultan Haji Ahmad Shah Al-Musta’in Billah ibni Al-Marhum Sultan Abu Bakar Ri’ayatuddin Al-Mu’adzam Shah.13

The institution started offering a gradually more continuum of Islamic economics program and training courses undergraduates and postgraduates programs including MBA and MA programs in Islamic banking and finance. Islamic countries should also focus on developing primary and secondary markets within the framework of Islamic financial institutions’ compliance with the shari’ah.14 Besides the rapid development in industry and economy, their supporting components in educational institutions must be developed simultaneously. The market requirements must be fulfilled through producing well equipped students in practical aspects of theories with genuine ideas of Islamic perspective. Since the beginning of the day of the establishment of the Kulliyyah of Economics and Management Science, the human capital has struggled to face problems and challenges in Islamic economics and finance in order to reflect better economic curriculum, practice and teaching. Objectively observing and critically evaluating and analyzing the current practice of Islamic economic education in the faculty of economics could give a shed light to modify already established economic curriculums and further studying and as well as to be a structural

Magnitude and the significance of the Paper

Although there has been a considerable rise on Islamic banking and finance in the world market, less emphasis is being given to its teaching in higher education. One of the objectives of Islamic teaching is to create a person who seeks to live peacefully and respectfully in this world and aim at obtaining the eternal benefits of the hereafter which was delineated within the scope of the Qur'an and then along with this objective it is aimed to strength the dynamics of the human society. The purpose of education should not be limited to load knowledge in people's mind but also to prepare them for the life of purity and sincerity. Therefore the highest goal and ethics of Islamic education is consisted of a character-building. In respect to this conception, the basic of all Islamic economic teaching programs should have an objective to educate students in the field of economics with notion of Islamic ethical perspective so that the students could have ability to analyze and accordingly to develop the practical implication of Islamic economics within the modern economic systems. In order to give this notion to future economists, teaching of Islamic economic subjects in an appropriate manner is extensively important.

Along with this research, it is regretfully realized that despite of great deal of researches were conducted on evaluating, explaining, diversifying Islamic banking from conventional banking, and analyzing its development processes, unfortunately there is a few research has been carried out so far on the teaching of Islamic banking and finance (IBF). Mostly the researches have focused on application of Islamic banking instruments such as *murabahah* (passive partnership, profit-sharing), *musharakah* (active-partnership), *ijarah* (leasing), *wakalah* (agent), *ji'alah* (reward, performing a given task against a prescribed fee), *qard* (payment in advance), *rahn* (pledge/security), *ba'i salam* (interest free loan), *dhaman/kafalah* (guarantee), *hawalah* (assignment), *istisna'* (manufacturing), *urboun* (depositing); Islamic banking in Muslim and non-Muslim countries and its principles; human capital development in the Islamic financial services industry; thinking critical account in Islamic banking; Islamic mortgages; banking financial crises; ethical identity of Islamic banking; Interest and Islamic ethics; Islamic banking and political economy; performance of *shari'ah* compliance companies; corporate *sukuk* and bond markets, etc. Teaching Islamic economics banking and finance seems to have less attention among the researchers and academicians, but only few researchers, Mat and Ismail, Haneef, 16, Haneef17,
Ass. Prof. Dr. Saim KAYADIBI

Kasri\textsuperscript{18}, Kayed\textsuperscript{19} and some lecturer book of Siddiqi,\textsuperscript{20} Hafizullah\textsuperscript{21} and a few others have given awareness on the significance of the field so far. Therefore researching on the teaching of Islamic economics banking and finance in International Islamic University Malaysia could be a significant contribution for the researchers, academicians and institutions.

This paper, therefore, intended to analyze Islamic economic teachings in the faculty of economics in International Islamic University Malaysia (IIUM) in terms of subject matter with its contents, curriculum, syllable and internationality of the department. The data, which was collected from the department itself, the library and other academic writings and web-sources, was critically analyzed using the previous research outputs and personal observations will be included.

