

In popular Western imagination, Madrasas in Pakistan are often depicted as breeding grounds for terrorism, whereas the Fatwā has acquired notoriety for being a death sentence. Both instances reify an image of the Sharī‘a centered on religious coercion, making it antithetical to the freedoms afforded by capitalist modernity. Yet this reification blinds us to the significance of Madrasas and Muftīs (jurisconsults) in creating a strategic interface between the Sharī‘a and capitalism. Muftīs from the Deobandi tradition in Pakistan, a Sunni religious denomination, have been at the forefront in legitimating a \$3 trillion global Islamic finance industry by suturing together religious piety and market profitability. Situating myself in Pakistan’s Madrasas and Islamic banks, I study the financial rationalization of the Sharī‘a by conducting a textual and ethnographic study of the interactive labors between Muftīs and financial engineers.

The Sharī‘a views financial undertakings as ethical commitments and therefore strictly forbids stipulating unjust contractual conditions, the most egregious of which is charging interest on a monetary loan. Adhering to this restriction, Pakistan’s Islamic banks and insurance (Takaful) companies regularly substitute interest paid to a creditor with contractually enforced “gifts” (Hiba), thus coercing unilateral acts of generosity into a cycle of monetary exchange. Further, Islamic finance thrives by creating interest-free replicas of conventional financial instruments dubbed as “Sharī‘a Compliant.” The legal architects of this financial imitation are Madrasa trained Muftīs working as Sharī‘a Advisors to financial engineers in Islamic banks. Together these experts translate, modify and format contractual models present in the Sharī‘a’s juridical corpus into modern iterations that can function efficiently in contemporary markets.

I have thus far traced the formation of Sharī‘a Compliant financial instruments through a participatory reading of legal texts with Muftīs at Jāmi‘a Ashrafiyya, a leading Deobandi Madrasa in Lahore, and extended ethnographic fieldwork in the Sharī‘a Compliance department at Meezan Bank Ltd in Karachi. This summer I intend to return to Jāmi‘a Ashrafiyya and work at the head office of MCB Islamic Bank Ltd. in Lahore to accomplish two research tasks: (a) reading Islamic legal texts on the jurisprudence of the gift (Hiba), and (b) conducting an ethnography of the contracts and procedures of executing the “charity penalty” in Islamic banks, which entails extracting a “charity” from financially delinquent clients in consequence of missed or late payments. This research will grant me the textual and ethnographic leverage needed to answer the following questions in my dissertation: how is the Sharī‘a’s disciplinary apparatus reconstituted as a contractual code of ethics in Islamic financial institutions? What forms of coercion are embedded in practices of Sharī‘a Compliance that conform to modern financial discipline?

According to the Islamic Finance Country Index (IFCI), Pakistan currently ranks #6 in terms of Islamic finance penetration. However, it is unarguably the most vibrant intellectual hub of Sharī‘a jurisprudence on Islamic banking owing to the country’s vast network of traditional Deobandi Madrasas. More significantly, the case of Islamic finance in Pakistan offers an instructive counterpoint to the myth of capitalism’s singular-historical trajectory and its isomorphic relationship to Western culture. I have established research contacts at the Center for Excellence in Islamic Finance (CEIF) at LUMS and will have the assistance of Muftī Mahmood Ahmed and Syed Sabir Hussain, both of whom are members of MCB Islamic’s Sharī‘a Board. This research experience is crucial to my dissertation completion and will allow me to make a significant contribution to the anthropology of finance and Pakistan studies.