

## **Setting Shari'a standards: on the role, power and spatialities of interlocking Shari'a boards in Islamic financial services**

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**Abstract:** This paper aims to refine earlier research on the geographies of Islamic financial services (IFS) through a study of how cities are being connected through interlocking directorates in Shari'a advisory boards of IFS firms. The relevance of this analysis is discussed against the backdrop of recent critiques on mainstream 'world cities' research because of structuralist and universalizing tendencies. By applying a network concept to the relationalities of world cities within financial circuits, we explore the nested city/firm/actor structure behind Shari'a board membership, and reassess the connectivity of cities in the IFS network in terms of the role and spatialities of interlocking Shari'a boards. The results show that Gulf cities, most notably Manama, Dubai and Kuwait City are particularly well-connected, while also mainstay financial centres outside the Middle East, such as London and New York are networked by interlocking board memberships of a global Shari'a elite. The dominant position of Manama is traced back to its role as a standard-setting city for Shari'a-compliant investments, which materializes through the enacted presence of an array of highly interlocked regulatory bodies and mediating elites.

**Keywords:** Gulf cities, Middle East, Islamic finance, world cities, Shari'a boards, interlocking directorates

## 1. Introduction: Financial authority in Islamic markets

In November 2007 the Pakistani Taqi Usmani, president of the Bahrain-based Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shari'a board, pronounced a *fatwa* on Islamic bonds (*sukuk*). Taqi Usmani claimed that *sukuk*, in their aim to compete with interest-based bonds, which generate a guaranteed return, often resemble 'conventional' (that is largely Western) debt-based instruments. Most of the contemporary *sukuk* were therefore considered to violate the principles of Islamic economics, most notably the profit-and-loss sharing idea. As this *fatwa* shook the very fundamentals of Islamic financial practices, it immediately launched a shockwave throughout the Islamic financial world: *sukuk* issuance suffered a 40% decline during the first half of 2008 when compared to the 18.3bn US\$ issued in the same period in 2007 (Oxford Business Group, 2008, p. 100). Later in 2008, *sukuk* issuance was held back by the general crisis in credit that affected financial markets at a global scale. Due to a decline in asset valuation, a lack of liquidity, and the general lack of market confidence, total issuance in 2008 fell back to an estimated US\$ 20bn, compared to US\$ 47bn in 2007 (IFSL, 2009, p. 4).

Although Islamic bond markets are operating within an integrated world economy, and have hence been affected by the credit crunch (see Bassens et al. 2010a on Dubai's debt crisis), the controversial *fatwa* ruling elucidates that 'financial authority' in 'Islamic' markets is influenced by extra-economic factors such as the rulings by Shari'a scholars, who stand at the crossroads of financial and religious authority (see Pemberton, 2009 for an elaborate discussion of the influence of Taqi Usmani on Islamic discourse, for instance in the field of Islamic finance). For one thing, this reveals that the notion 'international' financial sphere is in practice often implicitly and explicitly equated with practices of Western financial institutions. While 'international finance' has become increasingly conscious of non-financial incentives that drive customers and investors (as exemplified by the rise of ethical or 'green' investments), the Middle East, and the Gulf region in particular, has long been identified for its 'differing' religion-based economic rationale rooted in Islam (Kuran, 1995; Tripp, 2006; Warde, 2000). In fact, while the 'conventional' financial sector is highly sensitive to decisions and measures decreed by large central banks such as the Federal Reserve and the European Central Bank, regulatory bodies such as the Basel II-committee, in addition to leading elites in the sector who primarily operate from the major global cities (Beaverstock, 2004), financial authority within Islamic markets clearly has an additional, often religiously-inclined dimension to its geographies. Building on the Shari'a, the Islamic Law grounded in religious sources (that is Koran and *hadiths*, the sayings of the Prophet), Islamic economics renounces all interest (*riba*), gambling (*maysir*) and contractual ambiguities (*gharar*) that lead to excessive risk taking (Iqbal and Molyneux, 2005). It also prohibits investment in certain forbidden products (e.g. pork meat, weaponry, pornography, alcohol, etc.). The prohibition of *riba*, which is often conceived as the prime feature of IFS, reflects the idea that money is not a commodity in its own right, but rather a bearer of risk (Pollard & Samers, 2007, p. 314).

According to Islamic economics, the interest-carrying debt-based system is characterized by serious risk asymmetries between financiers and entrepreneurs, since the former can expect a steady flow of interest from its investment, while the latter bears most (or all) of the risk. Profit-and-loss sharing between parties is therefore considered *the* alternative as it prevents such inequalities, which may disrupt social harmony<sup>1</sup> (Ala Hamoudi, 2007). Another notable feature of Islamic economics is its concern with the development of the ‘real’ economy: in contrast with the highly volatile and detached financial economy which dominates international financial circuits, ‘real’ growth is to result from the investment in promising projects, from which the profits and losses are shared by investors and entrepreneurs alike (Pollard and Samers, 2007, p. 314). This also explains the ‘asset-based’ character of many products and practices in IFS, for instance in the *sukuk* financing of large infrastructure and real estate developments in Gulf cities, like the Dubai’s government-related property developer Nakheel’s US\$ 3,5bn *sukuk*, which almost defaulted in November 2009 (Bassens et al., 2010a). Despite of the recent turmoil around Dubai’s debt crisis, the rising influence of Islamic economic discourse is exemplified by the overall growth of the IFS sector, which is especially booming in the Gulf region: In parallel with the steady growth of the ‘conventional’ interest-based financial sector operating from Gulf offshore centres such as Dubai and Manama, the IFS sector grew by a staggering 27,6% in 2008, in spite of the global financial crisis. Globally, the sector is now worth US\$ 822bn of Shari’a-compliant assets (The Banker, 2009), held by fully-fledged institutions (e.g. Al Rahji Bank, Dubai Islamic Bank) or by Islamic ‘windows’ within conventional banks (e.g. HSBC Amanah), of which ca. 41% is located in the Gulf Cooperation Council (GCC) states (The Banker, 2008). The growth of the IFS sector highlights the need for a more grounded and versatile perspective in the study of global financial networks, as there are myriad regions where ‘Western’ corporate spheres do not represent a significant – used here in both statistical and substantive terms – proportion of financial and economic activities and processes (Grant, 2001).

In this paper, we focus on the crucial role of ‘parallel’ governance networks within the IFS sector, such as the boards that bring together Shari’a scholars. In IFS firms, unlike in interest-based financial institutions, governance through corporate boards is supplemented by these so-called Shari’a boards. We thereby identify at least two major implications for the study of the spatialities of such ‘alternative’ financial networks. First, ‘agents’ are a key driver of city networks, as Shari’a scholars who hold highly specialized Shari’a knowledge and skills, lend their services to IFS firms and so doing, boast high levels of authority, since they make and break the rules of Shari’a-compliance. Second, following Pollard and Samers (2007), the concept ‘international finance’ should be

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<sup>1</sup> In practice, however, an extensive range of mark-up products has moved to the centre of Islamic banking and finance, often imitating interest-based products (loans, bonds, etc.). See Bassens et al., 2011 for a more detailed description of this evolution.

