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Full length Article

## Emotional propensities and the contemporary Islamic banking industry

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### ABSTRACT

This paper explores the manner in which a range of issues relating to emotional propensities – including ethics, trust, fear and institutional exploitation of these – shape perceptions about the Islamic banking industry in the UK. Much of the ethos and practice of Shariah that originally defined such activities have been lost amidst the hegemony of global capital(ism) and a lack of innovation, transparency and social concern have been cited as potential sources of alienation for consumers otherwise likely to be interested in Islamic financial services. However, understanding regarding the impact of emotion in this context is very limited, despite potentially representing motivations for a broad range of financial decision-making. A critical accounting framework is used here to interpret evidence from a series of 32 interviews conducted with UK-based Muslims. The analysis unmasks the hidden interests of Islamic banks and suggests that enhanced stakeholder participation might be transformational in terms of meeting societal needs provided that the complex, but powerful, impact of emotional propensities is recognised.

### 1. Introduction

This paper addresses the question of how emotional propensities are reflected in perceptions regarding the UK's Islamic banking industry. In so doing, the study provides the first detailed evidence about the role of emotion in shaping attitudes and practices around Islamic finance more broadly, including apparent institutional efforts to take advantage of these, contextualised via contributions from the critical accounting literature relating to organisational engagement. Islamic banking is often characterised in straightforward terms as reflecting the Muslim world's version of the Protestant ethic and a desire to return to the principle (shared with early Christian tradition) that interest payments are morally iniquitous (Housby, 2013). Although the empirical investigation of the issue has to date been limited, the importance of recognising emotional propensities such as fear, trust and ethical yearning when investigating Islamic financial institutions' interactions has been suggested by several authorities. For example, Wilson (2003) emphasises the importance of appealing to customers' emotions, thereby attracting individuals who recognise – and derive satisfaction from acknowledging – their wider social responsibilities rather than personal wealth gains. The industry has seen rapid expansion in recent years as banks attempt to take advantage of an apparent increase in appetite for financial products that emphasise virtues other than risk-adjusted return maximisation (Housby, 2013). Indeed, recent evidence suggests that the attractiveness of Islamic finance has led non-Muslims to

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engage with its services in increasing numbers, with the latter's communitarian foundations a central reason for its gaining traction in this way (Riaz et al., 2017a; Somerville, 2018).<sup>1</sup>

Islamic economics – of which Islamic finance is a sub-discipline – surfaced as an academic area of enquiry in the 1970s (Brekke, 2018). Since then, several researchers have investigated developments in the emergent Islamic banking industry (Mills and Presley, 1999; Warde, 2000; El-Hawary et al., 2004; Riaz et al., 2017a; Riaz et al., 2017b). Thakur (1996), El-Gamal (2006) maintain that Islam, through its emphasis on morality, advances the cause of social justice with the philosophy of Islamic finance itself reflecting the principles revealed in divine texts and applied through Shariah law and scholarly interpretation (Walsh, 2007). Earlier studies explore Islamic finance from a range of different perspectives. For example, Wilson (2000) and Riaz et al. (2017a) investigate challenges and opportunities relating to the industry at alternative points in time, with the latter highlighting the need for consistency in the advice offered by spiritual experts, while (Ford and Jones, 2001; Devlin, 2002a; Devlin, 2002b) report on customers' selection criteria. Wilson (2003), Belouafi and Chachi (2011) – building on a more general analysis of the British market by Dar (2002), Mathews et al. (2003) – identify barriers to sectoral development in the UK including a lack of engagement and advertising on behalf of the banks. In contrast, (Archer et al., 1998; Gambling et al., 1993; Lewis, 2001; Maurer, 2002; Maali et al., 2006) explore Islamic financial institutions' accounting and governance frameworks in terms of influences on systems and processes, while (Mirza and Baydoun, 2000; Kamla, 2009) investigate conceptual issues pertaining to financial disclosure in an Islamic context. This theme is developed in Riaz et al. (2017a), Riaz et al. (2017b) explorations of the sector's performance in the UK which build on earlier discussions of theocratic issues in Mandaville (2001), Housby (2013) by highlighting inconsistencies in scholarly and other institutional perspectives relating to both broader principles and practicalities such as the future role of digital platforms. The present study builds on the fieldwork reported in the recent Riaz et al. studies by indicating the incremental contribution that arises when explicit consideration of emotional forces and processes is incorporated into the analysis.

Statman (2017) argues that emotions affect all areas of human behaviour, including those relating to financial decision-making; in prioritising the views of a minority Muslim community regarding emotional forces, the present study has been able to uncover a series of novel insights about the impact of financial sector outcomes on potentially excluded communities. In the critical accounting sphere, Broadbent (1998, p. 287) argues that any financial discourse that fails to acknowledge "wider considerations including emotion" inevitably becomes "implicated in the processes which repress and ignore" these concerns while Gallhofer and Haslam (2004, p. 388) contend that: "liberation theology offers a reminder that any engagement with the oppressed from an emancipatory perspective necessarily contains emotion and compassion." More recently, Efferin and Hutomo (2021, p. 725) point to the relevance of emotions in critical research arguing, for example, that: "as a spiritual goal, happiness deserves a place in accounting studies to promote emancipation." The failure to incorporate the impact of emotional propensity on lived experiences thus appears to represent a significant weakness in the earlier investigations of Islamic finance's function in supporting potentially excluded minority societal groups. As Riaz et al. (2017a, p. 55) note, understanding of the prospective role of the sector in the context of Islamic "otherness" such as in the UK is limited and justifies a higher priority than is typically afforded in modern debates regarding engagement between the institutions concerned and the day-to-day lives of Muslims. Although the broader link between accounting and spirituality has been investigated previously (Gallhofer and Haslam, 2003; Jacobs, 2005; Shapiro, 2009), little is known about the impact of accounting mores on institutional development and practice in catalysing and embedding change in specific commercial contexts. However, (Broadbent, 2002) argues that critical accounting represents an axiomatic means of providing discernibility for accounts and – critically in the context of the present study – societal interactions that have not traditionally been seen as possible, including those of a spiritual nature (see also Chua, 1986; Tinker and Neimark, 1988; Dillard, 1991; Molisa, 2011). The appropriateness of such an approach in the context of the present study reflects the need for religious rule translation in practical settings (in this case the Islamic banking industry) to adapt continuously to idiosyncratic situations, logics, and interests (Quattrone, 2015).<sup>2</sup>

The paper proceeds as follows. Section 2 examines the underpinnings of and prospects for Islamic banking, framed via the role attributed – often implicitly – to emotional propensities in prior analyses. Section 3 then sets out the theoretical perspectives on which the study draws before Section 4 outlines the research design and methods. Section 5 presents the empirical findings while Section 6 discusses the contribution of the study to theoretical debates in the area. Section 7 concludes the paper by summarising the evidence and setting out its limitations and suggesting avenues for related research in the future.

## 2. Islamic finance – underpinnings and the role of emotion

### 2.1. Philosophy and prior success

The Islamic economic system is based upon the faith's underpinning principles of justice and fairness – and specific implications of these – notably the prohibition of interest and attendant reliance on equitable profit and loss (PLS) sharing (Zaher and Hassan, 2001; Kuran, 2004). Iqbal et al. (2007) argue that these kinds of financial arrangements reflect the Islamic notion of a wide application of rights and responsibilities balancing self and social interest(s) while limiting exploitation of the weak by the powerful and ensuring mutual benefits in all transactions. Muslim scholars emphasise welfare and social justice as critical outcomes in any society, consistent

<sup>1</sup> The value of assets under management in the industry is expected to grow from the \$3.4 trillion recored at the end of 2020 to \$4.9 trillion by 2025, driven significantly by growth in the market for Islamic exchange-traded funds (Refinitiv, 2021).

<sup>2</sup> The 'perfect' translation of religious principles has been characterised as inherently equivocal, with pragmatic reclassification of critical factors often required in practice to address inter-temporal heterogeneity (Hidayah et al., 2019).

with faith-based maxims (Abu-Zahra, 1957; (Arkoun, 2002; Housby, 2011) and the teaching of Islamic economics is traditionally based on Shariah principles that cover and govern all aspects of human life, including business and cultural spheres (Iqbal, 1997). For Muslims, Islamic teachings and Shariah provide a comprehensive behavioural code, with a duty on each individual to abide by this in all aspects of their lives (Kamla, 2009). While Thakur (1996) maintains that most religions emphasise morality and spiritual forethought, thereby advancing the cause of social justice, El-Gamal (2006) notes the particularly strong emphasis on the latter issue in Islamic teaching. In this context, Kamali (2002, p. 11) suggests that an examination of the Quran's pronouncements "leaves one in no doubt that justice is integral to the basic outlook and philosophy of Islam, within or beyond the Shariah itself" and that the faith promotes its own notion of fundamental rights for humanity, rights which have to be followed by Muslims under all circumstances. Similarly, Naseef (1998, p. 13) argues that "unity, trusteeship and accountability – the three central concepts of Islam" underpin the faith's ethical doctrines. As regards the particularities of financial systems and outcomes, leading Islamic thinkers have consistently argued that the collective duty of society is to provide the necessities of life to all while working to eliminate gross inequalities in both income and wealth (Ahmed, 1991).

Kuran (2004) points to an emotional foundation for the link between Islamic financial principles and the text of the Holy Quran including, in Chapter 67 Verse 2, the declaration that: "Allah has created life and death to test human beings and He tests them by prohibiting certain things." As Kuran notes, this 'testing' of Muslims' emotions in financial contexts is most strongly linked to the prohibition of *Riba* (Interest), gambling and *Gharar*,<sup>3</sup> all of which are seen to militate against attempts to prioritise social justice and equality. Chapra (1985) suggests that an economic system based on Islamic principles will be beneficial in all aspects of a Muslim's life, enhancing the potential to achieve social-economic goals, pervasive social justice, equality and the alleviation of poverty. Wilson (1997) argues that the faith's pillars differ in such fundamental ways to those of both socialism and capitalism that Islam represents an alternative basis for organising resource allocation across society as a whole. Of particular importance in this context is the principle that *Allah* is the 'owner' of the whole universe and humans are only beneficiaries, or temporary guardians, of any assets that they own (Kamla et al., 2006).

The established ubiquity in Islamic economic principles provided the foundation for the development of modern Islamic banking in the 1970s as institutions set out to differentiate their services and products from those of conventional banks by placing a ban on interest and encouraging lending on the basis of PLS sharing (Lewis and Algaoud, 2001). The initial success of this sector partly reflected the desire of Muslims living in minority contexts such as in the UK to invest and save in a way they perceive to be compatible with their religious values (Iqbal, 1997). Unlike conventional 'Western' concepts of financial performance, Islamic finance as originally conceived sees the use of the profit yardstick as an abuse of society (Imam and Kpodar, 2016).<sup>4</sup> Instead, the industry's normative principles align with Shariah rules, incorporating socio-economic measures that support development goals when determining performance (Lewis, 2001; Kula, 2008). The risk-sharing characteristic of Islamic finance entails the borrower and the lender sharing investment exposures on agreed terms and dividing gains or losses without recourse to guarantees (Ahmad, 2000). A number of authors (including Siddiqi, 1985; 2002; and Rosly and Bakar, 2003) regard such PLS arrangements as defining Islamic banking; as a result, writing on Islamic finance often pre-supposes the theoretical superiority of PLS over conventional interest-based banking (Safiullah, 2010; Akbar et al., 2012).

