



Development, Globalization, and Islamic Finance in Contemporary Indonesia

A Public Lecture presented by Thomas Pepinsky,
Cornell University

The global spread of Islamic banking has transformed the financial systems of Muslim countries. Despite an abundance of theoretical research on how Islamic finance operates, we know relatively little about Islamic finance from the perspectives of ordinary Muslims. The accepted wisdom is that the rise in demand for Islamic financial products is a result of religious revivalism. An alternative is to approach Islamic finance as a phenomenon embedded within wider processes of social change—in particular, modernization and globalization. Drawing on original survey data from Indonesia, I demonstrate that there is no evidence that religiosity or piety has any role in shaping individual use of Islamic finance products. Instead, class and international orientation drive the demand for Islamic finance among ordinary Indonesians. These findings are consistent with Fealy's (2008) interpretation of Islamicization in contemporary Indonesia as driven in part by “commodified religion” and “aspirational piety.”

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3:30 pm

Freehills Lecture Theatre
All Welcome, Free Admission

Thomas Pepinsky is Assistant Professor in the Department of Government at Cornell University (Ithaca, NY, USA) and Associate Director of the Cornell Modern Indonesia Project. His research lies at the intersection of comparative politics and international political economy, with a focus on emerging markets in Southeast Asia. He is the author of *Economic Crises and the Breakdown of Authoritarian Regimes: Indonesia and Malaysia in Comparative Perspective* (Cambridge University Press, 2009). Other representative publications include “Aerial Bombing and Counterinsurgency in the Vietnam War” (*American Journal of Political Science*, 2011), “Capital Mobility and Coalitional Politics: Authoritarian Regimes and Economic Adjustment in Southeast Asia” (*World Politics*, 2008), “Piety and Redistributive Preferences in the Muslim World” (*Political Research Quarterly*, forthcoming), and “Decentralization and Economic Performance in Indonesia” (*Journal of East Asian Studies*, forthcoming). His current research tackles two broad agendas: Islam and contemporary Indonesian political economy, and the politics of the Great Meltdown of 2008 in Southeast Asia and beyond. For 2010-2012 he is a Research Fellow of the National Bureau for Asian Research (USA).