

ISLAMIC ECONOMICS AND FINANCE IN 21ST CENTURY

OMARI HASSAN KINYUA¹ & ABRAHAM WAILA WAMBUA²

¹Lecturer, Department of Philosophy and Religious Studies, University of Nairobi, Nairobi, Kenya

¹Director, Supreme Council of Kenya Muslims (SUPKEM), Nairobi, Kenya

²Lecturer, Department of Philosophy and Religious Studies, University of Nairobi, Nairobi, Kenya

ABSTRACT

Economics, in the framework of the *Shariah*, provides for independent functioning of market forces, but does not give absolute freedom to individuals (Keynes 1936) Islamic economics conforms to Islamic law and is grounded in Quran and Hadith in addition to explanation arrived at after the consensus of the Muslim scholars while conventional economics follow the teachings set by the fathers of conventional economics. Islamic economic advocate for interest-free Islamic banking system, grounded in Shariah while the conventional economics see interest as the driver of economy.

According to Saeed, A. (1996) Islamic economics emphasize on uplifting of the deprived masses, a major role for the state in matters such as circulation and equitable distribution of wealth, and a reward to participants in the marketplace for being exposed to risk and/or liability. Islamic economic system is neither Socialist nor capitalist but it is unique due its reference to Qur'an and Hadith

Other salient features of Islamic economics include obliging zakat from the rich to the poor and other seven groups stipulated in Qur'an in Surat Tawbah. In Islamic economics *gharar* which is the interdiction of chance is Haram. The reason for forbidding *gharar* is the presence of the element of uncertainty in the contract.

Moreover *riba* is totally haram in Islamic economics however its form. Islamic economics give every individuals the right to do business irrespective of gender, tribe or religion.

In Islamic economics as reported by Ibn Abbas from prophet Muhammad: "All Muslims are partners in three things--in water, herbage and fire." (Narrated in Abu Daud, & Ibn Majah) While in conventional economics anything can be privatised and monopolized.

In Islamic economics monopoly is discouraged while in conventional economics it is not even regarded as unethical.

This paper aims at discussing the Islamic finance and economics in 21st century while highlighting some challenges and solutions. It borrows a lot from Qur'an and Sunnah

KEYWORDS: Qur'an, Hadith, Sharia, Islamic Finance

INTRODUCTION

This article aims to provide useful insights on the practical issues and, to some extent, the challenges and opportunities facing Islamic Finance in 21st century. It will provide information surrounding this field hence help create ample, quality information in Islamic Finance and economy which is becoming one of the greatest fields of work and

study.

The article also offers an excellent opportunity to share ideas and get some new insights in different sections of Islamic finance and economics.

The Emergence of Modern Islamic Banks as Financial Intermediaries, With Particular Reference to the Role That They Can Play In Economic Development

In "*Islamic finance: Big interest, no interest*". *The Economist*. *The Economist Newspaper Limited*. Sep 13, 2014 they mentioned that the origin of Islamic banking is traced back to the time of the Prophet Muhammad (PBUH) where he used to bank valuable things of his society in his home. Infact during migration to Medina he had to leave Sayyidina Ali back to return back the banked items to their owners. BaytulMaal also operated as bank and revenue institution. At that time there existed monetary economy as mentioned in many Hadiths. What we regard as modern Business techniques and forms of business organization today also existed during that period. The Prophet himself was a trader under Sayyidatna Khadija who he later on married.

Other forms of banking transaction which existed during this time included long-distance international trade as mentioned in Surat Quraish, early forms of partnership (*mufawada*) such as limited partnerships (*mudaraba*) practiced by Sahabas like Abdurrahman bin A'waf, and early forms of credit like the ones Sahabas used to give to each other, revenue as the case of baytul maal, savings accounts and deposits among other banking services.

During the Islamic renaissance Muslims lost track of their tradition and the Europeans picked up. It is for that reason that the emergence of modern Islamic banks as financial intermediaries began in the 1960s and 1970s which came with modernization and globalization which was a threat to Muslims and which they felt must be faced. But this does not mean that Muslims did not have banking services, to me this was just an upgrade of the banking in Islam to accommodate globalization and modernization. The Muslim scholars thought of developing Islamic economic system which would solve the contemporary economic problems of the time.