Siddiqi (2001) emphasises the emotional context of institutional activities when noting that Islamic banks' traditional focus on societal harmony and equality might underpin the development of a 'Model Islamic Bank,' where financing on a participatory PLS basis comes to dominate over time. The supporting conventions in this context require banks to behave and invest ethically whilst at the same time treating their employees and customers justly (Kamla et al., 2006; Wilson, 2006), avoiding discrimination against any group of society based on age, culture, gender, or religion (Beekun and Badawi, 2005; Dusuki and Dar, 2007). In terms of reach, Beekun and Badawi (2005) argue that the societal responsibility of Islamic financial systems is not limited to educating and serving Muslims but instead extends to all society, with universal rights to employment and investment opportunities a necessity (Housby, 2011). By following this philosophy, Islamic banks can potentially gain emotionally driven support in the form of the trust of large numbers of non-Islamic and other secular customers, for many of whom ethical principles are imperative (Suhartanto et al., 2020).

As living standards and disposable incomes rise, the Islamic consumer has been targeted more aggressively, with attempts to appeal to spiritual leanings increasingly evident in advertising strategies (Alam and Seifzadeh, 2020). In addition to this broader trend in market dynamics, a number of individual factors have fostered the development of Islamic banking in the UK. Chief amongst these are: (i) the significant Muslim population of 2.8 million recorded in the most recent (2011) census (Casey, 2016); (ii) endorsement by British authorities (Riaz et al., 2017a); (iii) continuing significant inward flows of capital from Middle Eastern countries (Housby, 2013); (iv) London's reputation as a leading financial centre (Mair and Khan, 2015); and (v) the nation's well-developed education system (Adamek, 2016). Many of the international financial institutions that now avail of these opportunities in the UK have had a presence in Middle Eastern and South Asian markets for many years, enabling them to develop knowledge and expertise regarding the principles of Islamic finance. These learned proficiencies have been used to underpin growth outside the Muslim world although in the UK, as elsewhere, this initially took the form of 'Islamic-windows' offering basic lending and savings products within a 'traditional' bank (Wilson, 2000; Housby, 2011). More generally, the emergence of sectoral pervasion outside majority Islamic environments is consistent with the recent contention in Yasmin et al. (2021, p. 11) that in practice, as is the case with charitable institutions, it is

<sup>3</sup> The term *Gharar* is usually related to the notion of uncertainty, with a broad consensus in this regard that trading in options and other types of a derivative contract is proscribed (Haron, 2014).

<sup>4</sup> Although - consistent with the logic of Modigliani and Miller (1958) - the choice between Islamic banking and conventional banking for a given project's financing should not in itself impact on performance or institutional value (Imam and Kpodar, 2016).

“unnecessary for banking executives and customers to internalise Islamic values to work/engage with Shariah financial services.”

## 2.2. Criticism and failings

Burgess and Pande (2004) assert that a lack of access to finance is the primary cause of persistent poverty, in line with Hassan and Alamgir's (2002) argument that: “the roots of poverty lie in the fact that the poor are ‘systematically disorganised’ by economic, social and political relationships within which they are caught” (p. 125). Notwithstanding the growth in Islamic finance referred to earlier, Imam and Kpodar (2016) note that many millions of Muslims across the world live in societies where banking services that reflect the faith's central tenets do not exist, including in developed nations where the banking sector as a whole is robust and unaffected by broader issues relating to poverty and infrastructure weaknesses. In these minority Islamic contexts, the accounting measure-driven qualities emphasised by conventional financial products are seen as contrary to the faith's underlying spirituality (Belouafi and Chachi, 2014). The development of an understanding of the dynamics in the UK, a developed nation with one of the world's most robust financial systems and within which Islamic banking has achieved a relatively high degree of market penetration – but without achieving its potential in terms of emancipation (Riaz et al., 2017a) – is therefore important if the conditions that nurture sectoral sustainability are to be identified. Hassan and Alamgir (2002) contend that the exclusion of Muslims from banking services more generally pushes them towards unregulated moneylenders and the payment of usurious rates of interest. These individuals are thus kept in a cycle of poverty that is itself driven by the exploitation of emotional propensities including fear of engaging with products that are not Shariah-compliant and the high levels of (unwarranted) trust placed in spiritual and institutional leaders (Riaz et al., 2017a). By highlighting issues relating to Islamic banking systems in the context of a healthy financial industry the current study is able to identify challenges specific to the faith-based sector rather than reflecting the more general issues related to emerging nations' financial industries that have been highlighted previously (e.g., Lee and Ullah, 2011; Jedidia and Boubakri, 2018). Whilst Islamic banking has the ability to encourage savings activity amongst devout individuals (irrespective of existing wealth) who refrain from engagement with conventional banks' services, a concern remains that financial products truly compatible with Shariah law have yet to emerge (Jedidia and Boubakri, 2018). As a result, ‘Islamic’ banks often look for scholars willing to certify individual conventional instruments as being consistent with Shariah principles on an ad-hoc basis (Khan, 2010). An understanding of what might be required to appeal to the aspirations of those who are currently not engaged with Islamic banking – but might be in the future – is a significant issue for the sector and a lack of understanding in this context (see, e.g., Housby, 2013) is one of the main reasons for placing emotion at the centre of the present study.

Chong and Liu (2007) argue that only a small proportion of nominally ‘Islamic’ banking service provision is actually consistent with the faith's key tenets.<sup>5</sup> Instead, the manner in which the bulk of the deposits received by Islamic institutions are invested is closely modelled on conventional interest-based systems, with reliance on the impact of ethical affinities to ensure that attention paid to the detail is minimised (Barom, 2013; Khan, 2010). A profusion of products has emerged that simply replace an interest rate structure with fees and contingent payments, relying on emotional attachment to the notion of spiritually-driven offerings (Beck et al., 2013). However, Kuran (2004) argues that in practice Islamic banks contribute to rises in debt-based cultures without considering the social and ethical dimensions of lending and borrowing – in effect supporting the same outcomes as secular financial services. Kuran contends that this process has driven up levels of (fear-driven) risk-taking in all types of banking environments and suggests that most differences between Islamic and conventional banking are purely cosmetic.<sup>6</sup> Partly as a result of this failure to differentiate, Henry and Wilson (2005) argue that contemporary Islamic banking poses little long-term threat to Western capitalism. El-Gamal (2003) suggests that an initial desire to develop an independent Islamic finance system was widespread, but the notion failed to escape the centripetal pull of Western economic thought – including accounting norms and hegemony – with mimicking of the services and products it initially set out to replace leading to assimilation and apparent reliance on individuals' emotional tendencies.<sup>7</sup>

In terms of ethical issues, Wilson (2002) notes that despite the claims of Islamic banks to provide financial services on this footing, attempts are rarely made to link value-based propositions to specific modes of carrying out financial transactions. Wilson also disparages Islamic banks for attempting to play on potential investors' emotional needs by emphasising the standing of their Shariah regulators in publicity material instead of projecting the moral teachings governing Islamic finance.<sup>8</sup> This line of argument is taken up by Barom (2008) who asserts that recent debates on the practice of Islamic finance highlight its increasing divergence from any religious foundation, with critics arguing that faith-based principles are being outweighed by conventional accounting goals dominated by the notions of profit maximisation and shareholder value. This contention is perhaps not surprising given the evidence that the couching of performance benchmarks in monetary terms leads to ethical concerns being crowded out, even in spirituality-founded systems (Rosly and Bakar, 2003). Housby (2013) suggests that consumers are often encouraged to feel a sense of righteousness by purchasing these ‘ethical’ products, especially when a pricing premium is attached, akin to the notion of ‘expressive’ wants in second-

<sup>5</sup> For example, Chong and Liu (2009) find that in Malaysia only a small portion of Islamic bank financing is based on profit and loss sharing and that Islamic deposits are not interest-free but are instead closely pegged to rates on conventional deposits.

<sup>6</sup> In the UK, for example, councils of religious leaders, ‘veiled females’ and ‘bearded males’ lead and manage Islamic banks, but in essentially the same manner as in conventional institutions (Kuran, 2004).

<sup>7</sup> For instance, the replacement of LIBOR-linked products with ‘mark-up’ offerings, a move that has provoked criticism amongst leading Islamic theorists (Saeed, 2011).

<sup>8</sup> Consistent with Haniffa and Hudaib (2007) who report that six out of the seven Islamic banks they studied suffered from inconsistencies across communicated and ideal ethical identities.

generation behavioural finance models (e.g., [Statman, 2017](#)). Thus, consumers end up paying more for products that do little to alleviate societal suffering ([Housby, 2013](#)). [Khan \(2010\)](#) goes as far as to suggest that Islamic banks are essentially duping observant Muslims by convincing the pious that their funds are invested ‘Islamically,’ quite often charging their clients more than conventional banks for identical products and services based on an assumed surplus of trust-based emotion ([Khan, 2010](#)).

Criticism has also been levelled at Islamic financial institutions’ propensity to grow via prioritisation of the needs of small numbers of extremely rich individuals ([Kamla and Rammal, 2013](#); [Riaz et al., 2017a](#)), often at the expense of small enterprises’ need for microfinancing ([Ahmed, 2004](#)). Ahmed thus suggests that – despite abundant possibilities – current outcomes are not consistent with the achievement of Islamic finance’s emancipatory potential. Other more recent studies (e.g., [Riaz et al., 2017a](#)) concur with this reasoning and suggest that the industry is currently experiencing stasis, lacking economies of scale and operating in environments where legal and tax rules, financial infrastructure and access to financial safety nets (e.g., central bank liquidity) are either absent or, if available, do not appropriately take into account the special characteristics of (potential) Islamic banking customers’ needs ([Askari et al., 2010](#)). However, a lack of proper understanding of the concepts of Islamic finance amongst consumers itself remains a demand-side barrier to growth in the sector – not least because there is no agreement regarding the defining features of an ‘Islamic bank’ or an ‘Islamic banking product’ – with passive reliance on the ability to tap into customers’ emotions assumed to be sufficient to sustain the industry ([Zaher and Hassan, 2001](#)). As a result, the potential for confusion amongst Muslims evidenced in [Riaz et al. \(2017a\)](#), [Riaz et al. \(2017b\)](#) is likely to continue to grow, with investment in Islamic funds compromised, adding to problems worsened by the emotional impact of attempts to associate the faith with terrorism in the West ([Ali and Syed, 2010](#)).

