

PRIMARY RESEARCH

## Islamic Bankers to have the Prior Right to Justice and Fair Treatment

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“.... Give just measure and weight, nor withhold from the people the things that are their due ” (Qur’ān, 11:85)

*"Your employees are your brothers upon whom Allah has given you authority, so if a Muslim has another person under his control, he/she should feed them with the like of what one eats and clothe them with the like of what one wears and you should not overburden them with what they cannot bear and if you do so, help them in their jobs."* (Ṣaḥīḥ Bukhari; Kitab al-imān, No. 30)

### Keywords

Islamic Bankers Plight  
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Pakistan

**Abstract.** Islamic banking that has evolved for justice and fair treatment with all stakeholders has noticeably developed in Pakistan since its re-launch in 2002. In this perspective, employees and the general staff of Islamic banks have the prior right to be treated fairly and justly. JIBM editorial this time is focusing on whether the Islamic banks are performing this function or not. Using the Exploratory research method, the study finds that Islamic bankers at the lower and the middle levels are being increasingly exploited by the banks. Banks working under the capitalistic paradigm, it is the case of all countries with abundance of available HR that employees are forced to accept the ‘Submission Contracts’ (Al-Bann, 1981). It discusses the imperatives of socio-economic justice, Islamic banks’ profits, return paid to depositors, employees’ packages and the nature of treatment of the banks’ management with employees. Finally, some recommendations have been given for IBIs’ management teams, the regulator, and the State.

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## INTRODUCTION

Islamic banking has gained approval by international financial institutions, professional bankers and the academia, although it still facing the problem of general acceptability (Tahir, 2003). It may be because of the general focus of the practitioners on legal form of the business contracts, and lesser care for the underlying spirit of the transactions or economic substance, amounting to abusing the Sharī‘ah principles. Despite the efforts made over the last four decades, uncertainty prevails over what is Sharī‘ah compliant, and what not. The basic principle-to make money out of money is contrary to Islamic law and that wealth should accumulate from trade and ownership of real assets-is clear. But the modes, contracts and the processes used by the practitioners might be leading to the perception that both the systems are same in terms of the policies, processes and the outcome.



Risk sharing based intermediation between those who have excess money and those who need money for businesses tend to promote economic development. As such, for Islamic banking there has to be some shift from the maximization of shareholders' value to that of the "*aggregate welfare of the stakeholders*" (Grais & Pellegrini, 2006). But, keeping in view what Islamic banks are actually doing, Khan (2010) indicated, "*there remain substantial divergences between IBF's ideals and its practices, and much of IBF still remains functionally indistinguishable from conventional banking*".

It has to be the duty of the banking institutions using community's savings for their business to pay the society, in turn, by rendering CSR related services. In this context, employees and the general staff of the banks have the prior right to be treated fairly and justly. Banks cannot do justice with the public until they do justice with their employees and treat them fairly. Whether Islamic Banking Institutions (IBIs) are performing this function or not, is the concern of this editorial, focusing on the banks operating in Pakistan.

The network of Islamic banking in Pakistan by end December, 2018 consisted of 22 Islamic banking institutions; 5 full-fledged Islamic banks and 17 conventional banks having standalone Islamic Banking Branches (IBBs). The aggregate number of IBBs at that time stood at 2851 (spread across 113 districts). Their assets and deposits amounted to Rs. 2,658 billion and 2,203 billion, covering 13.5% and 15.5% respectively of the overall banking industry in the country (SBP, IBB, Sep-Dec, 2018).

Evolution of Islamic banking provided an opportunity to those serious in avoiding *ribā* in their business financing, investments, and to those doing job in banks as a means to earning *ḥalāl* livelihood. But practically, both categories of the stakeholders feel frustration due to one reason or the other. Possible implication is that Islamic banks could cover, over the 16 years since the re-launch of Islamic banking in Pakistan, only 14/15% of the total deposits of banking system in the country with 97% Muslim Population.

As the Islamic banking industry evolved, it was expected that demand for specially educated persons in Islamic commercial law and finance would increase considerably. We heard much in the media as also in Islamic finance conferences about the shortage of personnel well versed in Islamic law of contracts and the modern business and finance. But, Islamic banks generally preferred personnel with conventional background or graduates who could be better '*financial engineers*'. The objective behind such recruitments might be to tackle the Shari'ah advisors for getting Shari'ah approval by making the products more and more complicated (Khniifer, 2010).