**Human Capacity**

The data reveals that there are all together 3316 human capacity within the faculty of economics and management sciences (KENMS), 3167 of them are students, 117 of them are academic staff and the rest 32 are non-academic, administrative staffs. The numbers of students also have their own share according to the departments which currently four departments are being run: department of economics (BECs), accounting (BACC), business (BBA) and management (ENM). The department of management is the first enrolment for students before specializing in their fields. 662 students of the total are hold by the department of Accounting; 552 by the Business; 392 by the Economics and 760 by the Management. Besides the undergraduate students there are also 778 students currently pursuing their postgraduate studies which 125 of them are PhD and the rest 653 are Master students. In addition to the students’ number, 117 academic staffs currently are serving to educate the future Muslim economists. The academic staffs are consisted of 20 full professors, 19 associate professors, 34 assistant professors, 40 lecturers, 3 academic fellows and 1 matriculation lecturer.

**Rise of the Faculty of Economics**

With the policy of Mahathir administration the value of Islam was integrated within the state policy to give a positive impact for the development of the nation. In support of this policy in 1981, Islamic Consultant Body (ICIB) was announced emphasizing that every attempt for the development of the country and the nation must have conformity with the values of Islam. In line with this conformity the government announced its official policy in Malaysia’s administration as the policy of Assimilation of Islamic Values (Penerapan Nilai-Nila i Islam). Briefly these values are abridged


\textsuperscript{19} Rasem N. Kayed, “Creating Bridges Between Research And Education in Islamic Economics,” Journal of Islamic Economics, Banking and Finance (JIEBF), 4 no. 3 (September-December 2008), 25-44.


\textsuperscript{21} Mohammad Obaidullah Hafizullah. “Teaching Corporate Finance from an Islamic Perspective,” (Jeddah: Islamic Economics Research Center, King Abdulaziz University, 2006).
with the following terms: Responsibility, Sincerity, Punctuality, Dedication, Cleanliness, Trustworthiness, Cooperation, Moderation, Diligence, Discipline, Integrity and Thankfulness. Accordingly, the government fostered establishing Islamic values in its all institutions. Education was one of the priorities of the government; hence International Islamic University Malaysia (IIUM) was established on 20 May 1983. Immediately after the establishment of IIUM, Bank Islam Malaysia Berhad (BIMB) was established in July 1983. In due course, Islamic banking and financial system were introduced to Malaysian economic agenda. The Kulliyyah of Economics and Management Sciences (KENMS) was one of the two first established faculties in IIUM and the department of Economics was the first department within the KENMS offered 16 July 1983.

Theoretical Framework of the Teaching Courses

The Kulliyyah of Economics and Management Sciences aimed at offering future economists the exceptional prospect of incorporating conventional banking system with Islamic banking and values. The medium of instruction offered by the Kulliyyah in all programs is in English. Currently all the programs are offered by three different departments namely Department of Economics, Department of Business Administration and Department of Accounting. As the Figure 1 shows that every single student who is studying in the faculty of Economics must fulfill 125 credit hours of course work: 17 credit hours of them is required from the University level (University Required Courses) and these are: The Islamic Worldview, Islam, Knowledge & Civilization, Ethics & Fiqh for Everyday life, Methods of Da’wah or Studies of Religion I, Language for Academic Purposes, Komunikasi Perniagaan for Malaysian Students; 36 credit hours from the Kulliyyah level (Kulliyyah Required Courses) and these are: Statistical Methods, Business Mathematics, Principles of Microeconomics, Principles of Macroeconomics, Information Technology, Principles & Practice of Management, Financial Accounting I, Financial Accounting II, Foundation of Islamic Economics, Fiqh for Economists I, Fiqh for Economists II, Language for Occupational Purposes (ENMS); 36 credit hours from the department level (Department Required Courses); and 36 credit hours from elective courses (Elective Required Courses). According to the final amendment in 1997, students are allowed to choose their credit hours from 4 concentrations namely in Islamic Economics, Finance, International Economics and Development Economics. Also students had more opportunity from this amendment which it allowed them to get double degree by taking extra two semesters of Islamic Revealed Knowledge and Heritage (IRKH). In order to pursue further studying for the second year of the programme in any of the three departments in KENMS, students must pass all common core courses with a minimum grade of ‘C’. The students are not permitted to extend completing all common core courses more than two years time.