‘decentred’ to help steer it away from the focus on practices and products of ‘Western’ financial institutions, anchored solely in ‘conventional’ world cities. Addressing both critiques, this paper empirically refines earlier research on the geographies of IFS (Bassens et al., 2010b) through a study of how scholars in interlocking Shari’a boards of IFS firms are networking cities in the Gulf and beyond. This vantage point draws on the observation that through their multiple board memberships, Shari’a scholars can be identified as a source of inter-city connectivity as they link up firms and regulatory bodies across cities. Geographically, the actor-networks created in the process can be read more generally as a proxy for IFS-specific flows of capital, knowledge, and people between its key nodes. In light of this, cities boasting high interlocking levels can also be dubbed ‘powerful’ places in terms of setting IFS standards on a global scale, because these interlocks allow for the dissemination of Shari’a interpretations through the agency of influential Shari’a scholars. Through this specific analysis, the paper aims to contribute to emerging ‘alternative’ approaches within world cities research, which has begun rethinking the literature on world cities because of structuralist (Beaverstock, 1996) and universalizing tendencies (Robinson, 2002; 2005). Through our focus on the importance of Shari’a scholar ‘agency’ in the creation of ‘Islamic’ financial networks, we aim to contribute to reconceptualizations of *more global* financial and world city geographies that build on a relational perspective. This strand of research analyses IFCs and cities from their role and position in a network, rather than producing hierarchies based on attribute data such as turnover, asset value, etc. (e.g. Faulconbridge, 2004). The next section sketches some of the most important critiques voiced against contemporary world cities research, particularly in the field of finance, in more detail. The ensuing sections deal with a description of the globalizing IFS sector and the particular role of Shari’a scholars (section 3), data collection and methodology (section 4), and the main insights emerging from our empirical analysis respectively (section 5). The paper concludes with an overview of our main conclusions and recommendations for future research.

## **2. Critique: Agency in a ‘decentred’ transnational urban geography**

The most influential contributions within the broad field of what is now commonly called ‘world cities’ or ‘global cities’ research put forward that a limited set of large-scale metropolitan areas can now most fruitfully be conceptualized as the key powerhouses in an increasingly networked and globalized economy. More specifically, these cities are said to be the ‘command-and-control’ centres of the global economy because they harbour numerous corporate headquarters of MNCs and/or a vast array of advanced producer services (APS) firms – that is accountancy, advertising, banking/finance, insurance, law, management consultancy firms – needed to manage increasingly complex production networks (Sassen, 2001). In terms of financial accumulation and intermediation, world cities such as London and New York are thus said to derive their star status from the presence and activities of multinational financial firms, such as investment banks, which have the capability to

attract, channel and control transnational flows of commodities, people, knowledge and capital (Castells, 1996; Friedmann, 1986; Sassen, 2001).

Whereas earlier research on financial geographies had been purely hierarchical, recent contributions – echoing world city network conceptualizations – have highlighted the value of a network approach to the study of the global economy in general (Dicken et al., 2001; Faulconbridge and Hall, 2009) and international financial centres (IFCs) in particular (Jones, 2002; Faulconbridge, 2004). Faulconbridge (2004, p. 236) in particular has criticized the study of financial geographies for its preoccupation with attribute properties (e.g. financial turnover, number of banks, etc.) of IFCs, rather than explaining processes behind a centre's growth/decline. By contrast, a reconceptualization of IFCs as being part of a *relational network*, for instance by applying an interlocking world city network model (Taylor, 2004), could prove to be fruitful for a deeper understanding of process and evolution of IFCs, especially when teasing out their interdependencies, as was shown for London and Frankfurt (Faulconbridge, 2004).

However, in spite of this valuable 'network' reconceptualization of financial geographies, previous approaches are still hampered because of both *structuralist* (e.g. Allen, 2008; Smith, 2003; Yeung, 2003) and *universalizing* (e.g. Massey, 2007; Robinson, 2002; 2005; Short, 2004; Smith, 2001) tendencies. First, by identifying world cities as entities with actual power drawn from major firms and their intra-firm networks, the actual *agency* of influential actors, that is business and financial elites, within and surrounding these firms is left out of the picture. As such, a top-down firm-level approach is unable to break the 'black box' of transnational urbanism and consequently understand the actual processes which take place in and through these firms. Second, given the acclaimed relevance of corporate HQs and 'globalized' APS firms for studying transnational urbanism, studies of global financial circuits as well have often been narrowed down to 'mainstream' circuits of capital accumulation, dominated by large 'Western' banks (e.g. CitiGroup, ING Group, etc.) and articulated in a limited set of world cities (e.g. Beaverstock, 1996; Beaverstock and Boardwell, 2000; Budd, 1995; Faulconbridge, 2004; Faulconbridge et al., 2007). Although both critiques are obviously related, for reasons of clarity we will discuss them in separate subsections below. Our main purpose is to use both critiques as a starting point for arguing that an analysis of the transnational urban geographies of the Shari'a elite in IFS firms allows for a 'decentred' (Pollard and Samers, 2007) approach of research on global financial circuits and their articulation in established and emerging world cities. As such, we aim to add a more relevant and grounded approach to the study of world cities and their insertion into financial networks, especially when discussing a number of booming cities in the Gulf region.

### 2.1. The question of 'agency' in world city networks

The first major critique of mainstream world cities research that has emerged in recent years is the *structuralist* nature of the literature (Smith, 2003). For instance, although the Globalization and World Cities (GaWC) group has certainly helped providing a more stable empirical basis for some of the key assumptions in the early writings on world cities, much of it overlooks the agency of the people who live and work in various urban contexts and connect cities through their day-to-day activities, decisions, communications, etc. By dubbing APS firms the key network makers in this context (see Taylor, 2004), the 'world city-ness' of cities is 'evaluated' in terms of how much power cities are assumed to hold over one another by looking at the geographies of intra-firm organization of major global firms (Allen, 2008). Although Taylor is careful not to reify cities in this context, there is always a clear and present danger that the results are interpreted in this way. In fact, one of the most notable 'black boxes' in accounts of transnational urbanism has been the activities and decisions of financial and business elites and their creation of transnational urban networks through their business travel, high-level tourism, temporary detachments, multiple board memberships, etc. As 'highly educated, highly-skilled, highly-paid, highly mobile and 'translocal' (Smith, 1999) corporate actors/agents of global capital' (Beaverstock, 2002, p. 527), their importance in sustaining transnational networks of knowledge, skills and intelligence has been already confirmed in the field of international finance (see Beaverstock, 2005). Their strategic decisions (e.g. on mergers and acquisitions, emerging market entrance, the establishment of new branches, product development, R&D, marketing, etc.) fine-tune corporate networks and eventually determine the geographical face of the world economy. Following Smith's (2001, pp. 48-71) detailed argumentation, we agree that accounts of globalization in general and globalized urbanization in particular can benefit greatly from a thorough analysis of the transnational (or *transurban*) forces arising from actor-based networks.