Before discussing the need for fair treatment and social justice with the Islamic bankers in the current set-up of the IBIs in Pakistan, we will discuss the imperatives of socio-economic justice in Islamic framework, particularly for the Islamic banking practitioners. It will be followed by Islamic banks' profits, depositors return, employees' packages and the nature of treatment of the banks' management with employees, and finally the recommendations for IBIs' management teams, the regulator, and the State.

### **Imperatives of Socio-economic Justice in Islamic Framework**

Islam is a rules-based system providing detailed guidelines for maintaining good governance, successful and just economic system, respect for human rights, along with the freedom of choice in the light of the road map provided by Qur'ān and Sunnah. It provides guideline to the human beings regarding business, earnings, income distribution, private and public ownership, social and economic expenditures, taxation, finance, and consumption. It also guides on risk and reward sharing, sanctity of contracts, competition, poverty alleviation, codes of conduct for employers and employees, and the human and civil rights of both men and women.

The network of rules in Islam goes further to encompass the rules of seeking knowledge, no waste, no harm or injury, hard work and no fraud, cheating or abuse of property. These rules ordain cooperation, consultation, reciprocity, close contact and caring relations with other members of the society (Rehman & Askari, 2010). Islam thus requires both the employers and the employees to do their duty sincerely and give the other party its due right. Hard work by the employees has been equated to spiritual fulfillment; seen as a duty for all individuals capable of doing job (Wilson, 1982). The virtue of benevolence, in addition to other virtues like justice and truthfulness, has also been identified as the prime value that strengthens the social bonds in a society [Al-Qur'ān 2: 177; 2: 195; 2:261].

### **The Connotation of Justice in Employees' Perspective**

Both the Qur'ān and *Ḥadīth* repeatedly exhort the employers/seniors to treat the servants and subordinates well. Qur'ān refers to the natural law in terms of which some are rich and master, while the others are poor and servants so that *they may make use of one another for service* (43:32). In this respect, Islam suggests a special code for the workers and their rights and liabilities and urges for kindness to the servants and subordinates (4:36, 9:60; 24:58). Islamic banking that is nearer to the currently discussed Concepts of Social Responsibility (CSR), Socially Responsible Investments (SRI), and value-based financial intermediation tends to imply maximizing benefit for the general employees and minimizing harm.

The humans are required to respect the dignity and rights of others. The Prophet (PBUH) advised employers to respect their employees on the footing of brotherhood. In a long *ḥadīth*, he is reported to have said, "*Your employees are your brothers upon whom Allah has given you authority, so if a Muslim has another person under his control, he/she should feed them with the like of what one eats and clothe them with the like of what one wears and you should not overburden them with what they cannot bear and if you do so, help them in their jobs*" (Al-Bukhari, 2017). He also prohibited giving servants more work than they can bear, which includes relieving them and giving them enough time to rest. Islam thus requires the employers to give appropriate compensation to the employees for the work done, sufficient to satisfy their basic everyday needs (Syed and Ali, 2010).

In the capitalistic framework, workers/employees are generally under pressure to earn a living and therefore accept the employer's terms, because of limited opportunities, or

even their absence (Belal, 2005). Al-Banna<sup>1</sup> (1981) terms such employment contracts as the ‘*Submission Contracts*’, as the employers may be dictating the contracts in violation of Islamic rules. He suggests, therefore, that there has to be a guardian to negotiate the conditions of the employment contracts on behalf of the party or worker in the context of employer-employee relations. As all humans are subject to the same laws governing life on earth, all members of a society are equally entitled to live in sufficiency and dignity. Therefore, the State is bound to keep the difference between the rich and the poor within certain limits. While the State can introduce the rule in this regard, the best institution for implementing such regulations can be the unions/associations of the employees. Al-Banna (1981) concludes in this regard, "...a collective contract negotiated by a trade union with an employer contains all the Islamic merits, advantages and guarantees sought in such a contract". These societies working in Islamic perspective, unlike the communist perspective, would be free of class struggle, because of the common goal of both labour and management (Pp. 77, 78).