Debates concerning the authentic degree of spirituality in products offered by nominally Islamic financial institutions are ongoing and without clarity on this fundamental matter, the various challenges outlined above are likely to threaten attempts to return to the growth levels achieved until relatively recently ([Riaz et al., 2017b](#)). Contemporary literature has suggested that concerns over tangible issues such as branch facilities, accessibility, the extent of state support and marketing intensity are important (e.g., [Lee & Ullah, 2001](#); [Devlin, 2002a & 2002b](#); [Riaz et al., 2017a](#)). However, the emotion-driven nature of many of the contemporary matters outlined above, notably the ethical basis on which ‘Islamic’ products operate in practice as well as concerns from within the community itself regarding the extent to which institutional trust is justified and – potentially – exploited, suggest that this issue requires urgent empirical attention. A UK setting is employed for the study partly because many of the related arguments set out earlier (e.g., [Mandaville, 2001](#); [Gallhofer and Haslam, 2004](#)) relate to the potential emancipation of marginalised communities, but also to reflect the UK sector’s proven ability to develop market share and presence in a minority setting ([Riaz et al., 2017a](#)) as well as its maturity, suggesting that access to informed perspectives is achievable.

### 3. Islam, critical accounting and engagement

#### 3.1. Contemporary contextualisation and Islamic revelation

In its early nascent phases, Islamic civilisation came into contact with the polities of Greek, Indian, Roman, Chinese and Persian societies ([Sardar, 2003](#)). At each significant point in this process, Islam filtered the defining concepts and values of the culture concerned, assimilating those elements that accorded with the faith’s fundamental traits and principles ([Sardar, 2003](#)). However, Sardar argues that Muslim society has failed to keep up with and respond to developments in the modern world, primarily as a result of systemic inflexibility that is ill-suited to a capricious global economy ([Nettler, 1998](#); [Sardar, 2003](#)). Sardar maintains that Shariah principles have been more abused, misunderstood and misrepresented in the current epoch than in any other period in history, in particular regarding the justification of oppression, despotism, injustice and the criminal abuse of power. Thus, he argues, it is difficult to defend its contemporary manifestation as anything other than an arcane body of law that has little relevance to present-day needs. These arguments are similar in nature to the earlier contentions of [Rahman \(1982\)](#), who suggested that Islamic thought had lost sight of many of its radical achievements, with the blame for this being placed on the *ullama*<sup>9</sup> who viewed these successes as ‘isolated’ and had them ‘quietly buried’ (p. 30). A common theme in these contributions<sup>10</sup> is the increasingly pervasive politicisation of Shariah. This propensity has been facilitated in part by the efforts of conservative scholars to hinder attempts to engage with issues considered ‘unthinkable’ in traditional Islamic thought but of relevance to Muslims in modern society ([Esposito and Voll, 2001](#); [Arkoun, 2002](#)). [Mandaville \(2001\)](#) suggests that this fragmentation of Shariah by Muslim scholars has led to compromising of its hegemony and its holistic nature, with the faith’s leaders giving the impression of living in a different world, not least by absenting themselves from debates about important contemporary issues.<sup>11</sup>

[Sardar \(2003\)](#) contends that the great Imams<sup>12</sup> of the past gave unbiased judgements, with no intention or expectation that these opinions would become accepted uncritically as the eternal law, roles which the faith reserves for divine authority ([Sardar, 2003](#);

<sup>9</sup> *Ullamas* are highly educated in the study of Islam and therefore considered competent to make decisions on everyday religious matters ([Gilliat-Ray, 2010](#)).

<sup>10</sup> See also [Kamla \(2015\)](#).

<sup>11</sup> Mandaville argues further that Islamic scholars have fixed minds and are very static in their views, often creating internal politics regarding institutions and traditions at the expense of consideration of modernity, changes in society, pluralism and hybridity.

<sup>12</sup> Imam Malik, Shafii, Hanbal and Jaafer.

Kamla, 2015). Mandaville (2001) urges Muslims to go back to original sources and read the texts for themselves, exercising critical judgement and trusting in their own opinions as to the implications for Islam today.<sup>13</sup> Without embarking on such activity, Mandaville argues, Muslims are likely to remain confused and lost, especially so in largely non-Islamic nations such as the UK, the site of the present study. As a result – and frustrated by a sense of “insufficiency and weakness in the face of the expanding European imperial and industrial powers” – many Muslims are starting to question traditional scholarly wisdom on issues related to finance, but in a somewhat ad-hoc manner (Kamla, 2015, p. 66). This type of uncertainty regarding the provenance of particular documents and experts has led more generally to the issue identified by Gallhofer and Haslam (2004, p. 383) whereby the lack of engagement with religion in the critical accounting literature reflects perceptions of religion as a “conservative force in the service of hegemony, helping to preserve an unjust and exploitive socio-political and economic order.” The notion that Islamic values and traditions might require critical engagement, especially as regards issues of historicity, epistemology and interpretation are not new (Cooper, 1998; Cooper et al., 1998; Kersten, 2011). However, recognising the problem in the context of the global finance industry might facilitate contemporary exploration of the potential for bridging the gap between historical religious concepts and international exigencies suggested by both Hopwood (1998) and Kamla (2015).

One issue arising from the adoption of such a standpoint concerns the extent to which a blend of knowledge regarding Islamic heritage, Western philosophy and accounting thought can be captured by the finance industry, such that Muslims can reject the “assumed binary opposition of tradition versus modernity” (Kersten, 2011, p. 10). In this context, Muslim intellectuals have a potentially important role in assimilating existing modern mentalities with Islamic priorities (Esposito and Voll, 2001). Whilst Riaz et al. (2017b) stress the need for this type of active scholarly engagement in bringing together conflicting philosophical positions via a sympathetic and careful reading of counter-positions, in practice conservative scholars have long dominated Quranic and Islamic text interpretations in a manner similar to that by which accounting experts have subjugated the development of accounting thought (Kamla, 2015). This domination has created a sensation of supremacy, making it difficult to understand the implicit morality and values in financial reporting principles (Gallhofer and Haslam, 2004). Such outcomes have direct implications for studies of Islamic financial institutions’ behaviour in the 21st century; (Kersten, 2011) argues that through accounting, a dialogue creating new meanings for hybridity can emerge, one which enables the reconciliation of Islamic heritage with modern European thought. Here, Mandaville (2001) notes that the importance of hybridity relates less to its ability to trace two original moments from which a third emerges than to its buttressing of a ‘third space’ into which ‘other’ positions and arguments can enter. However, this reasoning requires freedom of thought, a notion that is at a nascent stage in most Muslim countries (Esposito and Voll, 2001; Arkoun, 2002). Mandaville (2001) therefore argues that Muslims in the West are best placed to take on this task and develop (and disseminate) a form of Shariah that offers something to young Muslims who find themselves unemployed and – of particular relevance to the present study – in an emotionally raw state that itself reflects the common experience of minority Muslims living in fear.

### 3.2. Critical accounting and emancipatory potential

Whilst the debate regarding the essence of critical accounting has focussed on many aspects of praxis, most contributions emphasise issues relating to contextualisation (e.g. Tinker, 1985; Cooper and Hopper, 1987; Sikka and Wilmott, 1997; Laughlin, 1999) and addressing these when – as in the present study – the potential for changes to an embedded status quo are explored. Broadbent (2002) notes that in this context critical accounting can provide visibility for ‘different’ accounts and the various possible interpretations of these. These new accounts can direct narrative discourses in ways that were not previously considered possible, potentially leading to entirely new ways of thinking. Broadbent further elaborates that in a world where demand for scarce resources continues to grow: “we need to ensure the use of accounting does not represent certain interests at the expense of others. Constructions and interpretations of accounting information must pay attention to the cultural imperatives of those it seeks to control as well as those who are using it as a tool of control” (p. 444). Thus, theorists engaged with critical accounting are well-placed to unmask the (often hidden) interests of those who seek to entrench unjust wealth allocations at the expense of the wider citizenry. A related aspect of critical accounting theory that further motivates the present study is the widely identified need for a better understanding of what drives participation in institutionally dominated systems,<sup>14</sup> a call which underpins the focus here on ways in which Islamic finance provision interacts with emotional propensities. A number of critical accounting researchers have promoted an emancipatory accounting framework that critiques the limitations of conventional accounting and envisions new roles for financial communication that are concerned with resolving social conflicts, potentially including the modern/conservative conflict in Islamic thinking outlined above (Chua, 1986; Tinker and Neimark, 1988; Dillard, 1991; Gallhofer and Haslam, 2003; Gallhofer and Haslam, 2004; Molisa, 2011).

The critical accounting perspective opens up further possibilities relating to mediating on the issues of spirituality, religious perspectives and Shariah decrees by challenging the prevailing practices of Islamic institutions (Riaz et al., 2017a).<sup>15</sup> Recent years have seen increased questioning of conventional forms of financing (Housby, 2013) with an attendant renewal in interest in the

<sup>13</sup> Fazlur-Rahman (1982) contends that Muslims should read the Quran and the Hadith without placing reliance on bulky, medieval interpretations.

<sup>14</sup> See, for example, Laughlin (1987) who argues that this perspective can be characterised as: “... the view that the present is not satisfactory, that reality could be better than it is” (p. 482).

<sup>15</sup> Accounting plays an important part in controlling the theology and spirituality of many religious institutions, such as the Iona community (Jacobs and Walker, 2004), the Protestant Episcopal Church in the USA (Swanson and Gardner, 1986), the Australian Uniting Church (Booth, 1993) and the Society of Jesus (Quattrone, 2004).

emancipatory potential of spirituality that itself reflects the growing awareness of ethical responsibilities (Laughlin, 1988; Booth, 1993; Quattrone, 2004; Jacobs, 2005; Carmona and Ezzamel, 2006). According to Kamla (2015), appreciation of the interaction amongst accounting, religion, spirituality and ethics can unlock emancipatory potential and in so doing facilitate societal betterment. McKernan and MacLulich (2004) argue that developments of this type are unlikely to be observed in practice because accounting thought continues to be divorced from the ‘moral authority and force’ that religion and spirituality can provide (p. 327). The potential for this type of dichotomy to persist is supported empirically by recent evidence in Nguyen et al. (2022) where Vietnamese accountants with perspectives rooted in family and clan tradition are found to be less liable to approve of ‘unethical’ acts than are those with more competitive market-oriented backgrounds. Gallhofer and Haslam (2011) contend, however, that if these problems can be addressed, spirituality will serve as a source of emotional strength driving emancipatory praxis, with accounting thought shaping a sense of unity, respect and care. Of particular relevance to the present study in this regard is the argument first advanced in (Ogden and Bougen, 1985) – and more recently by Blackburn et al. (2014), Dillard and Yuthas (2013) – that society first needs to appreciate the role of financial communication in a capitalist society, i.e. as a value-laden, monetary wealth-driven process tapping into fundamental human emotions such as fear and trust when studying the behaviour of institutions whose core purpose is ethical or spiritual in nature – e.g. Islamic banks operating in the UK. In this context, Haesebrouck et al. (2021, p. 3) provide experimental evidence whereby “knowledge sharing enhances the efficacy of implicit incentives by building trust between the knowledge sharer and knowledge recipient.” Given the critical role played by institutional forces in proliferating Islam’s key tenets (Riaz et al., 2017a) the process identified by Haesebrouck et al. relating to the consolidation of trust is likely to manifest itself in outcomes surrounding financial service provision based on spiritual principles and this issue – in particular the tendency for reserves of trust to be exploited – is explored in the present study.