25 Ibid., p. 121-122.  
As the department aimed at offering both conventional and Islamic economic systems simultaneously, the Bachelor of Economics program offers mainly in four areas: Islamic economics, finance, international economics and development economics which provides students a solid foundation in economic theory and empirical analysis by offering them a wide range of applied courses to enhance their comprehension on the concept of economics and its application in an appropriate field. After passing the minimum entry requirements and 36 credit hours department requirements, students can choose to specialize in any one of the mentioned four areas and they must at least take four courses in chosen package while the remaining courses, as electives, can be taken from other package in the department or from other relevant departments. The subject areas of the courses can be outlined as follows: for the area of Islamic Economics: *Fiqh* for Economists III, Contemporary Economic Thought & Policy, Issues in Islamic Economics, Objectives of *Shari'ah*, Economics in the Qur'an and Sunnah, Economics of Zakat; for the area of Finance: Financial Management I and II, Investment Analysis, Corporate Finance, International Finance, Forecasting for Economics and Business, Principles & Practices of Takaful & Re-Takaful; for the area of International Economics: Globalization and Regional Economics Powers, International Economics, Islamic Countries in the Global Economy, International Monetary Economics, International Trade and Development, International Finance; for the area of Development Economics: Industrial Economics, Economic Development, Human Resource Development, National Economic Accounting, Environmental Economics, International Trade and Development. The other elective courses which the students must take to complete their remaining 24 credit hours of 36 in total from the Elective Courses which is consisted of 56 different types of courses mixed

**Bird's Eye View on the Contents of the Islamic Banking Courses**

In general, the courses offered in the department of Economics can be categorized into two types: conventional economics courses and Islamic economics courses. The division of courses is simply decided due to its course outlines offered by the Department of Economics. If the course outlines do not signify any Islamic terms or no reference is given to the documents from the Islamic point of view then the course is considered as conventional unless it is considered as Islamic. The Islamic economic courses are most based on traditional and modern understanding of Islamic values in terms of economics and finance. Islamic economics courses therefore may contain Fiqh Muamalat which consists of eight undergraduate courses for the department of economics, finance and business management. These are Fiqh for Economists or Transactions in Islamic Economics I, II and III; Principles of Islamic Jurisprudence I and II; Economics in the Qur’an and the Sunnah, Objectives of the Sharia’ah and finally Economics of Zakat. Besides these eight courses of Fiqh Muamalat, the KENMS also offers courses and research programs at diploma, master and doctoral level courses for post graduate studies.28 In addition to that, within the Islamic economics program, Islamic Banking and Finance, History of Islamic Economic Thought, Issues in Islamic Economics, Islamic Countries in the Global Economy, Accounting for Islamic Banks, Zakat Accounting, and Management from an Islamic Perspective are irrespectively taught within the faculty.

*Fiqh Muamalat*, mainly, is called either *fiqh* for economists or transactions in Islamic economics. The Transactions in Islamic Economics I aimed at “providing students the knowledge of various Islamic commercial transactions; issues related to debt and its treatment in *fiqh*; enhancing the students' skills in relation to the application of Islamic commercial and financial transactions.” In order to give students critical analytic mind, the subject, must be successfully completed, which is consisted

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28 Ismail Mat and Yusof Ismail. Ibid., p. 328.
of Islamic legal system including issues of wealth, rights and theory of ownership, while the subject of Transactions in Islamic Economics II is consisted of various forms of contracts mainly the fundamental principles and operation of the financial activities in Islamic banking and finance such as partnership (murabahah), resale with loss (wadi'ah), resale without reference to original cost price (musawamah), contract of delivery with prepayment (buy' al-salam), guarantee (damanah), partnership in property (sharikat al-amwal), partnership (al-mudarabah), deposit (wadi'ah), a gratuitous contract (kafalah) etc. The part III is the continuation of the subject of Transactions in Islamic Economics II. It is a department required course, however the first and the second parts are Kulliyyah required courses. This subject, was offered to equip the students with knowledge of unilateral contract and its daily practices, focused on teaching the issues of the distribution of wealth in terms of individual and social matters such as gift (hibah) and charitable donation (sadaqah), financial commitment with respect to incentives (ju'alah), the method of exchanging liabilities (maqasah), release from liability (Ibra') as well as the role of Islamic Financial Institution (Bait al-Mal), the collection of zakat and taxes and their distribution to adequate places through Islamic way of understanding.