The main emphasis in employer-employee relationship being justice, Al-Banna’s notion of justice is socio-economic in nature that also captures class differences and inequalities (Syed & Ali, 2010). This notion is much different from an abstract Islamic idealization of justice as a moral principle, as reward of work has to be governed by Islamic ethics, which are based on the concept of justice. In this context, the word “*justice*” represents a proactive approach to save workers from exploitation (Al-Faruqi & Banna, 1984, p. 67). In this context, the employment terms should be such that workers get remuneration relatively sufficient for their genuine needs and have time for themselves and their families. Prophet Muhammad (PBUH) generally spoke about giving the body its share of rest by saying and your body and your family have a right on you (Al-Bukhari). Besides, when a person becomes too old to work, he must be compensated. Old age pension was implemented by the Second Caliph Umar who said: “*It is far from being humane to let one go helpless in old age after getting service from him in his youth*” (Khan, 2014).

### **Islamic Banks and the Social Justice**

Wajdi (2008) indicates that the Islamic financial institutions should uphold social objectives, promote Islamic values towards their staff, clients and the general public and contribute to the social welfare of the community, promoting sustainable development projects and alleviating poverty.

The widening gap between the rich and the poor, particularly since 1990s has resulted in social disparities, rampant corruption and the continuous decline in the status of the middle class (Belal, 2005). Financial engineering and the resultant ‘*financialisation*’ are the key tools for banking and non-banking financial institutions to increase their share in the national wealth in developed as also developing economies. As indicated by American Minister Emry (1980) about banks, “*money manufactures have no limit on their profits, since a*

<sup>1</sup>Jamal al-Banna is the brother of Hassan Al-Banna; he has written much on the rights of labour and trade unionism (Belal, 2005).

*few cents will print a \$ 1 bill or a \$ 10,000 bill* <sup>2</sup>". The extraordinary scale on which big banks have been rigging interest rates and foreign-exchange markets and ripping off their customers is almost beyond comprehension (Plender, 2015).

When efforts were made to evolve Islamic banking in 1970s, it was perceived that Islam's risk and values based system, free of interest, short selling and gambling; would bring the change in the system while undertaking business in real assets and goods useable by the human beings. The ethical foundation of Islamic banking requires that all stakeholders involved in the intermediation process must behave ethically. Islamic banks need to be aiming at social welfare while pursuing commercial objectives for their sustainability. It is because their performance cannot be hailed on commercial success unless the achievements of the social objectives are at the same level. *"The distinct attributes of Islamic banking could make it better adapted to the local environment, not only in Islamic countries, but also in low-and middle-income non-Muslim countries"* (World Bank and Islamic Development Bank Group, 2016). It may be the reason that as per the Vision and Mission statements of major Islamic banks in Pakistan like Meezan Bank and Al-Baraka Bank, the objective of Islamic banking is to facilitate implementing an equitable economic system, providing a strong foundation for establishing a fair and just society for mankind.

Practically, however, Islamic banking evolved on the capitalistic paradigm making ' *profits maximization*' the sole objective behind the change process. We see, as such, that replicas of all interest and short-selling based conventional products are available in Islamic finance with some degree of difference in different jurisdictions/markets. *Although growth is one of the foremost aims in business, the mentality of growth at any price can warp the thinking of otherwise honorable people* (Bruner, 2010).

### **Islamic Banks Profitability, Profit Pay-outs and Bankers' Remuneration**

Commercial banks in Pakistan are earning huge and increasing profits. According to the SBP's Islamic Banking Bulletin (October-December 2018), Islamic banking industry in Pakistan recorded Rs. 34 billion Profit before tax during the quarter of Oct-Dec. 2018 compared to Rs 23 billion in the same quarter in 2017. As at end December 2018, Islamic banks' return on equity (before tax) stood at 22.3 percent against 17.4% of the banking industry as a whole. Further, the ratio of their operating expense to gross income came down to 62.9 percent, from 65.1 percent in the quarter ending on September, 2018 .