Notwithstanding the possibility that elite groups might exploit religious adherence to maximise wealth and minimise public scrutiny, genuine spirituality, freed from fundamentalism and corruption, can contribute to (re)enlightenment and help mitigate state-corporate repression, even in the context of emotional framing that influences individual behaviour (Hind, 2007). Religious teachings that stand against oppression can contribute to critical agendas relating to fostering humanity in the face of corporate and governmental systems that consolidate hegemony (Wilson, 1997; Hind, 2007). In the case of Islamic principles, Kamla (2015) argues that scholars need to give priority to a historical perspective of epistemology over any descriptive approach to defining the meaning of Islamic values, but Modell (2017) suggests that critical analysis of accounting and business behaviour more generally will evolve most effectively by drawing on previously unexplored motivational bases. The present study, in exploring the manifestation of emotional proclivities in a religiously framed economic sector is therefore well placed to add meaningfully to an understanding of observed processes and outcomes.

Incorporating relationships with accounting discourse into analyses of lived experiences (especially those of the underprivileged) can help with the construction of a framework that prioritises justice and equality (Jacobs, 2011; Gallhofer and Haslam, 2004; Sikka, 2012). Indeed accounting, through education and engagement: “can be turned to serve notions of justice, equality and democracy” (Jacobs, 2011, p. 512). Hence, mobilising accounting information as an ‘educational force’ can make oppression visible to those suffering as a result (Gallhofer and Haslam, 2004; Sikka, 2012). Recognition that progress towards a ‘better’ world has a non-scientific and optimistic (or at least aspirational) human dimension to it can be articulated in terms of spirituality (Brittain, 2010) and this notion is central to the role expected to be played by emotions – the issue central to the present paper – in Islamic axioms (Kersten, 2011).

#### 4. Research design

Twenty-five individuals (interviewees 1–25 in Table 1) from across the UK were selected for the original (2012–2013) interviewees on the basis of snowball sampling in order to access the views of Muslims from a diverse range of backgrounds, the same sample frame as employed in the (Riaz et al., 2017a; Riaz et al., 2017b) studies. Noy (2008, p. 329) argues that this approach is a valuable research tool in situations where access to potentially hidden groups is required, suggesting that it emphasises “social knowledge” and “power relations,” consistent with the type of issues identified in Riaz et al. (2017b) as fundamental to understanding the role of the Islamic banking industry when Muslims are in the minority. Given that, as Riaz et al. (2017a) note, the UK’s Muslim population is marginalised in many areas of modern life, this type of non-probability sample framing technique was considered appropriate here. Interviewees taking part were asked for suggestions regarding possible participants on the basis that the individuals might have some awareness of the nature of Islamic banking, irrespective of whether or not they had actually availed of its services. The process led to a sample where, as Table 1 notes, most interviewees (17 out of the total across the two research phases of 32) identified as Pakistani or British Pakistani with others self-declaring as British (7), British Indian (5), Arab (2) or European (1). In the data analysis process outlined below, we checked to ensure that there were no obvious systematic differences in the general tenor of opinions expressed by the ‘Pakistani’ and other groups of participants; no such dissimilarities were discernible. In addition, having selected the quotations on the basis outlined below – i.e. reporting opinions that most closely reflected the dominant pattern in sentiments – the origins of the interviewees in each case were examined. The relative prevalence of viewpoints across the five groups broadly aligned with their representation in the overall sample, with individuals from the ‘Pakistani’ and ‘British’ groups being cited most often, followed by



**Table 1**  
Demographic Profile of Participants.

Participants	Occupation	Age	Ethnicity	Gender
Interviewee 1	Islamic Scholar	31–40	British Indian	Male
Interviewee 2	Treasury Manager	31–40	Pakistani	Male
Interviewee 3	Islamic Scholar	41–50	British Indian	Male
Interviewee 4	Lecturer	31–40	Pakistani	Female
Interviewee 5	Solicitor	20–30	Pakistani	Female
Interviewee 6	Accountant	20–30	Pakistani	Male
Interviewee 7	Wedding Coach	31–40	British Pakistani	Female
Interviewee 8	Financial Adviser	41–50	British Pakistani	Male
Interviewee 9	Accountant	50+	British Pakistani	Male
Interviewee 10	Entrepreneur	31–40	British Indian	Male
Interviewee 11	Network Engineer	31–40	British Pakistani	Male
Interviewee 12	Planning Manager	20–30	British Pakistani	Male
Interviewee 13	School Teacher	20–30	British Pakistani	Male
Interviewee 14	Housewife	20–30	British Pakistani	Female
Interviewee 15	Engineer	31–40	British	Male
Interviewee 16	University Lecturer	31–40	Arab	Male
Interviewee 17	Student at the University	20–30	Pakistani	Male
Interviewee 18	Islamic Scholar	31–40	British Indian	Male
Interviewee 19	Property Manager	41–50	British Pakistani	Male
Interviewee 20	Entrepreneur	41–50	British Pakistani	Male
Interviewee 21	Administrator	20–30	British	Female
Interviewee 22	Driving Instructor	20–30	British Pakistani	Male
Interviewee 23	Property Manager	50+	British Pakistani	Male
Interviewee 24	Housewife	20–30	European	Female
Interviewee 25	Dentist	31–40	British	Male
Interviewee 26	Investment Banker	31–40	British	Male
Interviewee 27	Investment Banker	31–40	British	Male
Interviewee 28	Solicitor	20–30	British Indian	Female
Interviewee 29	Accountant	31–40	British Pakistani	Male
Interviewee 30	Finance Manager	31–40	British	Female
Interviewee 31	Islamic Scholar	50+	British	Male
Interviewee 32	Islamic Scholar	31–40	Arab	Female

**Note:** This table provides summary demographic details regarding the 32 interviewees.

‘British Indians’ then ‘Arab’ and ‘European’ individuals.

The participants included accountants, investment bankers, entrepreneurs, academics, lawyers, doctors and others with current or recent experience of interacting with Islamic financial institutions in the UK. The sample covered a wide geographical area although most interviewees resided in London, Manchester, Birmingham, and Luton. Three Islamic scholars<sup>16</sup> were included in the initial sample to ensure that the opinions of those closest to the spiritual heart of the faith were represented.<sup>17</sup> The interviews, undertaken in 2012 and 2013 involved participants being asked to provide their opinions about the current state and potential role of the nation’s Islamic banking sector. To encourage depth in the responses, each question was open-ended with a secondary list of extended prompts and probes used to help the interview flow, as suggested by (Gillham, 2000).<sup>18</sup> A draft of the guide was prepared based on an examination of prior literature in the area. Following a series of pilot interviews with three participants in 2012 some minor modifications were made to the interview guide and an updated version employed as a basis for the discussion (shown in Appendix 1), but with each participant allowed to discuss their views in detail and raise related issues not explicitly included in the document.

Interrogation of the data involved thematic analysis of the narratives set out by the participants. The first step involved the

<sup>16</sup> Imams have a range of functions within Islam, including practical responsibilities around weddings and funerals. More generally, while humanity’s direct accountability to God and obedience with His teachings is a central tenet of Islam, Imams have a role in ensuring that Shariah principles are respected, such that an Umma’s (nation’s) welfare and interests are prioritised (Kamla et al., 2006). A Molana is someone who holds an academic degree in Islamic studies while a Mufti is an individual who has the same degree qualification as a Molana but with a further two years of Islamic education and expertise that provide the authority to issue a legal opinion known as ‘fatwa’ (Gilliat-Ray, 2010).

<sup>17</sup> Two of these sit on the Sharia Supervisory Committees of Islamic banks in the UK.

<sup>18</sup> Gillham notes that in semi-structured interview settings, follow-up questions are important in terms of clarifying ambiguities in responses as well as ascertaining the broader context and implications of the points being made. Consistent with Gillham’s contention, in Section 5.3 of the present study the experiences attested to by interviewee 25 regarding the hurdles put in place when attempting to open an ‘Islamic’ current account emerged as part of a follow-up discussion triggered by an initial observation that the bank had tried to steer this individual away from faith-based services. Similarly, interviewee 24’s comments, reported in Section 5.1, setting out the reasons why Islamic banks in the UK have failed to achieve their potential, were made in response to a follow-up question that was prompted by an original broad contention that the banks were of little help to the nation’s Muslims.

development of a coding frame, in which the data was segregated using thematic analysis as in (Chanda et al., 2017).<sup>19</sup> The process involved the transcribed interview tapes being subjected to a first reading that focused on the identification of consistent lines of reasoning but without any formal codification. Husserl (1970) acknowledges that this initial stage in the process is not entirely objective but is necessary when attempting to develop a meaningful comprehension of individual opinions. To identify themes, large blocks of text were then examined with a focus on repetitive patterns in the terms and phrases used. This analysis<sup>20</sup> (after some reassignments and consolidation) generated information regarding the terms used most commonly and provided the basis for identifying themes, with relevant quotes noted alongside interviewee details and the proposed situation in the final narrative. The level of scrutiny involved is often viewed as being particularly appropriate when, as in the present case, large amounts of textual information require unobtrusive interrogation to determine trends, patterns of words used, frequency, relationships and communication structures (Mayring, 2000; Gbrich, 2007). As Saldana (2015) notes, (Figure 1.1, p. 12) this type of data analysis, i.e. where the investigation begins with (first-order) coding, flows from the latter through categorising (and possible sub-categorising) to the identification of themes and concepts that themselves underpin theoretical contributions (here related to our contentions relating to the impact of emotional propensities on modern Islamic finance). In both the initial analysis of the 2012–2013 data and the re-analysis following the generation of the new data as set out below, the first-order coding process revealed a series of terms and phrases that coalesced around discrete themes. Whilst Saldana (2015, p. 13) suggests that a theme is typically an outcome of “coding and categorization and not something that is, in itself, coded” he also contends that, consistent with the approach adopted here, ‘analytical reflection’ can lead to direct links between initial framing and the emergence of themes, without compromising the ‘particular to the general’ directionality of the work involved where the thematic emblems are, as in this case, clearly delineated.<sup>21</sup>

