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Islamic Finance and Religion in Bangladesh: Notes on Summer Fieldwork

Abstract:

During the summer of 2010, I conducted preliminary dissertation research on the relationship between a rapidly expanding Islamic finance industry and the increasing social, political, and economic prominence of Islam in urban and rural Bangladesh. I explored how Islamic banking might represent the public institutionalization of Islam and whether absorption into this institution produces religious subjects. I limited my inquiries to the Islami Bank Bangladesh Limited (IBBL), the country's largest and oldest Islamic bank, founded in 1983, and focused further upon its Islamic microinvestment program, the Rural Development Scheme (RDS). I was also based in the Research Division of Bangladesh Bank as a Guest Researcher, and was introduced to my rural fieldsite: a semi-rural village in Cox's Bazar that participates in the RDS managed by the local IBBL branch. My future fieldwork will be concentrated here: by focusing on how Islamic microfinance is taken up, circulated, and embedded into everyday life in this village, I hope to unsettle notions of authority with respect to who or what determines the contours of the Islamic-ness of Islamic finance.

Over ten weeks, my initial inquiries evolved into a new set of questions, coalescing around three emergent problematics: (1) How to conceptualize Islamic finance as an object of study, given the sense of unfolding, contingency, and networked affect that helps render it an emergent economic and theological phenomenon. (2) The unstable and shifting interplay of language (English, Bengali, and Arabic) and translations. (3) The public instability of Islam in Bangladesh, informed by political and juridical contestations over the war crimes tribunal initiated by the current government in its effort to try Bangladeshis for atrocities committed during the 1971 war for independence.

These instabilities gesture toward limits of contemporary (but pre-2008 financial crisis) models that attempt to locate the place of religion or an ethos within capitalism. Several of my interlocutors positioned Islamic finance as a response to capitalism or a way to introduce a moral sensibility to capitalist economics dedicated only to the pursuit of profit. This raises the theoretic question of whether we should dispense with the Calvinist in Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, and perhaps write a new economic story with a different protagonist. If the unique ethos of Weber's Calvinist transforms economic activity into capitalism, might some unique ethos of Islamic finance transform capitalism into another form of economic practice? As my dissertation research progresses, I will track how the spiritual materiality of money is enacted and experienced in the everyday lives of village bank clients, IBBL directors, and in the transnational investment strategies and priorities of the Islamic Development Bank in Saudi Arabia, a significant shareholder of the IBBL.

Report:

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Islamic finance emerged as a starkly different object for the different actors I encountered: it was alternately about economics, religion, clever marketing or deceptive trickery, novel approaches to poverty alleviation via microinvestment, educating me into Islam, or terrorism financing. This sense of unfolding, contingency, and networked affect does not preclude the comprehension: Islamic finance and its linguistic presentation are of course rendered stable enough for the IBBL to issue detailed annual reports for shareholders and remain accountable to the central bank. Rather than attempting to assess the veracity of certain stances or unearth some central essence obscured by this multiplicity of meanings, I would suggest that Islamic finance is defined by its instability, including for those possessing 'expert' or 'institutional' knowledges. This point was particularly apparent during one encounter between my Bangladesh Bank supervisor and junior bank officers at a bank-sponsored lecture on Islamic finance. My supervisor was explaining the principle of *murabaha*, or mark-up financing, where a bank buys a commodity on behalf of a customer, then adds a service charge to the customer's purchase price of the commodity. "We're just calling [interest] by different names," said a student. "No," Zakir responds. Another student later interrupts: "the difference is basically *spiritual*." "The difference is *functional*!" countered my supervisor.

Some Bangladeshi economists suggest that Islamic banking in Bangladesh is hindered by the confusion, misunderstandings, and distrust engendered by the Arabic terms for products and services, and recommend that banks abandon Arabic nomenclature to spur growth. My key informants in both the Islamic and non-Islamic banking industries disagreed, arguing against translation and for the assimilation and gradual understanding of Arabic terms. Questions of what objects resist or accommodate translation highlight for me the uncertainty of relationships between everyday and official languages, the semiotics of written or spoken Arabic, and how imposed or adopted shared languages might perform and produce the existence of religious and/or economic communities. Key to Islamic finance is the prohibition of interest, but my

informants' use of 'interest,' 'usury,' Arabic 'riba,' or Bangla 'shudh' was context-specific. Other words carry risks: One informant corrected me when I referred to IBBL's Rural Development Scheme as 'Islamic microfinance.' As he explained, "You *can not* use 'microfinance,' 'microlending'...these mean there is interest. They do *microinvesting*. There is a partnership. This is the point. They charge a service fee, but they will not like it if you call it interest." I will extend this linguistic analysis to another phenomenon that featured prominently in my interviews this summer: the performance of Bangla-English bilingualism within the professional financial sphere. By tracking when spoken and written English emerge in everyday conversation, public speech, and public documents, I hope to understand how registers of bilingualism might produce certain totalities or affective relationships connecting Islamic finance in Bangladesh to global currents in Islamic and non-Islamic finance.

Networks connecting the IBBL, its Cox's Bazaar branch, village microinvestment clients, and Saudi Arabia's Islamic Development Bank, a significant shareholder of the IBBL, are not neat, circular flows. These networks are messy with affects, relations between abstract and concrete monies, and the fact that at least one key object—the Islamic-ness of the money in flight—is experienced differently by multiple actors in multiple locations at multiple points in time. By expanding my field sites to include not just the IBBL as an institution and the Cox's Bazaar village with its long-running IBBL microinvestment program, but the Islamic Development Bank as well, I hope to both unsettle and understand how this network or assemblage might shape conceptions of transnational Islam. The plurality of ways that one can be Muslim in Bangladesh suggests that attempts to enact a "global" Islamic community via financial linkages will find complications in "local" ways of being Muslim.

The instabilities I describe gesture toward limits of contemporary (but pre-2008 financial crisis) models that attempt to locate the place of religion or an ethos within capitalism. Several of my interlocutors positioned Islamic finance as a response to capitalism or a way to introduce a moral sensibility to capitalist economics dedicated only to the pursuit of profit. This raises the theoretic question of whether we should dispense with the Calvinist in Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, and perhaps write a new economic story with a different protagonist. If the unique ethos of Weber's Calvinist transforms economic activity into capitalism, might some unique ethos of Islamic finance transform capitalism into another form of economic practice? As my dissertation research progresses, I will track how the spiritual materiality of money is enacted and experienced in the everyday lives of village bank clients, IBBL directors, and in the transnational investment strategies and priorities of the Islamic Development Bank.

A lecture based upon this fieldwork and fieldwork conducted from July-August 2011 was presented at the AIBS Dhaka Center Lecture on August 24, 2011: "Islamic Finance and Microinvestment in Bangladesh: Theory, Practice."