

## Trust and Islamic Capital

### *Special issue editors*

Trust, Islamophobia, Islamic finance and halal: each of them is a phenomenon that has had its fair share of research in business journals and been extensively pursued by social scientists from several areas. However, very little weight has been given to the how trust is produced, inculcated and such across cultures through business stakeholders' interactions of various sorts. And perhaps even less given to studying trust in the context of "Islamic" products of various sorts: here is where our special issue makes its intervention.

Markets are nothing if not social. Despite every attempt by economists to turn studies of markets merely into complex mathematical formulae, markets remain resolutely and unremittingly composed of people, communities, and societies. Purchasing or shopping whether for a financial product or a sandwich even through an online chat is a form of social interaction. Here, in the context of buying, trust has been widely established as a key driver in business interactions whether in forming goodwill, or consumers' fondness for and attachment to very particular brands and how we come to understand the creation of brands themselves, whether they be countries, companies, products, objects, services or people.

The importance of establishing trust becomes even more significant when brand offers are religion-specific or marketed as such. Islamic capital in particular, or what Umar A. Oseni, speaking about the failures engendered by fatwa shopping, calls the faith premium or what one might also designate the piety premium, where the very idea that something is "Islamic" gives it additional value, faces greater challenges today in establishing trust across markets. Why is this? Many of the writers in this special issue speak to this point.

In its wider sense, Islamic capital whether reflected in Islamic finance and investment or halal products and services including airlines and holiday making is charged with instituting trust in what it offers both Muslim and non-Muslim constituencies.

Muslim businesses who innovatively and successfully blend religious principles and capitalist aspirations face the additional conundrum of establishing trust, as they try to meet or sustain their promises to offer *Sharia*-compliant products and services to Muslim consumers; and to offer products of similar or superior value to those being tendered by the rest of the market to Muslim and non-Muslim consumers. When Islamic capital enters Muslim minority markets, it is tested on its ability to hold to its commitment to Islamic values and principles by establishing a much wider, more capacious understanding of what *Sharia* compliant means and how its requirements are met and perhaps we can even say more true to the letter of the intent rather than merely to the law; the article on Sri Lanka by Geeta Patel suggests one such case. That article also looks at the ways in which it is tested as well on its ability to serve non-Muslims in a global marketplace and its resilience in facing Islamophobia, especially the post 9/11 acceleration of Islamophobia in all regions but more so in those where non-Muslims make up the majority of a population.

Post 9/11 and following upon the war on terror, Islam was put under the spotlight for the wrong reasons and the growth of a supranational community of Muslim believers, connected through values and lifestyles became a concern to some and a market opportunity to others. Forces shaping the global political economy and international relations sometimes hold controversial views of what Islamic capital is and what it lugs along with it, the role it can play in forming or forging a future built on trust and understanding. This is evident in all the articles in our special issue.



In order to contribute to and enhance our understanding of and practices in this understudied area, this special issue brings together a collection of papers that critically examine trust in Islamic capital, problematize the notion of trust and widen the very idea of what falls under the concept of Islamic capital while encouraging a more situated and dynamic engagement among consumers and businesses. Trust is examined as *Amana* (honesty) in delivering brand promise, with reference to companies, banks and organizations' competence to supply *Sharia*-compliant products and services, and credibility to perform as transparent and reliable partners, all of which are the constituent parts of Islamic capital.

Fatwa shopping, a phenomenon that threatens trust among Islamic finance stakeholders is examined by Umar A. Oseni in his paper "*Fatwā* Shopping and Trust: Towards Effective Consumer Protection Regulations in Islamic Finance". The ability and credibility of financial institutions to deliver Sharia complaint fiscal products and services is interrogated through examples offered by Oseni from across the Muslim world. Oseni suggests that we need law (perhaps as a form of capital) to stand between a product and a consumer, and given the cases against companies who have abrogated the trust consumers put in them, it is only if legal provisions protect consumers that consumers can find safety. He also wants us to broaden the idea of what must be cared for, including the public interest and the environment in his expansive discussion.