The selected quotations were reassessed to confirm that they were in line with the overall impression formed in the interviews themselves, ensuring that any consistencies and conflicts in opinions were identified – Glaser and Strauss (1967) note the importance of this ‘constant comparison’ element in the analytical process. As Flick (2009, p. 318) argues, in studies such as the present one – i.e. where participants are targeted by researchers on the basis of seeking those “whose perspectives seem to be most instructive for analysis” – the identifying of themes on the basis of systematic textual coding is entirely appropriate as it provides a basis for ‘defining topics’ while at the same time ‘remaining open to the views related to them.’ Whilst this process underpinned the exposition of the evidence reported in the (Riaz et al., 2017a; Riaz et al., 2017b) studies, the intervening period witnessed an ongoing structural change in the UK financial industry.<sup>22</sup> In addition, informal discussions with a Muslim scholar over this period suggested that emotional propensities may pervade across many of the issues (including cultural barriers and scholarly input) explored in the earlier papers. We, therefore, conducted a series of seven further interviews between 2017 and 2019 with two other UK-based Islamic scholars and five other Muslims (interviewees 26–32 in Table 1). These interactions were focussed on the current state of the UK’s Islamic banking industry but deliberately left open in nature, to ensure that views about potentially meta-level issues such as emotional impulses could emerge. The prevalence of references to emotional propensities in these conversations motivated us to revisit the original (2012–2013) interview transcripts for references to this type of issue to see whether this was a new emphasis or instead reflected the opportunity for broad reflection provided by the unconstrained nature of the conversation. As described below, the latter appeared to be the case with emotional tendencies regularly referred to in the earlier conversations as well. The new interview data was then combined with the text from the original fieldwork and the combined set reinterrogated as before, but on this occasion focussing on the identification of emotion-related terms suggested in the relevant literature on behavioural tendencies in modern financial market settings (e.g. Statman, 2017). Following first order coding and the re-employment of the inter-coder reliability process outlined earlier, three such themes emerged: the impact of emotions linked to ethical predispositions; issues relating to fear and trust; and the potential for exploitation based on these tendencies.<sup>23</sup> The discussion of the findings which now follows is presented on this basis. However, prior literature, including the Riaz et al. studies as well as earlier work by Mandaville (2001), Kersten (2011), emphasises the roles of scholarly input when contextualising the interactions of any notionally Islamic institution. Many of the interviewees expressed views that appeared to link scholarly input with perspectives relating to the emotion-driven themes and as these perspectives cut across the three specific emotion-related motifs, the main arguments made in this regard are set out and discussed in a dedicated fourth section.

Table 1 provides details about the 32 participating interviewees. Inspection of the table suggests that the targeting of participants

<sup>19</sup> O’Connor and Joffe (2020, p. 2) argue that the development of the coding frame captures the ‘analytically significant features’ of qualitative data.

<sup>20</sup> i.e. categorised on the basis of a desire to identify a “word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute” to qualitative data (Saldana, 2015, p.3).

<sup>21</sup> As Saldana notes, code framing can usefully begin as soon as the research begins, rather than taking place at the end of the empirical phase of a project. Although in the present case one individual conducted all the interviews, the data was examined separately by another team member and the resultant analyses compared. This approach is consistent with arguments put forward by O’Connor and Joffe (2020, p. 2) whereby “the logic of applying inter-coder reliability to the earlier coding phase is that coding is the first place where the analysis begins to move beyond the raw data into a more abstract conceptual framework.” In undertaking this analysis, we did not undertake formal quantitative investigation of inter-coder reliability, instead we deliberately employed the “less structured” approach that O’Connor and Joffe (2020) acknowledge as having validity, where no formal data categorisation is undertaken, but where the cognate nature of impressions formed by the two researchers is compared. As Stenbacka (2001) and Braun and Clarke (2006) note, the extent to which quantitative assessment of inter-coder reliability is meaningful is limited in any case, given the epistemological underpinning of the type of qualitative studies that normally generates the data.

<sup>22</sup> Key developments in the sector over this period include Lloyds TSB and HSBC closing their Islamic windows and the Islamic Bank of Britain (the UK’s first such institution) changing its name to the Al-Rayan Bank partly (Riaz et al., 2017b) suggest in an attempt to increase market appeal.

<sup>23</sup> None of the quotations included in the current text appeared in the previous Riaz et al. studies.

had been successful in terms of permitting examination of the views of UK-based Muslims from a variety of backgrounds. As in prior studies in the area, most interviewees were male, but more than a quarter were female. Around a third of the participants were aged 20 – 30, 47% were 31 – 40, 13% were 41 – 50 and 6% (two interviewees) over 50, suggesting a range of experiential contexts. Disaggregation of the sample on the basis of the profession also reveals substantive diversity, with *inter alia* housewives, entrepreneurs, managers, university lecturers, students, accountants, solicitors, bankers, dentists, and Islamic scholars all represented. In terms of ethnicity, 17% of the participants identified as being of Pakistani origin; 40% as British Pakistani; 17% as British Indian; 20% as British; with one individual (3%) identifying as European and one as Arab.

## 5. Findings

### 5.1. Ethical affinities and Islamic finance

The UK has traditionally fostered a relatively well-integrated multi-faith society (Gilliat-Ray, 2010) with the government offering opportunities for development across the Islamic banking sector (Alam, 2004; Riaz et al., 2017a; Riaz et al., 2017b). This support has led to a level of cross-cultural market penetration that was acknowledged by several interviewees, including one of the Shariah scholars (interviewee 3) who exclaimed: "... have you not seen how many non-Muslims banking with Islamic banks are due to ethics and financial stability?" Housby (2013) argues that the association of ethical tenets with spirituality and morality may be relevant in non-secular societies such as the UK, but the implications of this type of emotional correlation for the long-term prospects of the Islamic finance industry are far from clear, particularly because in the latter context, as elsewhere, no meaningful attempts have been made to define what 'ethical' means (Wilson, 2003). Indeed, Housby (2013, p. 1) suggests that claims whereby "'Islamic' and 'ethical' are synonymous" fail to take into account the fact that broader attempts to identify a consensus about ethical doctrines are, at best, embryonic, with the term representing little more than a marketing label. This complexity and multi-layered equivocality were reflected in scholarly concern about the wider attractiveness of faith-based financial offerings; for example, interviewee 3 further contended that:

"If Muslims cannot understand the mechanics of Islamic banking, I think it is probably more difficult for a non-Muslim to understand and get attracted by the Islamic products. I personally don't understand what is ethical about them that we can't get out there in the high street?"

Parker (2018) argues that the contemporary focus on globalisation centres – often implicitly – discussions about business ethics on Western social and cultural values, overlooking alternative religious and cultural perspectives. Of particular relevance to the present study is Beekun and Badawi (2005) related claim that whilst Western business ethics are similar in many fundamental ways to 'religious' business, much more recognition and critical engagement of this reality are needed to demonstrate the possibility of cohesion and a sustainable basis on which 'spiritual' business models might thrive. The need for ethical framework universality that might appeal to potential customers' emotional propensities – and the link between this notion and the prospects for the Islamic banking industry in the UK – was noted by several interviewees, including the engineer who took part in the study (interviewee 15) where a link was made to the trust issue explored in more detail in the next section of the paper:

"[UK Islamic banks] should have an appealing factor which people can trust and be happy about as a customer of Islamic banks. The banks could promote equality and try to restore the trust that people have lost after the crises by being ethical if they really can't be Islamic."

The potential for future growth in the sector that advances beyond reliance on those with an Islamic background and pervades across religious (and other demographic) groups was also evident in a series of responses suggesting that Islamic banks should not compete on price but might instead stress the uniqueness of their products. By drawing on customers' needs for emotional contentment (e.g. by emphasising trustworthiness) the institutions concerned could develop a distinct, pervasive appeal.<sup>24</sup> Whilst this approach was recognised as a potential route to success for Islamic banks, there were concerns regarding the failure to avail of this potential in practice. For example, one interviewee (a housewife from a European background – interviewee 24) questioned:

"... where is the uniqueness factor for Islamic banks? Why should I trust them? What makes them so special that I should leave my current account with a good banking history and benefits to switch to them? I do not earn any interest on my current account at the moment so what are Islamic banks offering me? I do not see the unique compelling switching factor. They [Islamic banks] are small, with only a few branches and most of them are so difficult to access. Their lack of presence in the community and on media is worrying for me. I find their renaming *riba* (interest) tactics to be deceitful and a simple scam."

A related theme in many of the discussions was the complexity involved in separately identifying 'ethical' and 'Islamic' features in banking products. According to Wilson (2003), Kuran (2004); Islamic banks need to demonstrate that their products are both Shariah-compliant and demonstrably ethical to attract non-secular customers. The interplay between these issues tended to manifest itself in a pragmatic manner in the comments made by interviewees, including in the 2017–2019 discussions. For example, interviewee 30, a finance manager, argued that:

<sup>24</sup> Housby (2013) points to the potential of venture capital in modern Islamic finance, with the former's key features overlapping with many of the defining characteristics in *Mudarabah* and *Musharakah* schemes.

“... Islamic banks could do a much better job by just calling themselves ethical since there is nothing Islamic about them other than having Islamic scholars on boards and approving conventional products and calling them Islamic. I ended up paying more for my Islamic mortgage compared to my non-Muslim neighbour when I needed to buy my house. So where is the social justice and equality which you talk about in Islam? The products can be called ethical because these banks claim to invest in ethical funds, which is another debatable area. But I am sure if you go into detail, they may not even fit in that category.”

The failure of Islamic banks in the UK to adapt to the Western style of banking in terms of service quality and accessibility have been identified previously (e.g., Riaz et al., 2017a). However, the viewpoint set out above suggests an additional concern regarding the financial outcomes associated with engagement in the market for Islamic financial products that is driven by a desire to satisfy ethical yearnings. In this context, Kuran (2004) points to the need for scholarly clarity in setting out principles for the lifestyle of contemporary Muslims. The findings here suggest that such intervention should include a (proactive) attempt to reconcile conventional accounting and other financial information with the religiosity implied by entering these markets, including acknowledgement of the false equivalence of tangible costs (e.g., mortgage payments) and the softer emotionally-driven benefits attached to ‘ethical’ products.

As regards the intangibility of (spiritual) value-laden consumption benefits, interdisciplinary and critical research is expanding into most areas of ‘mainstream’ and ‘conventional’ accounting and is offering insights into the role of accounting in a wide range of disparate contexts (Hopwood, 1998; Cooper, 1983; Chua, 1986; Laughlin, 1999; McPhail et al., 2004; Tinker, 2004; Gallhofer and Haslam, 2011; Kamla, 2015). However, the ability of contemporary Islamic institutions to provide an ‘account’ of their underlying purpose and spiritual foundation remains limited according to Arkoun (2002), who points to the ‘arrogance’ of scientific reasoning at key times in the faith’s development, leading ultimately to the crowding out of believers’ lived experiences and emotions. This complex background appeared to be reflected in a number of the interviewees taking the opportunity to attest to the lack of confidence they placed in Islamic banks’ ethical roots. For example, interviewee 15, an engineer, contended that:

“I would want to take a stand in each bank to know what their principles are. I would also want to know that if they claim that they have an Islamic mortgage or an ethical product, which scholar has endorsed it as being halal? And then I would want to look at the credentials of that scholar: has he studied in a respectable university, is he recognised by the other scholars because in Islam scholars are generally known by other scholars? Are these scholars active on social media? For me, it is important to know I can approach that person ... I cannot just sit back and accept what the banks say.”