Principles of Islamic Jurisprudence (Usul al-Fiqh) is a department required foundation course consisted of Usul al-Fiqh I and II which provide the knowledge of fundamental sources of Islamic law and its rulings which are deduced through textual interpretations. The first part (I) is primarily scheduled to provide the conceptual framework of the principles of Islamic law which consists of its definitions, scope, origin, development and the primary and secondary sources of Islamic Jurisprudence. The second part, in general, is designed to provide knowledge of the methods of interpretation to understand better the legal texts (ayat alahkam) of the Qur'an. The topics consisted of textual expressions (al-alfaz), textual implications (al-dalalah), commands and prohibitions (al-awamir wa al-nawahi), abrogation (naskh), the objectives of the Lawgiver (maqasid al-shari'ah), conflicts of evidences (ta'arud al-adillah) and theoretical guidelines and the economics of the Maxims (al-qawaid al-fiqhiyyah). After having successful, students would be able to demonstrate adequate comprehension knowledge of Islamic jurisprudence in general. It enables them to have a modern comprehension on the current economic problems in order to show an alternative method to conventional system.

Economics in the Qur'an and the Sunnah (al-Iqtisad fi al-Qur'an wa al-Sunnah) is an elective subject which its synopsis is consisted of various aspect of the Qur'an and the Sunnah that deal with the trust (amanah), consultation (al-shura), justice (al-adl), wealth and ownership (al-mal wa al-milkiyyah), contract (al-'aqd), bequest (wasiyah), endowment (waqf), evidence (shahadah), the mortgage (al-rahn), oaths (ayman), the debt (al-dayn) and other related issues in fiqh mu'amalat. It enables the students analyze them within current issues of economics.

Objectives of the Sharia’ah is designed to analyze the theory and application of the rules and guidelines of Islamic law in economic and financial transactions based on the objectives of the Shari'ah (maqasid al-Shari'ah). The subject covers the theory of maqasid among the early Muslim scholars such as Abu Mansur al-Maturidi (d. 333 AH), Abu Bakar al-Baqillani (d.403 AH), al-Juwaini (d.478 AH), al-Ghazali (d.505 AH), al-Razi (d.606 AH), al-Amidi (d. 631 AH), Ibn al- Qayyim (d.751 AH) and al-Shatibi (d. 790 AH) with a view to assess contemporary economic problems in the
light of the objectives of the Shari'ah which enables students to apply it correctly in socio-economic life.

Economics of Zakat subject, is a part of Islamic Economics courses (Fiqh Mualamat), is designed to provide the students with a proper understanding of the institution of Zakat in order to apply it within the modern economic system as well as to furnish them with the methods and guidelines of Zakat accounting based on various opinions of the scholars. The successful students would be able to evaluate the concept of zakat institution and its role in society; identify the economic dimension of zakat collection and its distribution; to assess the macroeconomic effects of zakat.

Islamic Banking and Finance is one of the significant core courses of the KENMS. It is designed to provide students the issues and topics related to contemporary Islamic banking and finance practices and applications. Throughout the semester the philosophy of Islamic banking and finance as prescribed by Islamic principles of Shari'ah is taught. Critical evaluation of various products and services offered by Islamic banking institutions with particular reference to Malaysian context is also under the schedule. Philosophy of Islamic Banking and Finance, development of IB in Malaysia and other countries, its regulations and supervisions, the Shari'ah advisory council, the concept of money and sources, takaful and conventional insurance are taught according to Islamic perspectives. The course facilitates the students, after the completion, to have knowledge in current practices of Islamic banking and finance with a critical mind to discuss issues related to contemporary Islamic banking and finance. They will be able to demonstrate the ideals of Islamic Banking and Finance framework and contribute to its development.