How financial authorities and scholars in Muslim and non-Muslim countries can work together using a functional and dynamic approach that gives guidance and offers strategic direction to Islamic finance providers in order to evolve the industry as a trustworthy and make it a significant player in the global financial market is what Nazim Ali's "Building Trust in Islamic Finance Products and Services" paper illustrates. The case of Islamic finance in Sri Lanka studied in Geeta Patel's paper "Islam and capital, mortared by trust: The case of Sri Lanka" shows how trust in Islamic finance can be established in a non-Muslim dominated market with little financial penetration and make a positive contribution to the market economy and customer trust. She suggests that Islamic finance, if it follows the principles that are intrinsic to Islam (as a genre of capital) and if it is accompanied by pedagogical initiatives that train both Muslim and non-Muslim communities in what such finance might bring, may even be the route to forging trust between communities in situations where that trust has suffered a shortfall.

However, this special issue is not devoted to Islamic Finance alone. In their paper "Trust, Religiosity, and Relationship Marketing: a Conceptual Overview of Consumer Brand loyalty", Rula M. Al Abdulrazak and Ayantunji Gbdamosi examine trust in the context of relationship marketing. The paper addresses a gap in brand research in relation to religious brand associations and how this may change consumers' perception and the market position of a brand; it gives us a very useful model – the brand-faith relationship model – that highlights the interaction between brands, trust and consumer faith. It offers four types of relationships that bring brand and faith together, based on the extent to which the two are associated and their impact on brand trust and loyalty. Through a discussion of the scattered literature on religiosity in marketing (religion is the coin of capital) and Islamic marketing, the paper concludes that faith can play a dynamic role in consumers' trust in brands and their brand loyalty. This role is dependant in large on the values the brand explicitly share with a consumer's religion; the consumer's commitment and affiliation with religion and its impact on their daily life —we might consider these the hallmark of Islamic capital.

The paper "Building Trust in Islamic Finance Products and Services" by Nazim Ali looks closely at the conditions for inculcating trust through Islamic Finance's ability to project

itself as a credible alternative to conventional finance and financial models. How does one overcome deficits of trust? This paper gives us several guidelines: regulatory mechanisms that guarantee Islamic products follow *Sharia* compliance and conform to fiscal goals, a legal apparatus that safeguards the “material interests” of all those engaged in the enterprise, and social and political exchanges which enable conversations between all involved. All of these make up the capital necessary for the long-term viability and sustainability of Islamic Finance. But more importantly, trust must be produced, and the paper goes on to detail the value of one particular multi-year, multi-region project, conducted under the auspices of the Harvard University Forum on Islamic finance which began in early 1997 and directed its initiatives at a place that many do not attend to, the distrust that permeates stakeholders in the production of finance, *Sharia* scholars, industry leaders and academics. It also proposes that media, which has been so central to negative portrayals of Muslims be brought into conversations, along with interfaith communities and governments. So, like Patel’s paper on Sri Lanka as well as many of the others, it is clear from this one that trust cannot be sustained unless its ambit reaches far beyond the immediate players in Islamic finance, branding, and products such as halal meats. Trust encompasses a reach beyond its seemingly immediate purview and must be treated as such.

The special issue reveals the dominance of Islamic finance as the mode of engagement that many scholars take to speak to Islamic capital. But by including other avenues and areas where Islamic capital rather than finance is the focus, or by bringing the larger framework of capital to finance, the issue seeks to ask some broader questions on the modes through which trust and Islamic capital come together. Different sorts or typologies of trust have been examined in the issue. Whether the trust is manifested in an object such as a certificate, or in institution such as a halal certifying body, or in the owner or the manager of the business or simply the waitress in a restaurant, or the local butcher, or a bank manager who sets up care as intrinsic to the work of bringing customers in and treating them well: trust often seems to be rooted in people who deliver what is expected unless there is a reason to believe the contrary. Here, the issue also gives a reader several options from conferences, to certification procedures, to standards. The issue will be of interest to anyone who is curious about faith-based products. But because it brings so many players and procedures into conversation with each other, it is not merely focused on Islamic capital; Islamic capital is the route to something more expansive—an understanding of the ways that any sort of capital is shaped, exchanged, banked, hoarded even. So even if a reader is not particularly concerned with Islam or Islamic products the issue will be of interest to anyone who is investigating the ins and outs of trust as social and as something more under the ambit of commerce and commercial transactions of various kinds.

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