Editorial

In the Name of Allah, Most Gracious, Most Merciful. In a comment published by Fitch Ratings in February 2021, low public awareness and lack of confidence in the Sharīʿah compliance of Islamic finance products were highlighted as the key challenges for the future growth of the Islamic finance industry. These challenges are found to be most prominent in least developed Islamic finance markets, contributing to low demand and the prevalence of a negligible Islamic finance industry.

Knowledge sharing and dissemination of information on the industry's practices are important building blocks in creating public awareness on Islamic finance. According to the ICD-REFINITIV Islamic Finance Development Report 2020, Southeast Asia maintains a lead in Islamic finance education and research – key components through which Islamic finance knowledge is assessed. Indonesia hosts the largest number of Islamic finance education providers, including those institutions which offer degree courses. In 2019, Malaysia produced the highest number of research papers on Islamic finance and featured among the top countries which are most discussed in Islamic finance research articles. Even at the level of *ISRA International Journal of Islamic Finance*, a large number of article submissions come from authors affiliated to Malaysian institutions, and they tend to discuss Islamic finance issues related to the Malaysian context. It is therefore through proactive efforts – not only related to Islamic finance knowledge but also in various other aspects – that countries such as Malaysia are advancing developments in the industry, and Indonesia is growing its Islamic finance market share.

One of the recent knowledge-sharing initiatives worth highlighting is the laudable step taken by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) early this year to make all of its standards – including Sharīʿah, accounting, auditing, governance and ethics – freely accessible on its website in both English and Arabic. Formerly, only its Sharīʿah standards were made available online on a complementary basis. By making the AAOIFI standards open access, Islamic finance stakeholders' awareness will certainly increase, which will help facilitate their adoption at a global scale.

The International Shari'ah Research Academy for Islamic Finance (ISRA) sponsors the *ISRA International Journal of Islamic Finance* as an open access journal which is included in the Directory of Open Access. No article processing charge or publication fees are charged to authors. This way ISRA is also doing its share of promoting Islamic finance knowledge within the academic community. It is supporting the publication, dissemination and practical usage of academic research in its optimal coverage.

This first issue of 2021 – Volume 13 Number 1 – publishes eight articles covering research on different topics of Islamic finance.

The first article is "Islamic banking's contribution to the Malaysian real economy" by Ibrahim Musa Gani and Zakaria Bahari. This research seeks to assess the dynamic contribution of Islamic finance to the growth of the real economy in one of the key jurisdictions leading the Islamic finance industry. Malaysia promotes a dual financial

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system where Islamic banking and finance garners the support of the different stakeholders of the industry, including the government. It is therefore important to determine the impact of Islamic banking development on the growth of the economy. This study uses 20 years of quarterly data to determine the short- and long-run relationship between Islamic banking indices and the real economy. The results in the short run show a non-significant relationship between the variables, whereas in the long run, it is found that Islamic banks' financing and deposits are positively and significantly contributing to Malaysian gross domestic product.

The second article is "Role of Islamic microfinance in women's empowerment: evidence from Rural Development Scheme of Islami Bank Bangladesh Limited" by Md. Saiful Islam. Bangladesh is well-known for its microfinance initiatives through the Grameen Bank experience. Islamic microfinance has also developed in the country as an alternative to interest-based microfinance to cater for the needs of low-income Muslims. This study aims to examine the impact of Islamic microfinance services on women's empowerment in rural areas in Bangladesh. It considers a sample of 389 women respondents who benefited from Islamic microfinance services under the Rural Development Scheme of Islami Bank Bangladesh Limited to retrieve data on the socio-demographic dimensions of the respondents, their occupation dynamics and the extent to which they have availed of Islamic microfinance services. It then evaluates the impact of the latter on women's empowerment, including economic, social and familial dimensions. The study highlights important findings such as the structural transformation taking place in rural Bangladesh as respondents' families are moving from agriculture to retail businesses to raise their monthly household income. Its findings also raise the question of whether women's increasing involvement in familial affairs may reduce the happiness of the family – an area for further research.

The third article is "The Fourth Market theory and interest rate benchmarking in the Islamic finance industry" by Ahmed Tahiri Jouti. It is common knowledge that the Islamic finance industry has been using conventional interest rate benchmarks for the pricing of Islamic financial products. These have been allowed by Islamic scholars to facilitate the operations of the industry, whereas concurrent efforts have been made to find alternative Sharīʿah-compliant pricing benchmarks. This paper delineates the key alternatives to interest rate benchmarking that have been proposed in the literature and discusses their relevance from both conventional and Islamic macroeconomic perspectives. It then challenges the idea that the development of alternative Sharīʿah-compliant profit rate indexes is sufficient to achieve the macroeconomic objectives of the Islamic finance industry. Instead of focusing on stand-alone product development initiatives, the paper rather calls for major changes in the economic rules and in the business model of Islamic banks that involve zakat and real economy market practices.