History of Islamic Economic Thought is also a department required course which deals with the major economic thoughts in the ideas of leading Islamic Scholars with its methodology, implications and critical analysis of these thoughts which are evaluated for their special references both economic theory and various contemporary issues. The course intended to equip the students with the knowledge of history of Islamic economic thought especially in refuting the Schumpeterian thesis "The Great Gap" in the history of economic analysis, knowledge of the past great Muslim scholars' contribution to the field of economic thoughts and the students be able to apply it to contemporary economic issues. It covers the fundamental Islamic ethical system; historical and empirical application and analysis; an over view on the Western economic thought; the Scientific Method of Study, concepts and terminology of the Philosophy of Science, Islamization of Economics; some topics related to economics also on the scope of this course such as economic and financial activities of Muslims, such as al-Kharaj, al-Amwal, al-Hisbah, al-Kasb, al-Nuqud, al-Tijarah, and etc. In addition to this, it focuses more on the works and thoughts of the great Muslim scholars such as Abu Yusuf (d. 182/798), Abu ‘Ubayd (224/838), Ibn-Hazm (456/1068), Nizam al Mulk Tusi (485/1092), Al-Ghazali (d.505/1111), Al-Turtushi (d. 520/1126), Al-Shayzari (589/1193), Al-Razi (d. 606/1209), Ibn Taimiyyah (d. 728/1328), Abu Ishaq al-Shatibi (d. 790/1388), Ibn Khaldun (d. 808/1406), Al-Maqrizi (d. 846/1442), Shah-Waliullah (d. 1176/1763), and many others. Following the completion of the course, the students would be able to demonstrate the significance of the great scholars for the development of Islamic economic thought and its application to the modern time. Issues in Islamic Economics, is structured to serve under the elective courses, which consisted of two parts: the first covers the nature, scope and
definition of Islamic Economics and thoughts in the 20th Century; methodology of Islamic Economics focusing on the Islamization of knowledge in economics agenda providing analysis of views of selected Islamic economists; comparative and critical analysis of different economic systems and analytical discussion on the strengths and weaknesses of the capitalist and socialist systems with showing Islamic economics as an alternative system. The second covers the policy-related issues on development, fiscal and monetary system and its control from the Islamic perspective through analyzing Islamic monetary policy framework of Malaysia and Iran; the latest development in Islamic banking and finance taking lessons from the financial crisis and the latest reform plans in the Islamic banking and finance system on the basis of objectives of the shari'ah. With this elective subject, students are able to identify and comprehend outstanding current issues in Islamic economics.

Islamic Economics Courses Simultaneously with Conventional

The university requires from students to take certain courses and credit hours to pursue their further studying in the Kulliyyah of Economics and Management Sciences. The figure 2 shows the Islamic required courses from different levels in respect of the Islamic related courses which consist of Islamic Input Courses, Islamic Economy Courses, Muamalat Courses and Other Islamic Courses with their credit hours and percentages. It clearly demonstrates that the Islamic Input Courses takes the biggest portion of the courses with credit hours among the others with 9 to 19 courses of 22 to 46 % in total, while the lowest portion was taken by the other Islamic courses with credit hours with 4 of 10 % in total. The figure one also shows that muamalat courses have taken fewer portions with 4 to 6 courses of 12 to 18 credit hours of 10-14 % compared to Islamic economic courses which have taken 3-9 courses of 12 to 27 credit hours of 7-27 %. In addition to that the university required courses were applied to neither Islamic input, nor Islamic economy nor muamalat courses while it is only applied on the other Islamic courses with 4 credit hours of 10 %. However, elective courses have taken great amount of the portion from each different type of courses except other Islamic courses. This figure 2 indicates that all types of Islamic courses were required more or less from every different level of requirements during the study at the Kulliyyah of Economics and Management Sciences.


