

Time to rethink Islamic banking ethics

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IT is usually powerful when one attempts to flashback to something happened in the past through songs. This flashback brings back happy and sad experiences that make someone more mature in confronting today and future cycles of his life. Songs are also a great metaphor to denote ethical and unethical practices. Indeed, good songs are viewed permissible in Islam provided they are not in contradiction with Shariah principles (e.g. harmful to Islamic morals). Relatively, bad songs that promote adultery, lust and hostility, among others, are forbidden in Islam in order to avoid mind illness among individuals that dwindles faith, demon-possession and generational sin.

Music and ethics are interrelated. The term ethics refers to the power of music that influences emotions, attitudes and behaviours. Good songs result in the formation of good emotions, attitudes, behaviours and vice versa. In Islam, however, ethics is emanated from the term *akhlaq* that is went down as a good character.

Even the use of good languages like congrats, respect and love denote ethical, while bad languages like jealousy, disrespect and hatred signify unethical.

Imam Al-Ghazali said good character is the person good inward form, which is referred to a good soul that consists of four faculties, viz., knowledge, anger, desire and justice. One who has a good character is typically the one who has a sound quality of these faculties, moderate lifestyle and harmonious in all fairness of his doing. Anyhow, can we cope with these qualities? I think we should.

In reality, however, Islamic banks are not immune from the worldly temptations that may deviate their *maqasid* purposes, abating their needs to balance profit and social obligations.

Under unguarded situation, however, there exist staff of the banks who give unfair treatment when they deal with customers.

Furthermore, there exists a problem pertinent to the inability of the staff to provide full disclosure to customers of certain types of financial transactions, discriminating fellow staff out of age and ethnic group and the occurrence of insider trading that mars the banks' public image. Even worse when bribery and insider trading take the lead.

Of course, unethical issues are also happened to the banks, not because of the banks alone, but because of some staff and customers who are, to a certain extent, misbehave out of ethical fading.

I define ethical fading is a decision that occurs, when one sees unethical issue but decides to ignore it at the expense of customers. Consequently, he will end up with a huge amount of losses to compensate the latter. Does it worth? I don't think so.

In fact, one is composed of two elements, namely angelic and satanic. If he has only an angelic nature, he might be better than angels, but if he has only satanic and then he might be regarded lower and lowest than Satan.

I describe these notions as a nature of creation. It tells us that one is viewed as a man when he has two elements (angelic and satanic) as noted. One is viewed as an angel when he has an angelic element, but Satan should he have only satanic figure.

To inculcate good ethical values, I propose some measures, which are of essential to control unguarded unethical behaviours from worsening. Through the term divine code of conduct, with a comprehensive application of the Prophet Muhammad's (pbuh) traits as well as the prescription of the ethical practices as enunciated by the al-Quran to current financial transactions - the behaviours are at their best can be overcome.

The Prophet said that "I am sending for perfecting good morals (Ibn Hambal, No. 8595)" that explains why honesty and fair dealing are explicitly imperative in businesses



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including Islamic banking. Advertisement like "everyone can go to Sipadan Island for holiday with our bay al-inah personal financing" should not be encouraged as it is regarded as an excessive temptation for unnecessary consumption than that of basic need for financing, of which is vetoed.

To deal with these issues, Islamic values like honesty, self-purity, modesty, integrity, kindness and equity, inter alia, must be included in the code of conduct to cover all aspects of qualities that balance work life balance and family time.

An effort to develop an Islamic finance culture at workplace that functions as a key role to Islamize work environment should be considered utterly, which of course fits into the culture of Islamic banks that is generally based on Islamic world view and Islamic business philosophy.

I feel that such an environment will provide an improved direction that can jack up staff productive environment, the work life balance and more importantly, the acculturation of a healthy work environment that builds up teamwork to curb the risk of unethical practices.

Establishing a new key performance indicator (KPI) that upholds *maqasid* and integrity needs to be deliberated. I believe that today's extant indicators are at their best, suffice to evaluate how good one is working.

It is, however, but tapped into a conventional worm that generates reckless unethical conducts, which are unintended. Essentially, it is timely to propose a so-called Islamic key performance indicator - iKPI - to evaluate the performance of their staff in an Islamic way without compromising the significance of the extant KPI.

Measures like but are not limited to preservation of faith at workplace, dignity, wellbeing and minimising wealth disparity should be included for an improved implementation.

All in, I believe that one taken action has two consequences - be it positive or negative. Thus, this essay intends to add a new dimension of quality of ethics in Islamic banking that provides a course to leverage on the term *falah* that leads to a betterment for an improved survival. In most cases, the positive consequence is more appealing.

In fact, good ethical values that stimulate social harmony and good relations can bring up the performance of Islamic banks to another league of growth, where ethics and faith go together, at least.

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