Several authors have already tackled this agency-critique by focusing on the actual *transurban* activity of these elites, either through high-skilled labour migration, business travel or interlocking directorates, which refers to multiple corporate board memberships. While high-skilled migration or business travel studies (e.g. Beaverstock, 1996; 2002; 2005; 2007; Faulconbridge et al., 2009), focusing on a number of professionals provides empirical ground to the conceptualization of financial networks 'from below', their qualitative focus on micro-processes make them inherently small-scope. A recent contribution by Carroll, on the other hand, has been particularly helpful in filling the 'agency gap' by opening up the scope of such analyses by "exploring the interlocking corporate directorship as an interorganizational practice [...] to generate a *global* interurban network (Carroll, 2007, p. 2298, our emphasis)." We argue that such a spatialized interlocking directorate analysis (IDA) can contribute to the study of world cities and their relationalities, because of its emphasis on the relevance of individual agents in the conceptualization of the city networks, for instance within global financial circuits. Originally, IDA was set up as a method of measuring power and control in

corporate networks and was mainly focused on the evolution of the American corporate and financial complex (Bunting, 1983; Koenig and Gogel, 1981; Mizruchi, 1983; Roy, 1983a; 1983b). Through a spatial turn, largely from the 1990s onwards, the geographical dimension of IDA was acknowledged, thereby identifying multiple board memberships as a source of inter-urban relationality. This specific IDA is also suitable to analyze networked governance patterns in IFS: since decisions concerning Shari'a-compliance of the IFS firm's products and activities are grounded in a consensus of closely interacting scholars on designated Shari'a boards (see section three), the IDA interlocks between firms can be perceived as a reflection of actual flows of knowledge, opinions, and power to ratify or block certain products and investments. This geographical dimension of Shari'a governance crucially shapes the way firms and the cities from which they operate are being inserted in global Islamic financial circuits.

## *2.2. Empirical gaps outside the core: Gulf cities as nodes on Islamic financial circuits*

Most IDAs, however, have been restricted to research on the social networks of predominantly 'Western' corporate elites, who knit together firms and thus cities through their practices (e.g. Green and Semple, 1981; Rice and Semple, 1993; O'Hagan and Green, 2004). Even the acclaimed *global* analysis in Carroll (2007) was in fact based on the board composition data for 350 of the largest corporations taken from the Fortune Global 500, which resulted in an analysis of mainly 'Western' firms. As a consequence, the end-result is a 'biased' mapping that fails to chart financial circuits and modes of accumulation that fall outside the traditional 'Western' sphere. This brings us to the second critique that has been raised against dominant discourses on globalized urbanization and capital accumulation. Robinson (2002, pp. 31-32), in particular, has highlighted the limitations of 'Western' models of urbanization/accumulation for studying urbanization and globalization processes in other parts of the world. The main limitation, she argues, lies in the 'Western' bias of the processes under study (see also Grant, 2001), thus – albeit often implicitly – preventing us from imagining alternative geographies of globalized urbanization (see also Massey 2007, p. 24). Robinson therefore proposes to counter dominant and possibly damaging discourses of inter-city competitiveness and global processes and instead study cities as what she calls 'ordinary' cities – be it 'global' cities such as London, or cities in the global periphery. This could imply studying them as platforms for all kinds of economic activity, with resources, infrastructure and many opportunities for innovative connections across different firms and sectors (Robinson, 2008, p. 86). Building on Robinson (2002, 2005), Massey (2007, p. 24) takes issue with the fact that the spatial organization of a very limited array of often Euro-American advanced producer firms, among which financial firms take a central place, has become the main approach for studying economic globalization and urbanization processes on a global scale. It needs to be emphasized that the crucial point in these critiques is not to deny the scale and impact of 'conventional' interest-based financial and business circuits articulated in a network of 'world cities' more generally. Rather, it suggests that much more attention should be paid to the

existence of 'other', non-mainstream circuits of intermediation and accumulation, which may serve as the starting point for a 'decentred' (Pollard and Samers, 2007) research agenda through which the world city network can be studied (Lai, 2009). This is especially the case when we wander outside the so-called 'prime globalization arenas' of Northern America, Western Europe and Pacific Asia which according to earlier world city networks analyses are 'lacking' major world cities in terms of APS servicing (e.g. Parnreiter, 2005; Rossi et al., 2007 on Latin American markets), and enter into the realm of a set of smaller financial centres, be they offshore centres (see Cobb, 1998) or cities in emerging markets which harbour networks of local knowledge production in particular niche sectors (see Lai, 2006 on emerging Asian markets). The next section, which discusses how the growth of the IFS sector has been associated with the emergence of a transnational Shari'a elite, illustrates our point.

### **3. The role and power of Shari'a scholars in the globalizing IFS sector**

The emergence of a transnational Shari'a elite is closely related to globalizing trends of once nationally and regionally operating IFS firms and, more recently, the involvement of large 'mainstream' banks in Islamic markets. In the 1970s, following the establishment of the Islamic Development Bank and fuelled by windfall oil money, a number of commercial, mostly Gulf-based IFS firms (e.g. Dubai Islamic Bank, Bahrain Islamic Bank, etc.) laid the basis of the now globalizing sector. The oil boom in particular gave rise to "a loosely knit interconnected international network of Muslim members of the business community", involved in both the petrochemical and financial sector, allowing them to gain experience in Western regulatory and business environments, such as London and New York and other world cities (Maurer 2005, p. 28). The existence of these transnational communities and related networks (e.g. the Arab community in London, dubbed 'Beirut-on-Thames' by Aburish, 1998, pp. 345-378) provided the basis for business, financial, and other firms wishing to operate on a global scale. IFS firms as well, which initially operated in the Middle East itself, have established branches in key financial centres, such as London, Paris, etc. (Bassens et al., 2010b). More recently, conventional interest-based banks have forged strategic alliances with these emerging multinationals, or have opened up 'Islamic windows' to answer to a growing demand for Shari'a-compliant products. Apart from generating urban networks at a global scale, Islamic finance is also a causal factor in the creation of urban spaces themselves. As Gulf cities are emerging as world cities, the growth of the IFS sector is closely interwoven with the way massive urban developments are financed. This is especially the case for business and finance centres such as Abu Dhabi, Dubai, Manama, etc., which have benefited from petrodollar investments to diversify their economies - money that is increasingly being invested in accordance with the Shari'a. In response, governments not only take active stake in large Islamic banks (e.g. the Dubai-based Noor Islamic Bank), which channel these capital flows, also large-scale infrastructure projects from government-



related enterprises such as Dubai's Emaar and Nakheel depend at least partly on the issuance of *sukuk* to attract regional and global investors. However, the involvement of global banks (often from the UK) with Islamic operations, such as HSBC, Barclays, Standard Chartered, and others, indicates that the growth of these types of finance are also coordinated through firms and elites operating from world cities beyond the region, such as London, a factor which drives globalization (e.g. through office networks) and the increase of inter-urban links that stretch beyond the Gulf region.