30 Course outlines of the Kulliyyah of Economics and Management Sciences, International Islamic University Malaysia; Ismail Mat and Yusof Ismail. Ibid., p. 326-334.
On the other hand, the figure 3 demonstrates the distribution of Conventional required courses in Kulliyyah of Economics and Management Sciences which represents 17-46% of total required degree courses within the (KENMS). Out of the 125 credit hours, 57 credit hours must be taken from the conventional courses. The majority were in Elective required courses with 12 courses of 36 credit hours, followed by Kulliyyah required courses with 5 courses of 15 credit hours, respectively, Department required courses with 2 courses of 6 credit hours and university required courses but no courses were allocated for students by the latter. It means that university level does not require courses from the students. According to Haneef, the course program within the KENMS are adequately enough to represent international standards in terms of conventional banking teachings because offering minimum 6-7 courses are theoretically sufficient to compare with many American degree programs, even though the quantity may not be enough to measure the efficiency of these courses.31

Source: Undergraduate Prospectus of International Islamic University Malaysia

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The figure 4 demonstrates together with the Islamic and Conventional courses in Kulliyyah of Economics and Management Sciences (KENMS). It clearly shows that the total amount of Conventional courses are 19 subjects while the Islamic courses are 38 subjects included the total number of elective subjects and university required courses with department required courses. If these two requirements were not included the amount of subjects taken would be almost equal between both Islamic and Conventional, respectively 18 and 24 subjects. In another word, the entry requirement subjects both from university level and department level increased the total subject of Islamic courses. The figure indicates to an interesting point that KRC and ERC almost the same amount of subjects with 5 to 6 and the other is 12 to 18. It means that by offering these subjects upon university and kulliyyah levels fulfil the aim and objective of the faculty: “To be a leading faculty of international excellence for teaching, research and consulting services integrating conventional economics, accounting and business-related areas with Islamic values and ethics; to produce well-rounded professionals in economics, accounting and business administration who are imbued with Islamic values and ethics; to spearhead research and consultancy activities in Islamic economics, accounting and business-related areas; to promote publication activities in Islamic economics, accounting and business-related areas.” As well as suits to the university’s namely “to undertake the special and greatly needed task of reforming the contemporary Muslim mentality and integrating Islamic Revealed Knowledge and Human Sciences in a positive manner; to produce better quality intellectuals, professionals and scholars by integrating the qualities of faith (iman), knowledge (ilm), and good character (akhlaq) to serve as agents of comprehensive and balanced progress as well as sustainable development in Malaysia and in the Muslim world; to foster the Islamization of the ethics of Muslim academic and ad-

Source: Undergraduate Prospectus of International Islamic University Malaysia
ministrative staff of IIUM, and certain aspects of human knowledge - particularly in the social sciences and humanities - with the view to making them more useful and more relevant to the Muslim Ummah; to nurture the quality of holistic excellence which is imbued with Islamic moral-spiritual values, in the process of learning, teaching, research, consultancy, publication, administration and student life; to exemplify an international community of dedicated intellectuals, scholars, professionals, officers and workers who are motivated by the Islamic world-view and code of ethics as an integral part of their work culture; to enhance intercultural understanding and foster civilization dialogues in Malaysia as well as across communities and nations; to develop an environment which instills commitment for life-long learning and a deep sense of social responsibility among staff and students. It can briefly be summarized as integration; Islamization; Internationalization; and Comprehensive excellence."

Source: Undergraduate Prospectus of International Islamic University Malaysia

Conclusion

The findings of this paper exposes that the teaching of Islamic economics related subjects are very crucial mater in the contemporary Islamic banking and finance teachings. Since the values of teaching of these subjects are materialized, new establishments in Islamic banking and finance are being expected from many Islamic countries, especially from Turkey and other non-Muslim countries.

It’s hoped that the humble research would lead to further studies, researches and developments in teaching of alternative Islamic banking system to conventional,
as well as to give an insight to academicians and policy makers the idea of establishing at least a joint department within Faculty of Economics offering Islamic economics subjects simultaneously with the current traditional (conventional) system, because teaching *fiqh* and *muamalat* subjects in divinity faculties may not be sufficient since these area of studies are limited to legal issues. As far as modern economics is concerned the Islamic banking and finance also need to be taught with modern parameters and without understanding conventional banking system, and criticizing it in a reasonable way, it may be difficult to show the world the alternative one as a modern banking system which would be embraced more than conventional system.