While focusing on high profile depositors, IBI's have been increasingly getting their Current Accounts deposits, thus earning huge returns for themselves. Aziz, Husin and Hashmi (2016) compared performance for the years 2006 to 2014 based on banks' ROE, ROA, EPS, Spread, etc; and recommended that that *"Islamic banks need to focus on fair distribution of profit to their depositors in order to increase credibility and help in achieving overall Islamic socio economic objectives of justice and equality."*

<sup>2</sup><https://www.bigeye.com/bankers.htm> Emry (1926-1985), America's Christian Identity minister for 18 years, was associated with the America's Promise Radio and Lord's Covenant Church. The quotation is from his sermon (Billion for Bankers and Debts for People...), which he gave a number of times and there are some differences between the same.

The interest based banks have been paying on saving accounts based on the SBP instructions given vide BPRD Circular No. 07 of 2013 [50 basis points below the prevailing SBP Repo Rate (Interest Rate Corridor Floor). With the policy rate of SBP at 12.75 (ceiling) and Floor rate at 10.75% as from May 21 till 16th July 2019, the conventional banks were bound to pay 10.25% on Savings deposits. As per HBL's Instruction Circular dated December 31, 2018, the profits rates to be given during Jan, 01 to June 30, 2019 to different categories of Savings deposits, 5 years deposits and 10 years deposits ranged between 8.0 - 9.60%, 8.5 - 10.50%, and 9.75 - 13.50% respectively (prior to the recent increases in Policy rate). As against this, the IBIs were paying average rate of around 5% per annum (May 2019), of course higher than around 2.5% p.a. in May, 2018 when the SBP reverse Repo rate was 7%)<sup>3</sup>.

For the purpose of analysis of the pay and packages, we will be distributing Islamic bankers into three main categories, namely the banks BoDs, the management teams represented by the CEOs, and the banking personnel in general like Relationship Managers (RM), Business Development Officers (BDO), Customer Support Officer (CSOs), Cashiers, Branch Service Officer (BSOs), Sales Executive (SEs), etc. The BoDs hire such management team that could maximize the share of the bank in business and the profits in the market. The Sharī'ah aspect is neglected implicitly, and sometimes, even explicitly when the Sharī'ah advisory team is pressurized in terms of job security, package, perks and the pay enhancements.

### Islamic Bankers Plight

The major problems facing employees in banking sector pertain to work-life balance; pay & benefits; job security; poor work environment and the top management's behavior. All this leads to '*bread and butter issue*' for the common Islamic bankers. The pay packages and bonuses are generous at the higher level in hierarchy at the cost of common shareholders, depositors and the employees. Most of the banks also offer to the top management house rent, utilities, medical facilities, household equipment, free membership of clubs, etc. Shaukat Tarin, former finance minister of Pakistan and now adviser to Silk Bank has been reported to have said, "*On average, a bank president could be presumed to earn between Rs70m to Rs100m a year; — most banks do not show what really amounts to the icing on the cake: Bonuses paid at 50 to 100pc of the yearly pay package*" (Hussain, 2016).

The salary of the top bankers and CEOs showed handsome growth also in 2018 (Rahman, 2019). While the highest amount of Rs. 240 million (20 million per month) was paid as salary to the CEO of the HBL, Meezan bank's CEO drew a salary of Rs. 74.75 million in 2018, Rs. 0.9 million higher than in 2017, [In 2012, his annual remuneration was Rs 99.7 million making him the country's second highest paid banking executives (Alam, 2014)]. Even the central bank's officers are not getting that much benefits and financial packages as the higher level bankers are getting. This reveals the reward for making money for the bank owners, even by coercing the lower level staff and exploiting the depositors.

<sup>3</sup><https://www.sbp.org.pk/ecodata/OVR-Repo-History.pdf> (accessed on 12th June, 2019)

The officials at lower level work for petty wages (ranging from Rs. 16000-25000 per month in different banks). They are denied even the payment for over-time for the work done in extra hours<sup>4</sup>. The Government of Pakistan, in the latest budget (2019-20), suggested lowering the threshold of taxable salaried income from 100,000 to Rs 50,000 per month which has further added to the problems of lower and middle level employees (The Dawn, June 12, 2019). Bankers have to work around 10 hours a day, on average, wearing suit/dress trousers, dress shirt, with necktie, which of course involves cost, even in extreme summer season, referring to the need for suitable transport facility. It is pertinent to note that the government enhanced this year the minimum wages to Rs.17500 per month that is generally considered to be the remuneration to unskilled and uneducated labour. Paying the petty amounts of Rs 16000-25000 or so to the educated youth is sheer injustice.