In a market where adherence to Shari'a Law constitutes a crucial dimension, the above-stated globalization and the increasing intermeshing with mainstream circuits have made IFS firms crucially dependent on the approval of influential Shari'a scholars on their products, investments, organization, etc. A fundamental and much-debated point here is that while the globalizing IFS sector is in desperate need of standardization of its practices, products and investment principles, Islamic Law from which it lends its credibility, draws on numerous interpretations that in fact varies along Sunni – Shia sectarian lines, but also within the four main Schools of Sunni Islam. In the Maghreb, for instance, the call for interest-free products is less pronounced due to the dominant Maliki interpretation. In Asia as well, for instance in Malaysia, the largest IFS market outside the Middle East, Shari'a interpretation is much more relaxed in comparison to its counterparts on the Arabian Peninsula, such as the rigorous Wahabi interpretation in Saudi Arabia. A large share of Malaysian *sukuk*, for instance, is considered non-compliant by Gulf scholars and investors because of their close resemblance to interest-bearing debt-based bonds. Furthermore, the emergence of Islamic economics and the IFS sector cannot be understood without reference to broader political and economic evolutions and the recognition or cooption of Islam by the State, which differs significantly across countries, and will further influence the nature of Shari'a interpretation within its regulatory frameworks. In Malaysia, Kuala Lumpur's importance as an IFS hub is very much related to the Malaysian state-building project and the establishment of centralized power, in which Islam was a thrusting force from the 1980s onwards (Nasr, 2001). Nowadays, by making the country a global Islamic brand, Malaysia is also trying to tap liquidity from the Gulf region, thereby relying on a well-established regulatory framework. In fact, the city is the home-base for the Islamic Financial Services Board (IFSB), which has developed the capital adequacy guidelines for Islamic banks by itself. The IFSB has actually translated the Basel II regulations to the concepts of Islamic finance and has conceived new guidelines for Shari'a-compliant products without conventional counterparts (Hassan and Dicle, 2007, p. 37). Elsewhere, for instance in secular Turkey, the status of 'Islamic' organisations (NGOs, banks, funds etc.) is experienced as politically controversial. In Iran, the building of an Islamic banking system was mainly an outcome of the revolutionary Islamization of society from 1979 onward (Khan and Mirakhor, 1990). This has given rise to a centralization of Shar'ia interpretation in national regulatory bodies, largely operating outside the reach of global Shari'a scholars working for the globalizing IFS sector.

In absence such an integrative, unambiguous set of 'Shari'a standards', Shari'a-compliance is secured by relying on the advice of a (permanent) council of renowned Shari'a scholars such as Taqi Usmani (Siddiqi, 2007). All Islamic banks – except for the Iranian banks, which are *de jure* Shari'a-compliant given the Islamic nature of the Iranian economy – have appointed Shari'a boards of clerics and laymen who are experts in Islamic jurisprudence (*fiqh*). These scholars are bridging the gap between extensive knowledge of Shari'a Law and more technical knowledge of financial products as they oversee the practices of the financial institution and the development of new products. As the Quran does not provide any direct guidance on contemporary financial products or operations, a central mechanism in this context is the authority of Shari'a scholars to apply *ijtihad*, that is interpretation of the Quranic sources, which is then translated as a *fatwa* (opinion) on the subject. Generally, *ijma* (consensus) between opinions of various scholars sitting on the firm's Shari'a boards is required to make the decision go in effect. Apart from individual reasoning, decisions are also guided by the principle of *qiyas* (reasoning by analogy), which allows the rulings on one product to be applied on another, given both are guided by the same principle (Pollard and Samers, 2007, p. 315). In practice, Shari'a scholars assess the financial products devised by the banks and reassure the customers that their practices are 'truly Islamic' (Tripp, 2006, p. 144). Shari'a board members are appointed by the general assembly and are remunerated for their services. According to a survey on 30 IFS firms by Warde (1998), most Shari'a boards meet quarterly, although a few meet monthly or only once a year. Similar to financial auditors, the Shari'a board acts as an independent body which 'certifies' that the bank's activities have been in accordance with the Shari'a (Warde, 2000, p. 227). The consensus/discussion-based nature of their work, the conduct of a religious audit of the bank's activities and the Shari'a compliance of its products, explains the necessity of face-to-face meetings. Apart from these 'formal' meetings, close and repeated face-to-face interaction with the IFS firm's portfolio managers, brokers, accountants, auditors is deemed crucial. In the example of an Islamic fund, the responsibility of a Shari'a board member consists of the purification of the accounts and portfolios under his supervision. This implies the calculation and deduction of 'impure' elements, e.g. *riba*, from the earnings before the investor collects the dividends, to ensure the latter are completely *halal*. Other tasks include the screening and monitoring of stocks and fees, the supervision of the firm management, assisting product development, and the calculation of *zakat* rates on profits (DeLorenzo, 2004).

Since Shari'a Law is greatly influenced by individual (that is through the scholars themselves) and institutionalized interpretations (that is through the multiple schools of law), Shari'a scholars themselves can be considered as powerful actors in the now globalizing IFS sector, as was illustrated by Taqi Usmani's fatwa on *sukuk*. Although according to Maurer (2003, p. 326), Shari'a board members often act as "bricoleurs, drawing from any jurisprudential source which they deem to be

appropriate for a particular problem”, their authority is often founded in their education with famous teachers or at renowned institutions such as the al-Azhar university in Cairo. A *fatwa* proclaimed by a scholar from this landmark institution carries tremendous authority in the Sunni Muslim world. On the other hand, a lot of Shari’a scholars have also studied outside the Muslim world, and often hold BAs, MAs, and PhDs from universities in the UK and the USA. Quite a few of these scholars are actively involved in education, as professors at various universities in the Middle East, and as popular lecturers at academic and business conferences on Islamic finance throughout the world. However, some authors have voiced critique against these scholars, which can generally be traced back to concerns about their independence and, related to this, their ensuing credibility in proclaiming a ‘true’ *fatwa* on financial actions. Most of the pressure on ‘Shari’a standards’ seems to come from the IFS firms themselves, which are driven by profits and hence by being the first in offering new Shari’a-compliant alternatives. This has led to what el-Gamal (2005, p. 120) calls ‘Shari’a arbitrage’, the reengineering of conventional products and getting their approval by esteemed scholars, or as Hassan and Dicle (2007, p. 37) call it ‘*fatwa* shopping’ when IFS firms simply seek quick recognition for their products.

