

Women in Islamic Finance

By Alberto G. Brugnoli

In today's Muslim world, the social and political arena is rife with endless debates about restrictions on women's activities outside the home, discrimination, inequality in education and career opportunities and lack of recognition for their work. This conveys the impression that financial and economic rights for women are restricted at the origin by divine law and that Muslim women have been segregated, since the dawn of Islam, into a subordinate role in their financial affairs.

But taking a step back and embracing a broader perspective, it is easily verified that the general ethical and legal principles embodied in the Islamic sources advocate, sometimes in a subtle way, the equality of men and women in their human status, in their ritual and moral obligations and in their more mundane undertakings. More specifically, all schools of Islamic law agree that adult women are free to make use of their property without asking anyone else, including fathers or husbands, that their share of inheritance is clearly stated and not negotiable and that in no circumstance can their assets be mingled with those belonging to other male or female members of their family.

Female Figures of the Past

A brief review of Muslim women that lived at the time of the Prophet (pbuh) will shed some light on this particular issue. Khadija bint Khuwailid, the wife of Muhammad and the first woman to convert to Islam, goes down in history as a rich trader who employed the young Meccan on a profit-sharing basis (a Mudharaba contract) before marrying him. Hind bint 'Uqba, the wife of Abu Sufyan, was granted a substantial interest-free start-up loan from the Bait al-Mâl (the Treasury) to commence her own business, while Zaynab bint Abi Mu'awiya became rich by producing and selling handicrafts and gave Zakat to her less-fortunate husband to cater to his needs. Shifâ', the teacher of the Prophet's wife Hafsa, was later employed by the Caliph 'Umar as a market inspector and tasked with the control of measures and weights. A broader look at hadith literature depicts a number of women who were involved in agriculture, home industry and crafts, or simply in trading: one hears about

midwives, nurses, perfume makers and several other professions.

In later societies, where segregation of the sexes (nonexistent at the time of the Prophet (pbuh)) often limits women's access to the public sphere, one repeatedly comes across women who make profitable use of the rights guaranteed by Islamic law by managing and investing their property, either directly or through their agents. The Mamluks in Egypt used to leave the management of their property to their wives and in the Ottoman empire, many ladies sponsored and managed philanthropic endowments and operated cash-flow generating businesses.

Economic Power

This traditional approach to women's finances has remained alive in contemporary Muslim world, even if this fact is not fully appreciated by outsiders and has not drawn the attention of the media that sometimes depict a different reality. The want of available information and the traditional reserved attitude of Muslim women who shy away from the limelight and leave the performance of their undertakings to their male representatives have undoubtedly played a role in this misconception.

The partial data available all points to a significant feminine economic power in the Gulf area. The estimated \$40 billion of personal wealth owned by women in the GCC countries, with a high percentage held in liquid instruments, illustrates this point. In Saudi Arabia, women own about one-third of the money in

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the banking system and control around 20% of capital in mutual funds and up to 30% of brokerage accounts. They also own some 40% of family-run companies, often as silent partners. It is known that several of the largest endowments and trusts □ the traditional Arab structures to manage wealth of the family □ are operated by women. My personal experience is that the above numbers are a severe underestimation and that they do not fully reflect the extent of the role played by women. The matriarchal structure of Arab society is well-reflected in the financial world!

National Customs

In the public sphere, the empowerment of women largely depends on particular countries, as their role varies widely across different markets. In Saudi Arabia, a country more prone to social customs than its neighbours with a policy of gender segregation, Islamic finance remains a bastion of male dominance, although several women are managing directors of the women's divisions of their institutions, and the conversion of NCB's retail banking business to an Islamic consumer finance business was spearheaded by a woman. It should also be remembered that Saudi women account for 55% of graduates, women-only hotels are being opened to facilitate businesswomen travelling and women-only office complexes are being established. In more Westernized Bahrain, 30% of the finance sector's employees are female, and in Kuwait, 40% of employees working in finance and property are female. In Malaysia, the country that is spearheading Islamic finance, women have set the pace in Islamic finance. This is the only country in the world where the two most important regulators, in the Central Bank and the Securities Commission, are women; under their watch, the Islamic banking sector has flourished and they have brought forward the liberalization of the Malaysian Islamic banking market. This is also the country where two Islamic banks, RHB Islamic Bank and EON-CAP Islamic Bank, are run by women CEOs. Last, but not least, the central banker of Pakistan, a country sometimes perceived as fundamentalist, is a woman.

Malaysia has gone one step further in an area

that has been virtually closed to women elsewhere by registering the first female Islamic finance Shari'ah advisor, a development that could change the face of the Shari'ah advisory business over the next decade. But this, once again, is the revival of an old Islamic tradition. According to Tabari, the famous historian, women can be judges in all cases, and Abu Hanifa, the founder of one of the four legal schools still extant today, demands that there should be women judges in every city to safeguard women's rights. Even where the role of women is questioned, women are accepted as muftis, going back to the example of the Prophet's wife Aisha, who made a considerable impact on the development of law and theology.

Well-Traveled Territory

In light of the above, today's case for the enhancement of the role of women in Islamic finance does not represent an innovation or uncharted territory but it is simply the revival of a well-established tradition. In our own time and age, the modern ijtiḥad should focus on meeting the purpose of Islamic principles and modern demands, both in traditionally Muslim countries and for Muslims in the West, and on sponsoring educational projects that work on women's images and self-images, empowering them to use their spiritual and intellectual potential.

The rising involvement of women in Islamic finance has some potential to play in tackling the human resources bottleneck in the industry. However, for this to happen, many Muslim countries would have to introduce enabling legislation guaranteeing gender equality and equal opportunities in the workplace. An encouraging sign in this direction is the Organization of the Islamic Conference's recent Second Ministerial Meeting on Women in Cairo, which featured gender equality high on the agenda.

Finally, there is a straight business case for increasing the role for women in Islamic finance. As women constitute more than half of the 1.5 billion Muslim world population, a ready and sizeable customer base certainly exists. Nevertheless, well-designed mapping and marketing studies to identify different segments and specific requirements of this market are needed, as microfinance needs of Afghan women certainly differ from investment requirements of Malaysian businesswomen. The implementation of a proactive strategy should gradually unlock the huge and untapped potential of this market and provide great benefit to the Islamic finance industry as a whole.