The nature of business targets/KPIs given to Islamic bankers included: Deposits in general; C/Ac, CASA, Business Plus/Accounts (remunerative C/As); Premium customers [maintaining deposits (Rs.3 million) or above]; Banca/*kafālah* policies; Portfolio investments (Bank's own subsidiary, or other banks'); business by way of financing - Auto Leases, DM Housing finance, Corporate financing; Credit Cards, Clean financing to employees of public and private sector; Smart cards and Consumers services like message alerts, etc.

All material benefits are only for those employees who can tolerate the grueling, mindless work for higher and higher business and profit. If one is adding to the business/profits, may be even by compromising on the Sharī'ah principles, gets reward in the form of enhanced pay and promotions. It's what an employee exclaimed in this regard, "*The most enjoyable part of the job is when I complete my monthly targets.*" It's because, one could be fired in the case otherwise.

As a result, keeping in view the impulsive demand of the banks owners, all bankers have tendency to behave and implement the Islamic principles to suit the requirement for business transaction at hand. Some targets cannot be achieved without telling lie, holding any material information or even by deception or false information. The most serious product in this regard is *banca takāful* of the IBIs (except that of Meezan Bank<sup>5</sup>) that emerged as a cause for new white collar crime area of kick-backs and commissions in the banks. The policy holders reach the break-even only after 5-7 years, as roughly 15 years' and 5 years' fees are taken in the first and the second years of 20 years *takāful* policies. Surrender value after the payment of first contribution is around 10-15% (JIBM Vol 6, No. 1, 2016, ARCHIVES section). Similarly, targets for getting portfolio investment for any mutual fund or investment bank has no concern with the banking business. Further, insistence on C/As as target is against the philosophy of Islamic banking as the banks get the whole earning, while the depositors get impression that even bankers themselves might not be sure about the Sharī'ah compliance of their business.

<sup>4</sup>It is pertinent to indicate here that excellence for enhancing business and earning halal profits is no issue at all; the issue is giving due share to the stakeholders including employees, depositors and the shareholders.

<sup>5</sup>At the time of the study in 20016, the *kafālah* policy of Meezan Bank was the only exception in which no fee was charged from the policy holders and hence an easy exit option any time was available with payment of 100% cash value along with the profit, if earned.

To highlight the problems facing Islamic bankers in general, we give comments of some of the former employees of various IBIs in Pakistan (names of the banks withheld):

- 1) A CSO from Multan (ABC Bank) expressed his views: *“I worked for about 2 years at bank—it’s really difficult to survive and work under those seniors who have no ethics and have no possible ideas and procedures to cope up with the work load. Blame Game was on, so it was really difficult for a sincere and hard worker to continue.”*
- 2) An In-charge Operations (ABC Bank): *Bank is maximizing its profit at the expense of its staff. Staff is highly burdened in terms of job and at the same time extensive pressure from the management. Despite the high profits, banks compensation to the staff is extremely poor.*
- 3) A former mid-level banker (ABC Bank) said, *“...There is no check on the supervisors that how they are treating their subordinates which sometimes is a problem for lower level employees. ... barriers in communication with the management.”*
- 4) An Executive Secretary ABC Bank): *Work life balance is disturbed due to long working hours. People are not getting market compatible packages.*
- 5) A Trade Officer (XYZ Bank), *“We sometimes feel exploited and underpaid; Management seem to have their favorites. Salary increments are low and not in accordance with Staff performance and commitment.”*
- 6) An employee at EF Bank, *“With its poor work environment and mismanagement the employees suffer in their daily life, resulting poor productivity at work and less time at home disturbing family life. Due to shortage of staff—the hardest part is to handle independently multiple tasks at the same time.”*
- 7) A Teller services Officer (LM Bank at Jhelum), *“minimum salary and no care for the employee; I resigned as teller services officer due to low salary and long working hours.”*
- 8) And the most serious of all are the views of an experienced commercial banker who switched from a big commercial bank of the country to an IBI, *“...Sometime I feel that my switch over decision was wrong because there was no deception—; But here, we have to tell a lie, or resort to deception to sell products and save our job, all people in the network, also including the Sharī‘ah people, are serving the ‘saith‘ maximizing the bank’s profit with almost zero commitment for Sharī‘ah principles in reality.”*

The last point is the serious issue and indicates the real plight of Islamic bankers as generally they are made to compromise on the Sharī‘ah spirit on the bases of different terminology.