Although their role in sustaining a truly ‘alternative’ Islamic financial system could be questioned by the above observations, these high-profile and extremely influential Shari’a board scholars constitute a veritable *transnational Shari’a elite* (see Beaverstock, 2004) that cannot be left out of the picture if one wishes to understand financial circuits in the Middle East in general and the Gulf region in particular. Because of the multidisciplinary and complex nature of the required skills and the fact that the spectacular growth of the IFS sector is a rather recent phenomenon, the actual size of this Shari’a elite is very limited. Since IFS firms heavily rely on these scholars for their customer credibility, many of these scholars end up sitting in multiple boards, thus setting and spreading industry standards in the world of IFS. Hence, apart from the screening and monitoring aspects, the cooperation with one or more highly networked Shari’a scholars allows a firm to feel the pulse of the IFS industry, allowing for careful (re)positioning and innovation in a sector that is based on both religious credibility and financial efficiency. From a spatial perspective, the key point is that, through their multiple board memberships, individuals belonging to this elite (i) link up various firms and regulatory bodies, whilst simultaneously sustaining Islamic financial networks between booming Gulf cities and mainstay IFCs and world cities outside the region; and (ii) they can be identified as a source of transnational ‘power’ to set and influence Shari’a standards for the firms and regulatory bodies to which they lend their services, and for the cities from which these scholars and firms operate.

#### **4. Interlocking Shari’a boards: data and methodology**

In the previous sections, we have built upon recent critiques of the world cities literature to argue that (i) spatialized interlocking directorate analyses are one of many ways to incorporate the importance of agency (e.g. Carroll, 2007), while (ii) a focus on the IFS is perhaps a more appropriate analytical lens for studying financial circuits that generally fall beyond the scope of ‘international finance’ (e.g. Pollard and Samers, 2007). We therefore propose to combine both insights by investigating the interlocking activities of Shari’a scholars, who play a crucial role in the design, mediation and ensuing (spatial) diffusion of these increasingly important financial circuits. In this section, we outline our methodology and data collection, which will then be used in the next section as the input for a spatial analysis of interlocking Shari’a boards.

#### *4.1. Data source*

We retrieved our information from the Failaka Report (2008), which is to our knowledge the largest up-to-date source on IFS in general and Shari’a board membership in particular. The report contains information on 253 scholars in 212 Islamic financial institutions. The dataset not only provides information on fully-fledged IFS firms, but also on the broader affiliations of the sector with ‘conventional’ financial circuits. The latter clearly shows that ‘conventional’ interest-based finance aims to tap into the emerging IFS market through non-interest bearing ‘Islamic windows’ within their existing frameworks. Most of the firms in the sample, however, are Islamic institutions in the strict sense (Islamic banks, asset management groups, funds, Islamic *takaful* companies), together accounting for ca. 63% of the firms in the dataset. The second largest group (ca. 29%) consists of Islamic windows in conventional banks, offering Shari’a-compliant services. Further, a number of regulatory bodies (e.g. AAOIFI, Liquidity Management Centre, International Islamic Financial Markets, Islamic Interbank Money Market, The Islamic Fiqh Academy, etc.) which are of crucial importance for the IFS sector as a whole, are included in the sample (4%). Finally, the last group (4%) consists of business service firms that help sustain the daily functioning of the globalizing IFS sector. Examples of the latter include the international market advisors such as Dow Jones Islamic Financial Markets (DJIM), Dubai Financial Market, but also major APS firms such as Standard & Poor’s, who actively seek to tap into this market.

#### *4.2. Interlocking directorates*

Our purpose here is to focus on the networks in which Shari’a board services are created, sustained and disseminated across space. Because data on actual flows between cities is scarce, we read Shari’a board interlocks as a reflection or indication of financial ties, such as flows of ‘Islamic’ capital, sector-specific financial knowledge and travel of people, between key nodes in the network. To this end, based on the information in the data set, a nested approach towards these networks was taken, involving three consecutive steps: i) at the actor-level, we screened for multiple Shari’a board memberships; ii) these Shari’a board overlaps were considered to generate interlocking connections

at the firm-level; and iii) these firm interlocks were then ‘spatialized’ at the city-level, assuming that these inter-firm interlocks reflect actual flows within and between cities through the actions and movements of Shari’a board scholars. First, in order to detect interlocking, a 212 x 253 firm-scholar matrix was constructed. Mapping the interlocks showed that 199 of the studied firms have inter-firm linkages by their interlocking Shari’a advisory boards. 97 Shari’a scholars, sitting in two or more boards, create a total of 583 interlocks. More than half of these interlocks (51%) stems from a small group of 13 very active Shari’a scholars who all sit at more than ten boards. Prominent examples among the Shari’a elite are the Bahraini Shaikh Nizam Mohammad Saleh Yaquby who alone produces 49 interlocks (that is 8.4%); the Syrian Abdul Sattar Kareem Abu Ghuddah with 46 interlocks (7.9%), the Saudi Arabian Mohammed Ali El-Gari with 36 interlocks (6.2%), and the Malaysian Mohammad Daud Bakar with 33 interlocks (5.7%). The importance of the earlier mentioned Taqi Usmani speaks from his 16 interlocks (2.7%). In a second step we used the reduced firm-scholar matrix – only showing interlocking Shari’a scholars and interlocked firms – to construct a 199 x 199 firm-firm matrix. This matrix provides insights in how interlocking occurs at firm-level. Third, in order to generate a spatial network fit for further analysis, we assumed that Shari’a advisory board’s activities within a firm are very much centralized in the headquarters of the firm (compare with O’Hagan and Green, 2004, page 131 on corporate directorate interlocking), which leads to an approach in which interlocking primarily occurs where an IFS institution’s headquarters are located (see Figure 1).

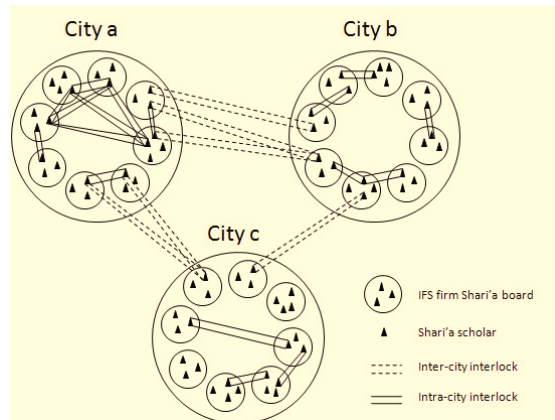


Figure 1 Basic scheme of intra-city and inter-city Shari’a board interlocking.