Housby (2013) argues that the future of Islamic banking lies in its willingness to converge with the wider ethical finance movement and satisfy its promises of wealth redistribution that are shared with other religions and doctrines.<sup>25</sup> However, the evidence from the interviews conducted for the present study suggests that Islamic banks have devoted very little effort to the marketing of their products as ‘ethical,’ thereby failing to address the emotional desire for such traits in financial dealings (Statman, 2017). In the context of failure to produce an image of banking products and services that draws on the ethical narrative of spirituality (Kuran, 2004), critical debate focusing on societal outcomes might render it possible to envision new roles for accounting-based discourse on the part of the institutions concerned (Chua, 1986; Tinker and Neimark, 1988; Dillard, 1991). Indeed, Gallhofer and Haslam (2003) demonstrate that accounting information can be mobilised by socialists (and the wider public) to illustrate the inequality and exploitation that capitalism generates. Nonetheless, the views offered by participants here suggest that rather than Islamic banks availing of the engagement possibilities offered by pervasive accounting discourse, they are instead seen in cynical terms, with customers representing little more than the means of meeting conventional financial reporting targets. The clearest articulation of this perception, one that was typically couched in terms of the dominant emotional pull of Islam’s ethical foundations, was in fact provided by one of the accountants who took part in the study, interviewee 6; he maintained that:

“... it is actually the people who want to use Islamic finance that approach them [the banks], even though they have other better options. Because of the religious inner-consciousness, people want to use Islamic banking and ethical services. It is not the Islamic banks that are helping people; it is the people who are religiously forced to use these banks and generate profits for them.”

## 5.2. Islamic finance – fear and trust

Previous research indicates that narratives emerging in the wake of the terrorist attacks in the US in 2001 created false and unfavourable impressions of Muslims that led in turn to misunderstandings among non-Muslims about the trustworthiness of Islamic banking (Ali and Syed, 2010; Riaz et al., 2017a). Ali and Syed (2010) argue that the emotions (deliberately) stirred up in this context continue to discourage many secular clienteles from investing in financial products and services with an Islamic badge. In the 2017–2019 discussions interviewee 29, an accountant from a British Pakistani background, argued that: “as long as there is a misconception that links Islam to terrorism, non-Muslims would be unlikely to support/bank with Islamic banks for a fear that their money may be used to support terrorist activities.” Consistent with this perception, interviewee 26, an investment banker who identified as British, made an explicit link between the fear generated by media coverage of recent atrocities and the trust placed in religious experts as spiritual leaders and curators of the faith’s true values:

<sup>25</sup> For example, Housby contends that: “rationalist modernity represents the ‘disenchantment’ of the world, and if the world of modern finance is the supreme expression of the disenchantment of rationalism, then Islamic finance, and possibly ethical finance, could be seen as an attempt to re-enchant the world” (Housby 2013, p. 14-15).

“Each time you turn on the TV you see the whole Muslim nation being accused of terrorism – I say where are the scholars hiding? When are they going to stand up and clear the name of Islam from terrorist activities? Every time I go to the mosque, all I hear is ‘do this; do that’ in Islam, but I never hear a sermon on Islamic finance. You know why? Because most of these scholars don’t have a clue themselves. They haven’t studied in a college or university to be able to answer questions relating to finance. I once asked an imam about day-trading in Islam. He had to go and ask a guy working in a bank about this ... We have put our trust in these individuals to lead the community for us. We are suffering and being isolated from the rest of the world.”

Interviewee 28, a solicitor from a British Indian background, made a more general point in this context about placing trust in the hands of individuals with a lack of understanding in the practicalities of modern life:

“We trust imams to tell us about religion and social life but most of the imams do not have skills ... those who went to university made good in their lives [but] those who were not educated or could not make it to school, their parents put them in madrasah (Islamic school) to memorise *Quran*. These individuals then become an imam at their local mosques and start giving rulings without a comprehensive knowledge and understanding of religious text applied to the actual needs and problems of people.”

The assessment of the current situation raises a number of issues relating to the role of emotions in shaping perceptions about Islamic banking in minority Muslim contexts. In particular, it indicates a strong belief that irrespective of the entirely erroneous nature of any cognitive association of terrorism with mainstream Islam, leading thinkers could have been more proactive in ensuring that the effect on emotional engagement with the faith’s ideologies was short-term and not pervasive. Here, [Gallhofer and Haslam \(1997\)](#)’s advocacy of accounting as a force for radical emancipatory social change – through making issues (and falsehoods) visible and helping engender dialogue and action to that end – is relevant. The provision (and promotion) of accounts of institutional activities that emphasise the positive tenets underpinning the Islamic faith could play a mediating role between Islamic institutions and potential consumers, with reporting and communication potentially alleviating fears and tensions based on fundamental misunderstandings. However, [Hidayah et al. \(2019\)](#) report that Islamic financial institutions continue to engage in the deliberate misuse of accounting tools and techniques to guarantee shareholders’ (supposedly at risk) investment returns, with fabricated reserves and income smoothing techniques typically employed. The need for such malfeasance should not arise in regard to the accounts offered by Islamic financial institutions because, as [Imam and Kpodar \(2016\)](#) argue, the Islamic notion of *riba* (interest) prohibition should in itself attract individuals who could not otherwise borrow because of a lack of collateral. In fact, a number of interviewees appeared to believe that the more general trustworthiness of the UK’s regulatory system (and broader societal openness) suggests possibilities for Islamic financial institutions in the UK that have not been fully exploited. For example, interviewee 29 believed that:

“Islamic banks have great potential to grow in a country like the UK. The legal system, the law, the ethical culture, the banking environment is much stronger than in many Muslim countries. It is a developed market. It has courts which deal with disputes and issues. All of these together mean Islamic banks can gain the trust of people if they are willing to do so.”

Replacement of the interest-based system with a mark-up approach has led to criticism of the Islamic banking industry by religious theorists who argue that the latter approach is essentially the same as one involving (Shariah law-prohibited) *riba* ([El-Gamal 2003](#); [Kuran, 2004](#); [Saeed, 2011](#)). Several interviewees’ opinions here suggested that the financial institutions concerned are effectively relying on trust regarding claims made about the spiritual appositeness of individual products and making little effort to develop their markets. The questionable nature of this approach was also recognised, including by Interviewee 11, an engineer from a British Pakistani background, who stated that:

“I don’t think they [the banks] promote social justice otherwise their products would be a lot cheaper. They would have worked on the education system. If you go on to Islamic banking websites now, you’ll find that although they have products, they have very few explanations about what the products actually are. They just have one key selling point – that it has been approved by Shariah to attract Muslims, but we don’t know the background story of how they made it Shariah-compliant and how it is different? I am tired of seeing the same things again and again.”

Recognition of the danger accompanying such a passive approach to business development was evident in a number of interviewees’ comments that linked reluctance to actively promote even this ‘one key selling point’ to fear regarding perceptions of Shariah amongst the broader non-Islamic UK population. A property manager (interviewee 19) who had lived in the UK for almost 35 years, pointed to the complexity of the emotional pressures at work in this environment:

“Much of it is the fault of Muslim leaders and imams. Since 9/11 there has been a lot of pressure on the Muslim community to express their beliefs, but they are sitting quietly and watching this drama. Shariah laws have always been talked about in a derogatory manner by politicians and the media, so some Muslims feel scared. They shy away from these sorts of things and just go with the status quo. There is a lot of talk about Shariah laws and Shariah as a whole ... I think it is the fault of us Muslims – we need to be more confident in our *deen* [religion], we need to be able to articulate our *deen* first and explain it to people with confidence.”

This perspective is consistent with the ‘othering’ of minority Islam identified elsewhere (e.g., [Kamla, 2015](#); [Riaz et al., 2017a](#)). However, this attribution of some of the blame to Islamic leaders is consistent with a pattern evident in earlier studies regarding scholars’ failure to ensure that the faith evolves and retains relevance for the Muslim diaspora ([Mandaville, 2001](#); [Housby, 2011](#)). Such transformation in the status and provenance of religious knowledge is likely to require the type of hybrid Muslim intellectual implicit in the work of [Kuran \(2004\)](#), [Kersten \(2011\)](#) i.e., one with the ability to advance a dialectical relationship between public education and international movement towards Islamic reform (see also [Ibrahim, 2012](#)).

### 5.3. Exploitation

Concerns have been raised for several years about cynical supply-side motivations underpinning the growth in Islamic financial services observed in the UK and elsewhere in the developed world (Wilson, 2000; Khan, 2010; Riaz et al., 2017a). It was evident from the discussions here that the actions of the institutions involved – both financial and religious – are leading to the generation of substantial uncertainty on the part of potential customers. Closer inspection of the responses suggested that this type of outcome is often driven by manipulation of the accounting narratives provided about available financial services. This tendency in turn appeared to reflect a perceived desire to exploit emotions relating to ethical predilections, unquestioning trust of ‘Islamic’ marketing (and the motivations of employees representing the providers of these) and fears of exclusion from the market for innovative financial products. One of the clearest manifestations of this trend related to participants’ worries about ‘Islamic-windows’ i.e., dedicated units in conventional banks offering faith-based services to both Muslim and non-Muslim customers (Riaz et al., 2017b). Several participants indicated that whenever they had contacted conventional banks offering this facility to open a new account or discuss mortgages, the bank staff had pitched non-Islamic products first, with advertising materials often affording little prominence to the religiously-framed amenities. Interviewee 25, a British Muslim from a professional background, expressed concern about the level of questioning she was subjected to in this regard relative to her experience when dealing with the bank in other contexts. She described the process thus:

“When I approached xxxx Bank in order to open the Islamic account – just a simple current account for my day-to-day expenses – the amount of information and documentation they needed from me, in my mind, was very inappropriate. They asked me questions about whether I own any property abroad and its value [but] I don’t think they need such information. When I refused to answer such personal questions, they refused to complete the process of opening the account. Only after fighting with them did they agree to override the system and open my account with them. When I was looking to get an Islamic mortgage with xxxx Bank, their criteria for mortgages were so strict that I said to myself it is not designed for the layman.”

The employment of this type of interrogation is consistent with a broader pattern observed in the interviews where such behaviour is seen as part of a strategy designed to exploit emotional propensities so as to maximise financial returns. First, potential customers’ interest is triggered by catering to their desire for ethical banking (such as faith-based offerings) which itself requires trust in the notion that the institutions will attempt to find the most appropriate products to satisfy individual wants. Second, and having attracted incremental attention, banks actively discourage the purchase of (relatively less profitable) in traditional accounting terms – Riaz et al. (2017b)) Islamic products and services. This evidence accords with the argument set out by Harvie et al. (2021, p. 15) whereby many financial innovations “are mobilised to extract wealth” with an accompanying financial logic that “permits neglectful behaviour if it is economically justifiable.” This evidence also resonates with the work of Kuran (2004) where it is suggested that Islamic banks have incentives to employ conventional accounting logic and narratives in decision-making (rather than emphasising social dimensions) when providing loans. The findings in this regard suggest that exploitation of emotional propensities may underpin this inclination for unscrupulous institutional conduct, one also noted by Kamla (2009) who predicts that modern Islamic banks will fail to prioritise long-term development projects, instead emphasising short-term accounting profits and, in so doing, effectively ignoring low income and middle-class consumers. This reasoning suggests a possible rationale for a related set of views expressed by participants in the present study whereby conventional banks are seen as being more competitive, efficient and accessible (including in the operation of their Islamic windows) than are Islamic banks.