### **Employees Rights in terms of National and International Labour laws**

Appropriate wage, sufficient for meeting the basic sustenance, health and children’s education is the right of all employees. Article 38 of the Constitution of Pakistan requires the State to secure well-being of the people by raising their standard of living, preventing the concentration of wealth in the hands of a few to the detriment of general interest and by ensuring equitable adjustment of rights between employers and employees. Under the Factories Act, 1934 no worker can be required or even permitted to work in any establishment in excess of nine hours a day and 48 hours a week (also including the overtime).



In countries like Pakistan with abundance of available labour force and high rate of unemployment, employees have no choice but to work under tremendous strain and accept lower compensations. Meager payments of around Rs. 30,000 made to the graduate and even post graduate employees of banks, for long hours, just because they agree on that amount, while the higher management of the same institutions gets even 1000 times more than the lowest paid employees is tantamount to sheer exploitation of and injustice with the needy and helpless. Peter Drucker advocated a ratio around 25 to 1 (in a 1977 article), 20 to 1 (in a 1984 essay). In the World Economic Forum, 2014 (Davos) this was referred to as “*The Drucker principle*”<sup>6</sup>.

### **Global Move for Relieving Hardships of the Labour**

As the capitalism and the ‘*profit maximizing*’ approach strengthened globally, exploitation of the weaker sections in the societies, also including the banking staff, increased. To undo the bad effects, the non-profit organizations (NPOs) and even some regulators/state institutions in the West have been doing efforts to redress the problems faced by the bankers. In Britain, for example, the *Bank Workers Charity* (BWC), working across four pillars of workplace wellbeing: psychological, physical, social and financial, is active to support the wellbeing of the banking community. “*Virtually every bank (in UK) now has someone in a senior role taking responsibility for the wellbeing agenda. This was simply not the case five years ago*” (BWC, n.d.). Such NPOs tend to emphasize upon the banks that a meaningful and sustained employee wellbeing strategy is not an extravagance, it’s a business imperative.

In Pakistan, however, the regulator [apparently to undo the bad effects of over-active trade unionism in the nationalized banking sector in Pakistan from mid 1970s till late 1990s] assisted the banking institutions to implement whatever HR related policies (recruitment, timing, firing, promotions and packages) the latter might wish. Banks’ HR related policies as also the financing and the profits distribution lack too much in terms of justice/equity, disclosure, transparency and other CSR related aspects. Common people are lured by sales staff to provide cash credit, Credit cards, *banca* assurances/*takāful* and even the consumers credit for lease of vehicles. As a result, many of the stakeholders have to suffer undue loss.

The bank employees are devoid of the rights that are available to them under Article 17 of the Constitution of Pakistan (right to exercise the freedom of association and the right to form unions). Section 27B of the Banking Companies Ordinance 2002 bans all trade union activities in financial institutions. Now the employer is free to do any injustice in terms of pay, time and the job security. Banks’ management teams exploit the employees by giving small pay and irrational business targets. It is against the rules of the Sharī‘ah as also the ethical norms, and particularly painful if Islamic banking institutions do the injustice. Labour related affairs are regarded as a ‘concurrent subject’, which means that it is the responsibility of both the Federal and Provincial Governments. It’s also against the Articles 87 (Freedom of Association and Protection of the Right to Organise Convention) and 98 (Right to Organise and Collective Bargaining Convention) of the International Labour Office (ILO) Convention.

<sup>6</sup><https://urlzs.com/nRfvK>

To conclude, the work environment for the bankers at lower levels is becoming increasingly grave. Particularly, the Islamic banks' white collar and support staff getting small packages are forced to live miserable life. If Islamic banking stands for socio-economic justice, which is the stance accepted by its peers as also the researchers in general, Islamic bankers as one of the stakeholders have the prior right to justice and fair treatment. Profit maximization has to be mediated by concerns for the welfare of the employees and the society at larger, and should not be an overriding priority of banks (Syed & Ali, 2010). It requires emphasis on ethical conduct of employees as well as employers.