Aggregating the firm-level interlocks per city, we derived a 39x39 city-city matrix that shows how cities are being connected through the actions of Shari’a scholars. As a consequence, any cell in this squared matrix reflects the connectivity between two cities, whereby intra-city connectivity is also acknowledged (that is when a scholar sits on the board of two firms with a HQ in the same city). The analysis presented in the next section is based on this 39x39 matrix, whereby the relevance and meaning of the various intra-city and inter-city linkages will be discussed in more detail. For each city, the different inter-city connections in the matrix were aggregated to obtain an overall measure

of how a city is being networked by Shari'a elites. For reasons of clarity, this measure is expressed as a proportion of the most-connected city, that is Manama (which thus has a connectivity of 1.00). This connectivity score is not an expression of a city's position within the various intra-firm networks that run through it, but rather refers to a city's role as a site where the linkages between firms and regulatory bodies are actively produced through multiple board memberships of Shari'a scholars.

## 5. Results: Shari'a hubs in the transnational IFS network

In this section, we describe the main results as summarized in Table 1 and Figure 2. Table 1 ranks cities in terms of their total connectivity (the listed cities have a connectivity of at least 10% of the leading city), and thereby distinguishes between the relative importance of intra- and inter-city linkages. In addition, the number of IFS-related headquarters is also listed. Figure 2, in turn, reveals the geography of the inter-city linkages sustained and produced by Shari'a scholars.

Table 1 Most networked cities in the interlocking Shari'a board network

City	Gross Connectivity	Standardized Connectivity	Intra-city degree (%)	Inter-city degree (%)	HQ
Manama	2464	1,00	27	73	29
London	982	0,40	12	88	14
Kuwait City	876	0,36	39	61	24
Dubai	859	0,35	16	84	16
New York	666	0,27	6	94	8
Kuala Lumpur	594	0,24	33	67	30
Riyadh	490	0,20	20	80	11
Doha	257	0,10	6	94	7
Jeddah	250	0,10	6	94	6
Karachi	236	0,10	8	92	9

Taken together, Table 1 and Figure 2 allow for some broad observations about the geography of Shari'a board interlocking. First, although this network differs from the transnational office networks studied in an earlier analysis (Bassens et al., 2010b), the existence of global Islamic financial circuits and associated transnational Shari'a elite is confirmed: the interlocking Shari'a board network spans the globe, linking up the Middle East, Asia, Western Europe, and Northern America. Speaking in terms of Shari'a governance, the globalization of the IFS sector, sketched in section 3, is also characterized by a high degree of centralization, as only a limited number of cities are well-connected. Similar to international finance and its articulation in a rather limited set of IFCs, the above observation suggests that, from an organizational perspective, the Islamic finance sector is structured by a similar spatial logic. Second, Shari'a board networks can obviously be read as a reflection of the *spatial distribution* of Shari'a-compliant assets, size of retail and wholesale markets,

and hence IFS firm presence. Inherently, cities in the Gulf region, that is Manama (1.00), Kuwait (0.36), and Dubai (0.35), but also in Malaysia, such as Kuala Lumpur (0.24), are among the most-connected in the data set. However, the high connectivity of key cities outside what we intuitively geographically identify as 'Islamic' markets, such as London (0.40) and New York (0.27), suggests these are crucial sites to perform Islamic finance at a global scale. The definite 'global' character of these cities is exemplified by the share of inter-city links in their total connectivity, which contrasts with the more 'local' character of some other cities in the database (e.g. Kuwait City and Kuala Lumpur). Both evolutions indicate that earlier 'loosely knit' IFS networks, which took shape from the 1970s onwards, are now crystallizing and intensifying around, on the one hand, IFS hubs such as Manama, and 'conventional' world cities on the other hand, partly as a result of the transnational interlocking of Shari'a elites.

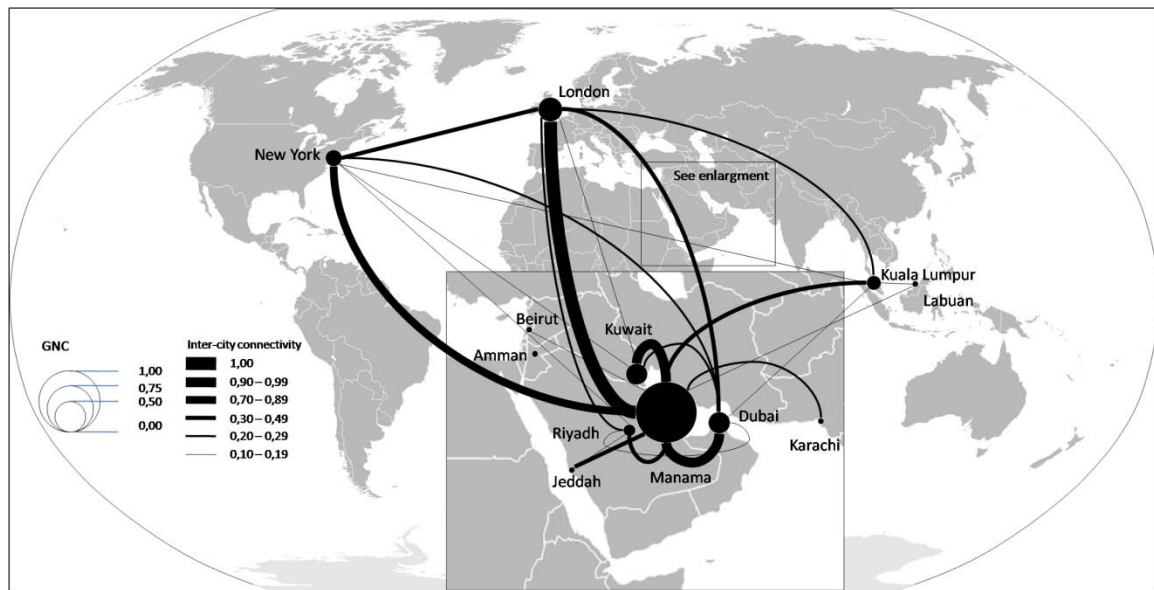


Figure 2 Major IFS centers in the interlocking Shari'a board network. Node size represents inter-city network connectivity, standardized by the highest value (Manama = 1.00). Line width represents inter-city connectivity, standardized by the highest value (Manama – London = 1.00).