The potential for exploitation of individuals’ desire to align their consumption of financial products with spiritual leanings was clear, but several interviewees attributed part of the blame to a lack of scholarly education regarding the shape that authentic Islamic financial services would take. One participant (interviewee 16, a university lecturer from an Arab background) voiced his opinion in this regard thus:

“They [mosques] need to change the education system in ‘Madrashas’ (Islamic schools) and in schools to teach children about the concept of *riba*, and about financial transactions ... This is very important because Muslims are dealing with it on a day-to-day basis. Young people may not know that interest is strictly prohibited in Islam until the later part of their lives.”

Interviewee 28, a solicitor from a British-Indian background, suggested that an explicit link exists between the problems in religious institutions’ processes and the activities of financial firms operating in the Islamic banking sector:

“What we are dealing with is Islamic institutions, who have indoctrinated a system of banking that exploits people’s beliefs and emotions through the creation of products and shariah posts led by elites in the financial industry. These elites have moulded and created a form of banking to sell its services even at higher prices, outside the boundaries of religion, with the help of scholars, because followers blindly believe their statements.”

This contention points to the existence of – elite-led – efforts to overcome the cultural mismatch between genuinely held concern for Islamic principles and the dominance of the profit goal. This logic in turn suggests a manifestation in the market for Islamic financial services of the type of “priming exposure” outlined by Abdel-Rahim et al. (2022, p. 17) in the context of employment contracts as part of efforts to reduce the impact of “cultural differences.”

Given the importance that the interviewees ascribed to the potential role of faith-based education in minimising the potential for exploitation of Muslims’ emotional propensities, an Islamic scholar (a mullah) who teaches every evening at a madrasah in a mosque was approached to explore the matter of relevance further. During the conversation, he acknowledged that “while the children are taught the basic concepts of Islam and Shariah, topics on *riba* are scarcely touched upon and not given much importance.” Genuine institutionalised commitment to a religious order can induce a ‘conscience collective’ sense through which positive fellow-feeling attachment and morality imposes itself as ‘a social discipline,’ coming not from outside, but from within (Miller, 2002, p. 35–36).

However, such religious discourse would require the relevant financial organisations to engage with socio-economic development. In practice, as predicted by El-Gamal (2003), a perception seems to exist that Islamic banks (in this case in the UK) have singularly failed to develop a business model that attempts to do more than exploit the trust and ethical leanings of genuinely pious individuals, in so doing leading them to invest in poorly performing and unsuitable products and services.

#### 5.4. Scholarly engagement

Whilst the content of Sections 5.1–5.3 suggests that the impact of emotional forces was relevant to discussions about the behaviour of both religious and financial institutions, it was also palpable from the interviews that the potential importance of scholarly pronouncements and interaction was particularly pronounced, often extending beyond their role in minimising the risk that individuals' emotions will be exploited by institutions in their attempts to reach conventional accounting targets. As noted earlier, prior literature assigns importance to scholarly advice in all aspects of societal interaction, including addressing human needs and desires that reflect underlying emotions, including fear and trust (Kuran, 2004; Housby, 2013). One manifestation of this function, as suggested by Ali and Syed (2010), relates to the difficulties caused by Islam's erroneous association with terrorism in many of the nations concerned. Whilst this point was discussed earlier in terms of issues relating to fear, one of the scholarly participants in the study (interviewee 18), himself a customer of an Islamic bank, argued that the more general long-term tendency for negative portrayals of the faith in the UK media required urgent intervention by scholars across a range of institutions:

“... Islam is being branded as negative in the west; Islamic banks will continue to struggle with this, and the fear of Islamic banks will not settle until the media stops this nonsense. Scholars in mosques, committees, charities, banks and other organisations could also use the same media to counter these attacks and come out with explanations and arguments about this issue ... they could use the same media to promote Islamic values and help people understand similarities and differences.”

Notwithstanding the need to overcome the problems caused by this type of casual association, interviewees suggested that the assessment of products by Shariah compliance committees is likely to be important. Emotional frameworks again provided the context for these discussions, with the lack of trust that everyday Muslims are able to place in the ethical assurances offered by spiritual leaders quite obvious. The opinions put forward by interviewee 27, himself an investment banker, linked the trust issue to a perception of vested interests:

“Scholarly advice is full of irregularities ... Each scholar will tell you their own version of a Shariah ruling. How can I then trust these scholars about the truth? Maybe they are just telling you what you want to hear so they don't upset other people ... How these committee members have controlled the imams is just painful to see. They basically tell imams which topic to speak about and which to avoid ... Have we not seen that if an imam would speak publicly about *riba* or mortgages or alcohol, then he would be banned from speaking because most of the funding for the mosque comes from these rich people having alcohol businesses and tons of conventional mortgages”?

Interviewee 25 suggested that the problems in this context stem from the unquestioning emotional attachment placed on scholars' opinions noting that.

“Islamic institutions and mosques have scholars who have managed to arouse a sense of belief and legitimacy in their presence and leadership. The followers follow them blindly and give them an absolute emotional commitment.”

The automatic trust in their opinions apparently assumed by scholars when dealing with individual Muslims was equally evident in the condescension faced by interviewees when attempting to elicit fuller accounts of the nature of the Islamic banking industry. For example, interviewee 22, a British Pakistani, argued that based on his experience:

“Islamic banks lack transparency. You have no idea who is on the Shariah committee ... If you ever want to contact them, then you are out of luck. Once, I managed to meet a scholar but when I asked about Islamic finance, he just tried his best to avoid giving me explanations and kept saying that the Islamic banking industry is growing ... We need scholars who can stand in public and speak about issues surrounding interest ... and give you straight answers. Just giving the same message about prayers, fasting, Eid, heaven and hell is not going to help anymore.”

It became apparent that the concerns expressed regarding scholarly engagement extended beyond the issues central to the present study, i.e., the contemporary Islamic finance industry. This wide scope in concerns was evident in various situations, notably in many of the views reported in the exploration of fear and trust set out in Section 5.2. As several interviewees noted, the extent to which Islamic scholars understand the nuances of modern Islamic banking systems and products may be questionable, a perception consistent with calls for a greater prevalence of British-born Islamic clerics in the UK (Citizens UK, 2017; Shah, 2019). According to Shah's study, most Imams and scholars currently working in the UK were raised abroad, with few having the educational background required to lead meaningful debates on the integration of Islamic teaching with modern societal structures and economic processes. The interviews conducted in 2017–2019 suggested that the problems are strongly embedded, with interviewee 29 commenting that.

“Imams are employed and controlled more or less by committee members. At mosques, many imams are advised and dictated to about the need to avoid giving sermons on particular topics. This includes speaking about *riba* or selling alcohol etc. as some of the committee members may have conventional mortgages and businesses. And if an imam were to go against the advice, he risks losing his job.”

This perspective suggests a further impact of emotional propensities on behaviour in the context of faith-based financial services, in this case, the fear associated with the loss of role and status. According to Deegan (2014), an important potential role of critical

accounting is to challenge and expose the privileged positions of those in power – in the present case, Islamic scholars (and those within Mosque committee structures holding de-facto power over their activities) – as gatekeepers of the faith. More generally, [Naqvi \(2003\)](#) notes that the integration of ethics, economics and accounting will provide a richer view of human behaviour than the one offered by value-neutral positivism; of particular relevance to the present study, Naqvi further argues that the emotional manifestation of ethical values stems from religious beliefs that are accepted voluntarily by believers as binding. The results presented here indicate that a substantive mismatch between the levels of trust offered (by individuals) and assumed (by scholars) has hampered attempts to develop meaningful discussions between the parties regarding the role of Islamic banking. This outcome flows logically from Naqvi's contention, as the voluntary nature of spiritual guidance that might underpin robust demand for religiously contextualised financial products is compromised by the complex and multi-layered nature of emotional propensity.

## 6. Discussion

Emotion, as manifested in propensities for fear and trust – which themselves stem from (and interact with) genuine desires to embrace ethical religiosity in finance product choice – evidently underpin individuals' interactions with religious and financial institutions in ways that have not previously been identified in the literature. This situation appears to be a feature of current processes and outcomes in the UK's Islamic banking industry to the extent that exploitation of individual foibles is perceived to be widespread with equally pervasive cynicism as the result. The failure to recognise the persistent and continuing nature of emotions may well explain the lack of progress in the industry in the years since [Cizacka \(1989\)](#) predicted that Islamic financial 'backwardness' needed to be addressed if long-term progress was to be manifest. [Siddiqi \(1994\)](#), cited by [Kuran \(2004, p. 54\)](#), argues that "the craving for a de novo discipline of Islamic economics is ill-conceived. The key to Islamic economics lies in positioning the Islamic vision in place of the Anglo-Saxon economic vision. But the Islamic economics vision must be universal and contemporary, not chauvinistic and medieval." This contention is supported by the evidence presented in the present study, as the industrial and scholarly failure to build the Islamic finance industry in this type of outward-looking manner has led to the piecemeal growth of an industry defined as much by ad-hoc attempts to exploit emotional propensities as by any move towards a cognate and sustainable future. Given the manifestation of fear in another context alluded to by the interviewees – on the part of non-Muslims prone to be influenced by UK media portrayals of Islam that exaggerate and misrepresent extremist behaviour – the long-term success of the sector is far from guaranteed. [Kamla et al. \(2006\)](#) note that accounting can create and provide information that addresses fundamental social and ethical dimensions. The evidence reported here suggests that with accounting and broader institutional account provision playing this type of role, the unstructured impact of emotion might be substantively reduced. This is particularly likely to be so if the narratives provided by the financial services industry (and scholarly leaders) are driven by a sincere desire to emphasise fundamental product and service qualities rather than any aspiration to take advantage of individual proclivities. In so doing, the transparency needed to broaden and consolidate demand for genuinely spiritually-based products and financial services may materialise.

The evidence that emerged of a major lack of trust in Islamic leaders, one that reflects concern about ethical orientation and external influences overpower, was particularly pronounced; this appears to exist despite an apparent assumption on the part of the institutions that such conviction can be taken for granted. It appears that Islamic scholars – like the financial institutions themselves – are unwilling to provide meaningful accounts of the landscape relating to spiritually consistent financial products, instead of exploiting individuals' trust via attempts to engage with powerful external actors and forces. In terms of the witnessed outcomes' emotional underpinnings, the unjustified levels of trust evidenced here may themselves reflect interaction with fearful views regarding the authorities involved. In this regard, [Mandaville \(2001\)](#) reports a view expressed by one Muslim that although 'you're allowed to ask questions regarding the faith's tenets, 'fear of asking' often leads to a lack of such action. More generally, [Broadbent \(2002\)](#) notes that such unbalanced power relations generate questions regarding the propensity of elites to control resources and direct narratives; according to [Gray \(1992\)](#), [Bebbington \(1997\)](#), [Gray et al. \(1997\)](#), [Owen et al. \(1997\)](#) this is precisely where accounting can help by stimulating arguments that shift the balance of authority. [Gallhofer and Haslam \(1997\)](#) develop this line of reasoning by suggesting that accounting can enable radical emancipatory social change by encouraging dialogue and action. In particular, Gallhofer and Haslam argue, critical accounting theory can focus attention on negative dimensions of social and organisational functioning in a manner that translates into a meaningful form of emancipatory practice.<sup>26</sup> This potentiality is supported by the evidence here, where institutional cynicism and scholarly malaise are perceived to have worked together to allow the taking advantage of emotional framing in a way that negates the practical impact of Islamic finance as an empowerment tool suggested by [Mandaville \(2001\)](#), [Kamla \(2009\)](#), [Riaz et al. \(2017a\)](#) and others.