It is the duty of the State and that of the regulator to maintain human dignity and alleviate conditions that hinder individuals in their efforts to fulfilling the basic needs for living decent life (Said, 1972). We suggest the following in this regard:

To control the current epidemic of overpaid executives, the State and the market regulators may consider for fixing the highest package for the banks' management team members, may be not over Rs 5 million per month, and a maximum gap between the lowest and the highest paid personnel in any bank. For example, if the gap is decided as 1-200, and the CEO's package is Rs 5 million per month, no one in the bank would be getting less than Rs. 25000/-. It would benefit both the employees as also the general shareholders who would be getting larger share in the profits. The employees getting up to a certain level [may be 4-200 in the limit we suggested above] may also be paid for the extra time in case they sit for doing any indispensable job.

Job insecurity causes 'bread and butter' issue for the employees leading ultimately to class-rift and social unrest in societies. Hence, the banks may not be allowed to get resign forcibly or fire any employee without giving proper show-cause notices and necessary procedure after that. Over the last decade, it happened that a Group Head in a bank moved to another IBI and took along with him a large number of colleagues in the former bank to the new one just to get deposits due to personal links thus firing the dozens of employees already working there. In next one/two years, however, when they could not perform the overambitious targets, IBIs took resigns en-bloc from hundreds of employees without a notice of single day even. Particularly the targets pertaining to *banca* policies, investments with mutual funds, or the premium/business customers maintaining C/As are not rational.

To move forward in this direction, healthy trade union/officers' association activities need to be allowed to serve as *a guardian to negotiate the conditions of the employment contracts* (Al-Banna, 1981). It would not only help in fulfilling the Sharī'ah injunctions regarding justice and fair treatment with the subordinates, but would also mean implementing the Provisions of the Constitution of Pakistan and the international labour conventions as we indicated earlier. Third-party contracts were earlier limited to security and the janitorial staff, but the Tellers and some other positions are being increasingly converted to this system, which is highly exploitative. Employees are required to work for longer hours against lesser wages vis-à-vis the regular employees. Supreme Court of Pakistan declared illegal such recruitments in 2018 under Articles 3, 4, 9, 25 and 38 of Pakistan's Constitution. For the rule of Law, the judgment of the apex court has to be implemented.

The whole scheme of business targets need to be reviewed by a joint team of banks management, employees' representatives and the State Bank of Pakistan. As the main function of a commercial bank is safety of depositors' savings with potential of risk based investment returns, the so called *banca takāful* product may be excluded from Islamic banks business. Similarly, other KPIs or the targets need to be revisited keeping in view the features of the underlying contracts as per Islamic law.

State Bank of Pakistan did an excellent and tedious job of preparing a comprehensive governance framework (State Bank of Pakistan, 2015) for ensuring Sharī'ah compliance of Islamic banking practices. However, the perception of the public, Sharī'ah scholars in general, even the IBIs' employees themselves, and the opinion makers has not changed. IBIs are facing problems and have concerns while working in the dual system. We consider that now SBP needs to move to transform to the entire banking system to Islamic principles. To the extent of banking operations for individuals/consumers and the corporate sector, the conventional (NIB) banks may be instructed to use the Islamic modes like the IBIs, instead of 32 documents implemented in 1980. For the public sector financing, SLR related issues, etc; however, separate strategy needs to be devised with some juristic relaxations for the time being (due to huge stock of public debt) and structural changes in the banking system (see JIBM editorials of last few Issues).

The regulator may take urgent steps towards balancing the banks-employees relationship and relieving the plight of the bankers in lower and middle cadres. Some banks have been reported to be providing necessary facilities to the female staff, but many are coercing them to late sitting till night facing otherwise the risk of job loss. This is a serious socio-economic issue and needs to be taken care. The relationship between the employer and employees should base on the Prophet's saying, "*meet your obligations while not overlooking your entitlements* (Syed & Ali, 2010)". The State Bank may like to implement this in the banking sector.

Lastly, the State Bank may like to advise any one basis for the Sharī'ah opinions may be the AAOIFI's Sharī'ah standards, enhance the role of its Sharī'ah Advisory Committee (SAC) for creating homogeneity in terms of business products, and remove the conflicts of interests in the Sharī'ah advisory system of Islamic banks. It would help in alleviating the Islamic bankers' plight both directly as also indirectly.

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