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## Inayat U. Mangla

Haenicke Instititue for Global Education

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## Complexities of global unraveled by business pro

Captivated by the economic culture he encountered in the mid-1970s while studying in the United States as a Fulbright Scholar, Dr. Inayat U. Mangla, a native of Lahore, Pakistan, joined Western Michigan University's faculty in 1985 and has become an internationally recognized expert on global financial markets.

After earning his Ph.D. at Michigan State University in 1977, Mangla returned to Pakistan to teach at Quaid-i-Azam University, Islamabad. Three years into that position, Mangla became concerned about the ideological direction QAU was being pointed to by the then Chancellor of QAU and the President of Pakistan 'General Zia-Ul-Haq' a military dictator. So, he resigned and moved to Toronto, Canada. He taught business economics there for a few years at York University, before moving his family to Kalamazoo in 1985 to become an assistant professor of finance in WMU's Haworth College of Business.

Over the course of his nearly 30-year career at WMU, Mangla has been the recipient of three Fulbright awards, one of which took him back to Pakistan in 2010 to conduct research on Islamic finance, banking and financial markets in emerging countries. He spent one semester as a visiting professor and Senior Fulbright Fellow at the Lahore School of Economics and presented several seminars, including one titled, "Islamic Banking and Finance." Mangla's proposal was originally awarded funding for July 2001—an offer which was retracted in the aftermath of 9/11, and he instead spent his sabbatical in Dubai, UAE.

"Pakistan was a wonderful country in the 1960s and early 1970s and a close ally of the U.S.," Mangla said. "It was typical to have 50 to 60 Fulbright scholars from Pakistan come to the U.S. each year. When Zulfikar Ali Bhutto was in power, he forged relationships with China, and relations with the U.S. began to deteriorate;

relations have been on and off ever since. Nevertheless, Pakistan played a bridging role in the famous, secret visit of President Nixon to Beijing in 1973. I was interested in going back to Pakistan because it was strategically important to the U.S. and I believed the U.S. had two options about how to proceed—ignore Pakistan, or use every opportunity available to keep delivering the sermon about the positive aspects of democracy and western values."

Mangla has made five visits to Pakistan on behalf of the University, often leading a delegation of faculty and administrators interested in establishing new research and educational partners. In 2000, Mangla led a seven-member delegation that included WMU's provost at the time, Dr. Timothy Light, on a visit that resulted in the development of a twinning program in collaboration with the University of Lahore. "We welcomed the first group of nearly 40 Pakistani students to WMU's campus

in fall 2001,” he said. “The program was very successful through 2005, when it was suspended due to complications caused by the wars in the Middle East.”

An avid researcher, Mangla has already presented five papers in 2012-2013. He has published more than 45 articles in various journals, including the “Journal of Asia-Pacific Business,” “Financial Analysts Journal,” “Journal of Financial Strategic Decisions,” “Journal of Applied Economics,” and “Pakistan Development Review.” His principal teaching areas are financial markets, quantitative finance, capital markets, and financial management. His

Mangla. “These five years have been the roughest since the Great Depression. As a policy response to these economic disasters, the stock market crashed resulting in poor economic performance in the U.S. and countries on the west side of the Eurozone. There are five central banks in control—the U.S. Federal Reserve Bank, Euro Central Bank, Bank of England, Bank of Japan and People’s Bank of China. These central banks have tried to do damage control by massive quantitative easing. They have increased their balance sheets from \$3 trillion in 2007 to more than \$11 trillion, currently, which basically means they are printing

determined rate of return,” he said. “That contrasts greatly with the Islamic banking and finance model, which operates more like the stock market or a mutual fund, where profits and losses are shared. Islam prohibits a guaranteed rate of return for investments. Islamic banking and finance is now a \$1 trillion industry. Publications like The “Economist” and “Standard and Poor” forecast that to grow to \$4 trillion by 2020. Several major western banks have jumped on board to attract their business.”

A recipient of research awards from the Haworth College of Business, Mangla plans to scale back his teaching load to half-time beginning in the fall 2014 semester and to retire as professor or emeritus in 2016. Until then, he plans to remain an active researcher who translates his findings into real-world material that he can present in the classroom.

# Islamic banking and finance

## Professor from Pakistan

teaching experience has been bolstered by overseas appointments in Japan, Malaysia and Singapore, where he taught courses for WMU’s MBA program five times, and through seminars offered at Sunway University in Malaysia that attracted more than 200 students.

In recent years, Mangla’s research has been focused on two areas: The U.S. and global financial crisis of 2007-09; and, Islamic banking and finance.

His research on the global financial crisis, which spread to the Eurozone over the last three years, has been fine tuned to zero in on the direct effects of quantitative easing on economic growth, employment, price stability, as well as the effects on stock markets and asset prices, and exchange rates.

“Quantitative easing by four major central banks is a grand new experiment in the history of financial management,” says

money to lower interest rates and stimulate the economy. I predict that the next major war is going to be a global war on exchange rates to ensure countries can compete in the world’s international trade activity.”

Mangla is also carefully examining the resurgence of Islamic banking and financial principals that has taken place over the last 40 years. He said those principals contrast sharply with conventional Western banking principals and they are essential to understand because Muslims represent one-third of the world’s population of approximately 6.8 billion people. In March 2013, he presented a paper on this topic at the Academy of Finance conference in Chicago titled, “Islamic Banking and Finance Revisited after Forty Years: Some Global Challenges.”

“Conventional banks and financial institutions pay out interest on deposits and collect interest on loans based on a pre-

“I live in the real world studying financial, economic, social issues, and political economy problems—the areas that affect all of us day by day,” Mangla said. “For the last 12 years, the global economy has been struggling with these kinds of challenges, a task which requires stamina and sustained efforts. I am always looking for solutions through my teaching and my research.”

His most recent article, “Extreme Loss in Financial Turbulence—Evidence from the Global Financial Crisis,” was published in the May 2013 issue of Managerial Finance. ■

