

Moving on with Islamic Financial Criminology

By Prof Dr Normah Hj Omar

"Some people see things as they are and ask why.
Others dream things that never were and ask why not.
What your mind can conceive and believe, it can achieve"

Anonymous

The date: 1 April 2010; The venue: Main Ballroom, Putrajaya International Convention Centre (PICC), The time: 2.00 pm; The guest of honour: The Prime Minister of Malaysia, YAB Dato' Seri Mohd Najib Razak. The event: The honorable Prime Minister announcing the recognition of Accounting Research Institute (ARI) as one of the six National Higher Institutions' Centre of Excellence (HICoE). The Awards: HICoE grants amounting RM3.0 million per year for the next three years. We were all ecstatic. Then, it was announced that ARI is to focus on a specific niche research agenda: Islamic Financial Criminology. But what is Islamic Financial Criminology (IFC), Our journey as a HICoE began...

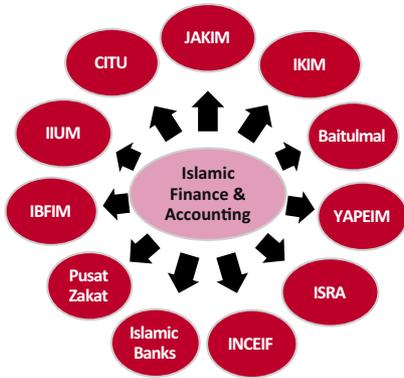


A Proud Moment:

HICoE Launching on 1st
April 2010 at the Putrajaya
International Convention
Centre (PICC)

Research in IFC was entrusted upon us as part of the government's long term agenda in making Malaysia a leading global hub in Islamic Finance. At the same time, the government is also concerned with the alarming statistics in financial crimes. As a HICoE, ARI has been chosen to lead two very important research areas: (i) Islamic Finance & Accounting and (ii) Financial Criminology. Basically, ARI has no major problem in conducting research in financial criminology; as it has always been our forte. Besides, IFC is supported by one of ARI's seven research centres: Asia-Pacific Forensic Accounting Research Centre (AFARe). In addition, we have been offering post graduate programmes in forensic accounting & financial criminology since 2006.

ARI members were initially skeptical if we could lead research in Islamic Finance & Accounting. One of the questions we asked ourselves was "How do we start from here?", We have been given a timeline: A Regional HICoE by the end of 2012 and a Global HICoE by the end of 2015. It is indeed a "tall order", but we must persevere. After much deliberations, we decided that it would be wise if we could visit and discuss with related agencies whose "core business" is either Islamic finance & accounting or/and financial criminology. With the help of several researchers from the university's Centre of Islamic Thought and Understanding (CITU), we set up a special interest group in Islamic Accounting & Muamalat (IAM). Through this newly formed special interest group, we visited several Islamic institutions such as the Department of Islamic Development Malaysia (JAKIM), Institute of Islamic Understanding Malaysia (IKIM), Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM), International Shari'ah Research Academy for Islamic Finance (ISRA), International Centre for Education in Islamic Finance (INCEIF), Islamic Banks and Zakat Centres.



Visit to JAKIM



Visit to IKIM

In the area of financial criminology, we also visited relevant organisations which include professional bodies, regulatory & enforcement agencies, banks and government/statutory bodies. Our first few visits had included agencies such as the Financial Intelligent Unit (FIU) of Bank Negara Malaysia, the Securities Commission (SC), the Royal Malaysian Police (PDRM), the Association of Fraud Examiners (ACFE), the Attorney General Chambers (AG Chambers), the Auditor & Accounting General Offices and the Malaysian Institute of Accountants (MIA). The visits have been very fruitful. In 2010, ARI has also been visited by two reputable organisations for possible collaboration – Deloitte (one of the Big Four accounting firms) and the Association of Certified Anti-Money Laundering Specialists (ACAMS). For the first year (2010) our IFC research collaborations had basically involved a lot of national agencies and at least two international partners at the Asian level.



Visit by Deloitte



Visit to ACAMS

Five very significant activities wrapped up ARI's first milestone (as a HICoE) for 2010: A research retreat in July 2010 at the Bukit Tinggi Resorts; an International Conference in Financial Criminology held on 14-15 December 2010; publication of the Malaysian Accounting Review Journal – special issue in December 2010, ARI's five-year (2011 to 2015) strategic planning meeting in December 2010 and two international research collaboration visits.