The critical literature has acknowledged the importance of emotion as a key facilitator in societal interactions with institutions, including in a recent study by [Andrew and Baker \(2020\)](#) which concludes by pointing to the potential for emotion to be drawn on to promote political change when power imbalances are embedded. However, the evidence in the present study suggests that the impact of emotional propensities is more complex and multi-dimensional than envisaged in earlier analyses when manifested within corporate-spiritual settings. We, therefore, suggest that more attention needs to be given to the role of individuals' emotions in the development of narrative accounts in these contexts. In particular, future theorising in the area requires within its founding some acknowledgement that individuals' emotions are not simply two-dimensional, descriptive traits, but are in fact important, animate determinants of how institutional interactions lead to particular consequences. This is especially the case where firms' claims to

<sup>26</sup> An earlier study by [Bronner \(1994\)](#) also proposes mobilising a critical process of accountability, on the basis of its ability to emphasise the reproduction of empowerment relations and help develop a practical fulcrum for making judgments concerning democracy.



recognise and cater for emotion-driven demand – even where the latter is motivated by earnestly held, spiritually based beliefs – are cynical to the point of being exploitative. The evidence provided here in these regards points to clear contemporary manifestation in a minority Muslim setting of the concerns raised by [Rahman \(1982\)](#), [Sardar \(2003\)](#) regarding the deliberate misrepresentation of the faith's key tenets. More generally, [Kamla \(2015\)](#) emphasises the need for acknowledgement that a wide range of forces must coalesce if the emancipatory power of spiritual leanings is to be felt at a societal level; our findings make clear that financial institutions' interactions with the emotional propensities of religious individuals are critical to understanding observed outcomes, with the exploitation of the latter one of the defining characteristics of extant processes. As Kamla notes (p. 73): "... the critical accounting project needs to be more inclusive of progressive religious notions that share its aim in interrogating capitalism and its institutions including accounting." The findings outlined in the present study imply that this directionality needs to recognise the role of manipulation of emotions by individuals representing institutions with (perhaps at best) a nominal theological base; otherwise, theorists in the area may fail to take account of behavioural traits that vary dramatically from any spiritual ideal. The findings of the present study suggest that the type of change needed to ensure that spiritually-focused financial services can be meaningful for minority communities will only emerge if a full understanding of the (often antagonistic) impact of emotional propensities is part of the underpinning theoretical lens. Attempts to drive the type of emancipatory change required needs recognition of the highly complex manifestation of such tendencies in the relevant interactions or attempts to establish a path forward that reflects the full range of directionalities and impacts will be stalled.

## 7. Conclusion

[Gallhofer and Haslam \(2004\)](#) suggest that emotion is a critical factor in terms of understanding the potential role of supporting institutions in potentially marginalised communities, whilst [Statman \(2017\)](#) argues that all individuals are prone to such biases when making financial decisions. In this context, the present study has offered the first detailed empirical evidence regarding the role of emotional propensities in financial services provision in minority faith-based communities, in this case, the UK's Muslim population. Whilst prior work (e.g. [Riaz et al., 2017a](#); [Riaz et al., 2017b](#)) has pointed to the impact of a range of forces in this regard, including impediments to the achievement of emancipatory potential, the evidence presented here suggests that explicit consideration of the impact and role of emotional tendencies is needed if a comprehensive understanding of systemic processes and outcomes is to emerge. Far from representing a marginal issue, it appears that emotional proclivities are central to many of the points made in earlier studies, notably the apparent embeddedness of the hindrances to growth in the industry's emancipatory reach. One of the most notable findings in this context is that scholarly input has a pervasive role in shaping understanding and manifestation of emotional dynamics. The role of such interventions thus appears to be relevant to prior debates regarding emancipatory potential – and the challenges to this caused by inconsistency in institutional and scholarly approach set out in (e.g. [Riaz et al., 2017a & 2017b](#)). Irrespective of differences in authoritative opinion, underlying and pervasive concern exists regarding the exploitation of individuals' fears, with the associated tendency to afford a high degree of trust to the opinions offered lead to significant problems.

In line with [Gallhofer and Haslam's \(2004\)](#) contention, the paper has highlighted the potential for critical accounting theory tenets to help understand – and address – pervasive emotion-driven behaviour, in particular ethical desires, trust, fear and exploitation of these, as well as the broader impact of Islamic scholars' attitudes. The findings suggest that, in accordance with the supposition of Statman and others, emotions drive actor behaviour in most decision-making contexts, in this case in terms of interaction with the UK's Islamic banking sector. These predispositions appear to be exploited widely via claims made by banks purporting to offer spiritually-founded investment products. The situation has been allowed to worsen partly because clarity regarding Shariah principles – and scholarly leadership more generally – has been absent, far removed from the type of emancipatory praxis that might permit the sector to differentiate itself in style and substance from the accounting narratives and goal-setting of conventional banking and finance.

[Sardar \(2003, p. 38\)](#) contends that: "the reconstruction of Muslim civilisation is both a theoretical and a practical process, each feeding on the other; theory shaping practice and behaviour and practice polishing the theory" and in this vein, a number of concrete routes forward are suggested by the evidence. To avoid (even unintended) exploitation of the type of emotions identified here, Islamic banks should focus on addressing socio-economic issues such as poverty reduction by appropriate channelling of the resources provided (in sincere terms) by customers. The perceptions revealed here suggest that substantive trust is likely to develop over time if this is the case, particularly if accounting disclosures increase in ways which give prominence to information relating to products with an ethical foundation. It was equally evident from the interviews that fear of challenging religious leaders' edicts remains a problem, one that works in tandem with excessive trust, compromising the Islamic banking industry's ability to flourish. By working together to develop accounts of the true implications of concepts such as Shura (co-operating for good) and related Shariah notions as they apply to financial innovations and offerings, the emotional needs of Muslims can be met in a meaningful way, one which provides a roadmap for long-term sectoral success. Progress in this regard might provide scope for innovation, reconstruction, and interreligious dialogue, allowing Islamic banking practices to address (in association with or – at the very least – consistent with, scholarly input) issues of social inequality. However, this study has demonstrated that this outcome is unlikely unless institutions (corporate and spiritual) acknowledge and respect individuals' emotional propensities and develop narrative accounts of their role and potential that attempts to work with these rather than taking advantage of them. If advancement of this type becomes manifest, the impact of a particularly pernicious aspect of fear identified in the study amongst wider populations ill-informed by popular media is more likely to be challenged head-on as cognate articulations of the reality and potentiality of Islamic banking emerge. The importance of recognising the multi-faceted materialisation of emotions and their exploitations is critical if the type of theory- and praxis-driven movement towards a more 'inclusive' critical accounting project suggested by [Kamla \(2015\)](#) and others is to form a critical mass in the context of Islamic finance.

The study has a number of limitations, and we now acknowledge these. Firstly, we have deliberately focussed only on the UK-based Islamic banking industry as we were primarily interested in situations where Muslims are in the minority and the emancipatory potential of the sector – a critical, yet rarely examined, issue – relevant. Evidence regarding these issues in contexts where Muslims represent the majority might also prove insightful, but as the availability of faith-based financial services is much wider – and the potential for exploitation of demand-related emotions lesser – in these situations, we concentrated our analysis on emotional propensities in a minority Islamic setting. Similarly, our work only focusses on one of the modern UK's many minority religions; while this may limit the extent of the study's generalisability, the decision to centre the analysis on the Islamic faith was deliberate, reflecting the significant and well-documented exclusion of UK-based Muslims from many aspects of contemporary British life (Riaz et al., 2017a) and the 'otherness' of minority Islamic communities more generally (Sardar, 2003). However, we would again acknowledge the importance of further research in the area, in this case, work expanding the study frame to other faith (and non-faith) groups as the impact of emotions on institutional interactions between individuals and financial institutions has not been investigated in any depth. The evidence reported here suggests that the influence of these types of factors is neither trivial nor straightforward in the context of Islamic banking in the UK and the extent to which this reflects a more general pattern requires scrutiny. We also recognise that the study's scope was limited to individual Muslims rather than exploring the perspectives of the financial institutions operating within the sector. While again limiting the study's frame, this choice was also deliberate, designed to provide an opportunity for individuals to reflect on their relationships with the financial services industry. Prior literature notes the very limited space offered to the personal opinions of Muslims relative to that afforded to institutional perspectives (Housby, 2011; Housby, 2013) and one of the aims of the present study is to help redress this balance. Whilst many participants in the sample appeared to be marginalised, certainly in terms of educational and/or income level (e.g. housewives, engineers, school teachers and wedding coaches) the desire to balance participants' experience of societal exclusion with the need for perspectives on Islamic banking that reflected some awareness and understanding of the sector's potential meant that participants' practical need for meaningful emancipation varied. Further work could therefore usefully build on the insights generated here by concentrating on interaction with Muslims at the grassroots of modern Western societies, potentially by broadening the area of analysis to include institutions operating in other spheres. Finally, it became evident during the study that intra-Mosque power structures may have an impact on scholarly pronouncements and positioning. Whilst we did not explicitly focus on this issue – and the implications of any such hierarchical ordering are likely to impact on matters broader than those relating to the provision of financial services – the potential effect of such dynamics might usefully be factored into ongoing work in the field. In acknowledging these as areas where future investigation may prove worthwhile, the complex picture that emerges from the study reflects the necessity of face-to-face engagement in order to fully comprehend the manner in which emotional propensities influence behaviour and systemic outcomes. Further contributions to knowledge in the field might usefully consider a similar methodological approach.

### Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

### Appendix 1. Interview guide

1. What principles do you think Islamic banking in practice is based on?
2. What do you perceive to be the primary objective of Islamic banks in the UK?
3. What is your understanding of the concept of social justice? Do you think that Islamic Banks promote social justice and equality? If so, how?
4. Do you believe that Islamic banking products could enrich people's lives by giving them products and services that are in accordance with the teaching of Islam? If so, how?
5. How can Islamic scholars play a role in promoting Islamic banking?
6. Do you believe that Islamic banks in the UK serve the needs of the Muslim community according to *Shariah* laws?
7. What are your experiences or expectations with Islamic banks?
8. What are the major obstacles to growth in Islamic banking in the UK?
9. Do you have any other comments or concerns, or is there anything else you would like to share based on your experiences with Islamic banks?

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