Apart from these general observations, we now focus on the idiosyncrasies of some key nodes in the network. Manama's sizeable connectivity in both inter- and intra-city terms indicates that it hosts an influential Shari'a elite through which it plays a fundamental international standard setting role. The dominance of Manama as the Mecca of Islamic finance is a result of larger political and economic evolutions within the Middle East (Bassens et al., 2010b). As investors fled Beirut after the outbreak of the Lebanese war in 1975, Bahrain became the most important offshore centre in the region, thereby diversifying its economy away from oil. Tapping into the excess oil income in the region and driven by an Islamic revival, government policy and corporate financial expertise provided Manama with a competitive edge in the IFS sector as well, which is related to a well-developed legal

framework for Islamic finance (Warde, 2000, p. 128). What the current analysis shows, is that Manama is also a key hub of setting international standards for the future development of Islamic finance on a global scale. This is mainly a result of the great influence of regulatory bodies such as AAOIFI, the Islamic International Rating Agency (IIRA), the International Islamic Financial Markets (IIFM), and the Liquidity Management Centre (LMC) on the entire sector. AAOIFI in particular has produced the most centralized effort to issue standards that all Islamic financial institutions should comply with and implement (Hassan and Dicle, 2007, p. 37). These standards include (i) accounting and auditing rules for the IFS sector; (ii) governance rules, defining how Shari'a board supervision should be organized at the firm level (including appointment, composition, and reporting of the Shari'a Board); (iii) a code of ethics for financial auditors and employees; and (iv) standards concerning the actual financial practices, products, investments, etc. that fall under the concepts of Islamic banking, finance, and insurance (see website AAOIFI, <http://www.aaofi.com>, accessed April 26, 2010). IIRA, on the other hand, provides capital markets and banks with standardized rating instruments for the IFS sector (see website IIRA, <http://www.iirating.com>, accessed April 27, 2010). Ratings either refer to the creditworthiness of Islamic financial products and firms, or assess their Shari'a-compliance. In a rapidly changing and globalizing sector marked by product innovation, the dissemination of these ratings can be considered as an effort towards a uniform assessment criterion for both investment risk and Shari'a-compliance. Finally, both IIFM and LMC address the IFS sector's pressing need for well-developed liquidity management mechanisms (see website IIFM, <http://www.iifm.net>, and LMC, <http://www.lmc Bahrain.com>, both accessed April 27, 2010). Interest-bearing banks efficiently manage temporary surpluses/shortages by lending/borrowing on the inter-bank market or by buying/selling a variety of capital products, such as corporate and government securities. In a similar vein, IIFM and LMC therefore seek to develop a parallel inter-bank market for the IFS sector and also encourage securitization of Shari'a-compliant assets into tradable products such as *sukuk*. A key point here is that the influence of these regulatory bodies and agencies goes hand in hand with a high level of interlocking with Shari'a boards of individual IFS firms, both on intra-city and inter-city levels, within and beyond the Gulf region. Together, AAOIFI, IIRA, IIFM, and LMC account for more than a quarter of Manama's connectivity. AAOIFI alone is interlocked with 132 firms. As our analysis shows, the centralized efforts to create a Shari'a standards is not confined to the Gulf region per se. Rather, the Manama-centred Shari'a network spans the globe, linking up with financial centres along the Gulf, such as Kuwait City and Dubai, and also with New York and London. Although there is some degree of interlocking with Manama, the network position of Kuala Lumpur suggests that IFS developments in Asia are escaping the homogenizing force of Gulf-based institutions and regulatory bodies, and give room to other forms of Shari'a interpretation.

The most important Shari'a hubs outside the Gulf region are London and New York. In case of London, its position in the interlocking Shari'a board network reflects its role as an emerging hub for



Islamic finance more generally. This is partly a result of the actual presence of a growing number of fully-fledged IFS firms (e.g. European Islamic Investment Bank, Bank of London and the Middle East), but also through Islamic windows (e.g. HSBC, Lloyds Bank) that are designed to cater to the potential UK Muslim market and at the same time make their entrance in the world of high-street finance (Bassens et al., 2010b). Supported by government policy, legal adaptations have been made to create a level playing field for Islamic finance, including the elimination of double stamp tax for Islamic mortgages and, in the field of *sukuk* trading, juridical equalization with interest-bearing bonds (The City UK, 2009). As a product of deregulation since its 'Big Bang', London has always been a centre for financial innovation, thereby actively looking to channel and control global capital flows, as was the case earlier with the Eurobond market. Nowadays, with the international financial system shaking and power relations shifting, city policy makers and financial regulators are altering London's legal framework to attract oil-based investments from the Middle East. It has hereby willingly acknowledged the growing 'Islamic' character of a lot of those investments. In line with the UK's historical relations with the Gulf States (especially Bahrain and the UAE), London has become a crucial location for a number of (fully-fledged) Islamic banks, thereby linking The City up with IFS hubs along the Gulf, such as Manama and Dubai. The current analysis shows that the intra-firm links between the Gulf cities and London highlighted in Bassens et al. (2010b) do coincide with inter-firm connectivities through interlocking Shari'a boards. This suggests that The City (e.g. through financial service associations such as The City UK) aims to partially reinvent itself as a site where key IFS actors are welcome to pursue their innovative role in the rescaling of Islamic finance towards a global financial sector. New York's importance, on the other hand, is not so much a result of a large presence of fully-fledged IFS firms (only two in this database), but rather reflects the role of facilitating firms/institutions (Dow Jones Islamic Market Indexes (DJIM), MSCI Islamic Indexes, Standard & Poor's) and Islamic windows within the conventional sector. The Dow Jones Islamic Market Indexes (DJIM, founded in 1999) in particular plays a fundamental role in establishing a *global* benchmark for Shari'a-compliant investments. DJIM has appointed Shari'a scholars from the global elite to produce over 70 indexes with investment products that are *permissible* from an Islamic point. However, as was argued by Maurer (2003, p. 327), there is nothing really Islamic about the index: scholars basically screen existing indexes and filter out those products and firms that do not comply with the Shari'a or required performance levels, such as debt ratio's, etc. Nevertheless, our analysis indicates that the influence of the DJIM is related to intense Shari'a board interlocking between the DJIM and IFS firms and regulatory bodies such as AAOIFI, linking up New York as a financial centre with the IFS hubs around the Gulf, and especially with Manama. This can be read as an indication that firms and other financial actors in both IFCs are adopting Shari'a standards issued by these Manama-based institutions and associated scholars, whilst they are also well-positioned to influence the concrete outlook of IFS practices at a global scale.