The Bukit Tinggi Research Retreat brought together thirty ARI researchers - comprising research fellows, associate fellows and ARI associates – to discuss our research direction. Premised on the need to build a strong research foundation in our newfound niche in Islamic Financial Criminology, we set an important criterion that all research projects must involve at least one research partner from among the practitioners and professionals. As a result, a

total of thirty seven (37) research proposals: 23 on Islamic Finance & Accounting and 14 on Financial Criminology. It was also decided during the Retreat that each research project would produce several “spin-offs” in the forms of (i) publication in indexed journals, (ii) publication in indexed proceedings, (iii) publication of concept papers, (iv) presentation at conferences and (v) innovation.



Bukit Tinggi Research Retreat

The International Conference on Financial Criminology (ICFC) is a yearly event organised by the Asia-Pacific Forensic Accounting Research Centre (AFARe). Since its inception in 2008, ICFC has received significant support both from prospective participants and practitioners. The 3rd ICFC was held in early December 2010 in collaboration with the Companies Commission of Malaysia (CCM) and ACAMS. Themed “Deterring Fraud from the Perspective of Islam”, the conference had attracted many international participants from as far as Nigeria, Hong Kong, UK, Singapore and Indonesia. More than 300 participants took part in the two-day event. It was also during the conference that ARI launched the publication of a special issue of the Malaysian Accounting Review (MAR) with a special theme of “Islamic Financial Criminology”. A total of thirteen concept papers on Islamic Financial Criminology were published.



International Conference in Financial Criminology 2010



Launching of MAR Journal Special Issue

In view of our long term commitment to drive ARI to greater height, ARI members went for another Retreat to discuss our strategic plan for the next five years. It was at the Awana Retreat 2010 that ARI members deliberated, discussed, planned and drew our Five-Year Strategic Planning 2011 to 2015. In tandem with the required Key Performance Indicators (KPI) that ARI has to fulfill, ARI Strategic Planning 2011-2015 drew two separate agendas for ARI as a whole (more generic) and ARI HICoE (with specific focus on Islamic Financial Criminology).



ARI Strategic Planning 2011 - 2015

For our generic agenda, ARI works closely with the Faculty of Accountancy through our seven research centres and seven special interest groups. The heads of respective research centres (FRRC, CGRC, AMARC, PSARC, GLCRC, AFARe and APCeS) and SIGs (IAM, SME, IAS, Audit, Finance, ICKM and Ethics/Accounting Education) working collaboratively with other faculty members. ARI HICoE on the other hand is supported by its three categories of membership: Research Fellows, Associate Research Fellows and ARI Associates. These researchers drive ARI's niche research in Islamic Financial Criminology. In 2010, ARI received membership support from other UiTM faculties such the Centre of Islamic Thoughts & Understanding (CITU), Faculty of Business management, the Faculty of Law and the Faculty of Information Management. There are also members from UiTM state campuses – UiTM Johor, UiTM Perak, UiTM Pahang, UiTM Kedah and UiTM Perlis.



To spearhead its international participation, ARI HICoE initiated two research visits in 2010. The first visit was to the Management Accounting Centre, National Taiwan University (NTU). NTU was chosen due to its reputable position in the Times Higher International Ranking. The two institutions have agreed to undertake a collaborative research project entitled "Characteristics of Target Costing and Dynamic Capabilities of Target Costing Adopters: A Comparative Analysis of Six Asia-Pacific Countries". The research project is supported by the Vice Chancellor's Special Project (VCSP).



International Research
Visit to ICPVTR, NTU,
Singapore



International Research
Visit to National Taiwan
University

ARI's second visit was to the International Centre for Political Violence & Terrorism Research (ICPVTR), Nanyang Technological University, Singapore. ICPVTR is a leading international research centre that leads research in countering economic crimes and terrorism financing. ARI and ICPVTR are involved in a joint research project entitled "Non-Profit Organisations (NPOs) Transparency and Accountability: Mechanism for Anti-Money Laundering Initiatives".