The fourth article is "Cash waqf model for micro enterprises' human capital development" by Mohamed Asmy Mohd Thas Thaker, Md Fouad Amin, Hassanudin Mohd Thas Thaker, Ahmad Khaliq and Anwar Allah Pitchay. This paper highlights the importance of human capital development (HCD) in upgrading and enhancing human capital capacity and skills of microenterprises. In Malaysia, HCD-related programmes in microenterprises are supported by both the government and the private sector. Nonetheless, microenterprises continue to face numerous HCD challenges that hamper their development. This paper leverages on the cash waqf concept to develop a sustainable model that could complement existing schemes in funding HCD initiatives in microenterprises. It proposes the development of an integrated cash waqf microenterprises investment model that channels cash waqf funds to the building of training centres with state-of-the-art technologies to run HCD programmes at subsidised costs to microenterprises in Malaysia.

The fifth article is "A bibliometric analysis of quality research papers in Islamic finance: evidence from Web of Science" by Bashir Tijjani, Murtaza Ashiq, Nadeem Siddique, Muhammad Ajmal Khan and Aamir Rasul. As the Islamic finance industry has been growing over the years, there has also been a growth of Islamic finance literature. This paper conducts a bibliometric analysis to examine this surge in Islamic finance literature. The analysis covers different aspects: publishing trends, countries producing research on Islamic finance, key authors, main contributing journals and institutions, authorship patterns, type and language of publications, frequently used keywords and articles with the highest citations. Data from the Web of Science database published over the period 1939–2019 have been used for the analysis. As expected, the research revealed Malaysia as the leading country with the most publication records. Most of the institutions producing research on Islamic finance were also found to belong to Malaysia. In the end, the article discusses the important implications that the findings may have with regard to future research development.

The sixth article is "Capital market and economic growth in Malaysia: the role of *ṣukūk* and other sub-components" by Yan-Ling Tan and Roslina Mohamad Shafi. This study contributes to the literature by adding *ṣukūk* as a subcomponent in the capital market when evaluating capital market development impact on economic growth. It considers capital market variables such as bonds, *ṣukūk* and stock market indicators over the period 1998–2018 to undertake the study in the context of Malaysia. Overall, the study reveals that stock market subcomponents affect Malaysia's economic growth the most. On the other hand, bonds and *ṣukūk* were found to have a positive but insignificant effect on economic growth.

The seventh article is "*Ṣukūk* on blockchain: a legal, regulatory and Sharīʾah review" by Sherin Kunhibava, Zakariya Mustapha, Aishath Muneeza, Auwal Adam Sa'ad and Mohammad Ershadul Karim. As the use of financial technology (fintech) has become more pronounced in today's world, the issuance of *ṣukūk* has also evolved to include blockchain *ṣukūk*, i.e. *ṣukūk* issued on blockchain platforms which employ smart contracts to execute functions in a transparent and reliable manner. This new development within the *ṣukūk* arena has brought about both advantages and risks. This paper attempts to explore the issues and challenges arising from blockchain *ṣukūk* from legal, regulatory and Sharīʿah perspectives. The paper proposes regtech, Shariahtech, legaltech and other kinds of suitable innovations to complement blockchain *ṣukūk* to mitigate existing risks and enhance the existing mechanisms when issuing this type of innovative *ṣukūk*.

The eighth article is "Enhancing zakat compliance through good governance: a conceptual framework" by Abdulsalam Ahmed Sawmar and Mustafa Omar Mohammed. The prevalence of governance mechanisms is crucial in ensuring trust between zakat payers and zakat institutions. Good governance practices help in influencing zakat payment compliance as zakat payers believe in the credibility and efficiency of the zakat administrators in collecting and disbursing zakat money. This paper uses the organisational legitimacy theory in the context of zakat institutions to demonstrate their legitimacy in administering zakat by embracing good governance practices to achieve the Sharīʿah objectives of zakat. The paper developed a model based on previous literature that explains the relationship between governance of zakat institutions and zakat payment compliance using trust as a moderator. The model constitutes of four governance mechanisms: board and leadership attributes, transparency and disclosure practices, stakeholder management practices and procedural justice. It is applicable to regulated zakat systems where the state has established zakat institutions and regulations for the collection and distribution of zakat.

We began this year with the good news that citations of the journal's articles in other publications have increased substantially over the recent years. This shows the growing importance of the journal, and it is certainly encouraging to know that the journal is reaching more readers and that the knowledge imparted in the articles published is having a positive impact on academic research.

On this note, we hope the journal continues to benefit the Islamic finance academic community, and we thank all stakeholders for their continued support.

Congratulations to the authors who have published in this issue and a pleasant reading to all.

Allah (SWT) is the Bestower of success, and He knows best.

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