## 6. Conclusions

The main purpose of this paper has been to flesh out one of many alternative ways of studying world city networks, articulated in 'other' (non-Western) parts of the world. Our analysis of the role and spatialities of interlocking Shari'a boards in the IFS sector has thereby been framed in the context of two major critiques of research that focuses on the geographies of firms with a predominant Western focus in terms of presence and practice. First, rather than merely focusing on cities' insertion into office networks of IFS firms, which formed the object of analysis of an earlier study (Bassens et al., 2010b), we have based our analysis on the key actors in the (re)production of financial world city networks through a study of interlocking directorates. World cities are not networked solely by harbouring numerous corporate headquarters per se, but rather because of the associations and bridging connections made by financial, business and cultural elites who are active in and between cities. In the context of the IFS sector, this implies a clear-cut focus on the particular role of Shari'a board scholars, who are interlocking cities through their activity in various corporate and regulatory advisory bodies. The second critique, primarily formulated by Robinson (2002), is mainly conceptual in nature: she argues that by equating 'Western' APS-driven urbanization processes with global economic processes, urbanization/globalization research has been narrowed down to the study of a few major metropolitan centres in the Western world. We agree that world cities research has indeed been unable to explain numerous processes outside the core regions of the world economy. Therefore, we have argued in this paper that in future research on global financial circuits a 'decentred' approach (Pollard and Samers, 2007) may provide a more adequate framework. The focus of our paper was on the IFS sector, which is rapidly developing in the oil-rich Gulf region (e.g. Bahrain, Saudi Arabia and the UAE), in fully Islamic economies (Iran, Pakistan), and in growing Asian economies such as Malaysia. This vantage point has produced an empirical analysis which covers key cities in the IFS network, notably Gulf cities, and some 'mainstream' IFCs, notably Sassen's 'global' cities London and New York, which play a fundamental role in interest-based financial markets, but are also increasingly interconnected with emerging global Islamic markets.

The most notable results of our interlocking Shari'a board analysis can be summarized as follows. First, on the actor-level, an analysis of the interlocking activity of Shari'a scholars has shown that there is evidence for the existence of a *transnational Shari'a elite*. These scholars are experts in Islamic law and have considerable (religious) authority throughout the *ummah*. Mainly as a means to enjoy customer credibility, both fully-fledged IFS firms and Islamic windows within and beyond the Middle East, employ these renowned scholars to sit on their Shari'a boards. As such, these high-profile scholars not only exert power through traditional *fatwas*, but they actually shape the face of a globalizing IFS sector as well, through their role in product screening and innovation. Second, on the firm-level, our analysis has highlighted the intense Shari'a board interlocking of a limited number of

regulatory bodies, which set the standards for the IFS sector. Through these interlocks, especially the Manama-based institutions AAOIFI, IIRA, IIFM, and LMC are able to influence Shari'a interpretation on a firm level. This reflects the centralized efforts of these institutions to create a uniform Shari'a interpretation with global standards, and shows that Manama constitutes the urban core of the IFS network. However, with the IFS sector as an emerging global player still in its infancy, the development of a unified Shari'a interpretation is far from complete. In fact, the geographies of Shari'a governance networks are influenced by the tremendous variance and nuances in Shari'a interpretation along sectarian fault lines, according to the dominant ideas within the various schools of Sunni Islam, and importantly, also according to its relation with the State. This explains, for instance, why the two main 'heartlands' of IFS, namely the Gulf region and Malaysia, are relatively poorly connected by interlocking Shari'a boards, being respectively considered more rigorous and more progressive in terms of Shari'a interpretation. Third, on the city-level, the interlocking Shari'a board network spans the globe and is articulated in a few crucial IFS hubs, both within the Middle East and beyond. Although the global reach of the IFS-based city network described by earlier *intra-firm* network analyses (Bassens et al., 2010b) is confirmed, the *inter-firm* interlocking network here presented is much more concentrated in a few global powerhouses, notably in Manama, London, Kuwait City, Dubai, New York and Kuala Lumpur. Manama is identified as a global reference point for the globalizing IFS sector, regionally through its interlocks with Kuwait and Dubai, and globally, through its connections with 'conventional' world cities, such as London and New York. Concerning the latter, multinational 'Western' banks play a key role in shaping the spatialities of IFS networks between mainstay world cities and emerging world cities in the Gulf in particular. These banks have been able to successfully enter the IFS sector by getting involved in networks of knowledge and authority that are crucial within the Islamic sphere, namely by employing members of the transnational Shari'a elite. Therefore, the emergence of Islamic financial circuits on a global scale (e.g. the jump to high-street finance) coincides with a high degree of interlocking of 'conventional' world cities in Shari'a networks, an evolution which will no doubt further shape the geographies and contents of IFS.

In sum, this paper has aimed to make a contribution to the study of the spatialities of 'global' (that is mainstream and 'alternative') finance in the world economy, from which we distil at least three recommendations for future research. First and foremost, in our opinion, a relational network approach may help us grasp processes of growth and decline, taking place in and between world cities, by exploring agency-based networks of knowledge and authority. Nowadays, in a rapidly shifting economy, we think this relational understanding of competition and complementarity is crucial when assessing the future of well-established world cities (e.g. London) and emerging (IFS) hubs in the Gulf and elsewhere. Second, although the emphasis was on actor-based networks, this paper has advocated the necessity of a nested approach in the analysis of world cities, taking into

account firms, regulatory bodies, individual actors, and the links between these various entities. The existence or absence of multiple actor-based ties in and between world cities lends them the ability to influence the spatialities of international finance, e.g. in the case of emerging niches such as IFS. We therefore argue that it is exactly the capability to answer to those 'other' existing or emerging financial circuits that puts some successful cities ahead of the game, especially within in light of major geographical shifts in the global economy and its articulation in world cities and IFCs (Derudder et al., 2010; Taylor et al., 2009). Third, as the study of IFS shows, globalization in the Middle East in general, and Gulf cities in particular entails more than increased integration in the world economy along the lines of 'Western' MNCs, NGOs, and International Financial Institutions. Nevertheless, while Islamic finance theoretically promotes itself as an alternative to 'mainstream' finance, the practice of IFS shows that this alleged 'separation' (e.g. no investment in interest-bearing products/banks) is in fact non-existent. As this paper shows, Shari'a governance networks that work to regulate Islamic financial practice, establish myriads of connections between IFS and 'conventional' finance. Instead of supporting discourses of separation, alterity, or perhaps even exotism, the existence of these networks confirms earlier claims about how both 'varieties of finance' are in fact heavily 'entangled' (Callon, 1998; Maurer, 2005), interconnected, and interdependent. Notwithstanding this entanglement, IFS, as a 'decentred' (Pollard and Samers, 2007) counter-narrative to 'the mainstream' and as daily practice, does however marshal financial influence of agents and firms in cities and IFCs outside what is generally understood as the core regions of the world economy. For these cities, insertion in global financial circuits, we argue, involves a process of negotiation, highlighting and reasserting existing religious and cultural value and knowledge systems (see also Jessop and Oosterlynck, 2008), which find their way in shaping the political economies of emerging cities in the region, and the financial circuits in which they are inserted.

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