It is at that time where scholars have significant contributions in the field where they published several books which served as reference in the field. Among the notable works were;

- *Nidham ul-Iqtisad fil Islam* (The Economic System of Islam) by Taqiuddin Nabhani (1953),
- *Iqtisaduna* (Our Economics) by Mohammad Baqir al-Sadr (1961) and
- *Eqtasad-e Towhidi* (The Economics of Divine Harmony) by Abolhassan Banisadr (1978)

Mohammad Baqir al-Sadr's work of 1961 is a unique contribution which I can argue to be one of the best material in Islamic economics and which is the backbone of almost all other works in Islamic economics in addition to *Ihya' ulum Diiy* of Imam Ahmed al Ghazali.

Almost all these authors emphasizes on social justice, the equitable distribution of wealth as taught by Prophet Muhammad. They fought capitalism and Marxism which are the contributors to world poverty due to injustice found in them.

As stated in the works of Muslims economists the Islamic banks can play an important role in economic

development by providing interest free products irrespective of where they operate. It is well known that today we have modern Islamic banks all over the world from the Middle East to Europe offering financial services and products in accordance with the rules of the Islamic finance. It is after realizing that modern Islamic banks can and are really playing a major role in economic development that Gordon Brown introduced legal changes in 2003 in Britain which have enabled British banks and building societies to offer Muslim mortgages for house purchase.

It is for the same reason that in 2004 the Islamic Bank of Britain which is Shariah compliant was launched. Therefore modern Islamic banks can play a major role in offering products and services which are Shariah compliant under the Islamic financial principles; such as Mudaraba, Murabaha, Musharaka, ijara and Qard.

Nonetheless in playing that role the modern Islamic banks should maintain social justice by avoiding exploiting their customers.

The Concept of Welfare in Islam and the Responsibilities of Individuals in Islamic Economic Framework

Karim, S A. (2010) states that the salient features of Islamic economics is that it derive its guidelines from the Quran and Sunna. It calls for welfare and empowerment of all by giving out, zakat which is the basis of Islamic fiscal policy and avoiding oppression through interest based loans and transactions. In addition Islamic economics advocate for poverty free society while the conventional economics care nothing on that. In conventional economics one can make as much profit as he/she wills even at expense of the poor.

Islam emphasizes on welfare of all human beings. One's devotion to Allah is seen through devoting oneself in serving the humanity. Allah obliged Zakat and included it among the pillars of Islam so as to create the culture of Islamic welfare where the rich cater for the needy. Prophet Muhammad stated that one has to love for others what he loves for him./herself. This Hadith forms the basis of welfare in Islam. In another Hadith he stated that the believers are like one body where if one part of the body suffer then the entire body is in trouble. This is another Hadith which calls for welfare in Islam. Sayyidina Umar established baytul maal so as to cater for the welfare of the Muslims. The taxes which included *zakat* and *jizya* collected in the treasury (*bayt al-mal*) of an Islamic government were used to provide income for the needy, including the poor, the elderly, orphans, widows, and the disabled. According to Imam Ahmed Ahmed Al-Ghazali the government was also expected to collect then store food in every region in case a disaster or famine occurred. The Muslim state at the time of Prophet Muhammad and the Caliphates was thus one of the earliest welfare states

The Responsibilities of Individuals in an Islamic Economic Framework

Every individual in an Islamic framework is supposed to observe social justice, alleviate poverty and assist others wherever one can for the sake of Allah.

Muslims are supposed to believe that God is the sole owner of all matter in the heavens and the earth. and that Man, is God's vice-regent on earth and holds God's possessions in trust as stated in Surat Baqarah therefore he/she should take care of the amanah believing that oneday he/she will be accountable before Allah on how he/she handled the amanah.

All individuals are supposed to care for public property in Islam forests, pastures, uncultivated land, water, mines, oceanic resources and never to do israf in utilizing them.

All individuals should work on guaranteeing the protection of private property as taught by the Prophet in the

farewell pilgrimage. In addition all individuals in Islamic economic framework have a responsibility of defending his/her property and that of his fellow Muslim brother/sister and if one is killed defending his/her property is similar to a martyr as reported from prophet Muhammad's Hadith

In addition it is a responsibility of every individual to avoid riba as stated in the Holy Quran "O, you who believe! Devour not riba, doubled and redoubled, and be careful of Allah; but fear Allah that you may be successful." (Quran 3: 130): Therefore every individual should avoid riba and avoid others from it

Individuals are also supposed to Worship Allah alone as Allah states in the Holy Quran, "Take not with Allah another object of worship; or thou (O man!) wilt sit in disgrace and destitution." (Quran 17:22).

In addition individuals should be neither miserly nor wasteful in one's expenditure. as Allah says, "And render to the kindred their due rights, as (also) to those in want, and to the wayfarer: But squander not (your wealth) in the manner of a spendthrift. (Quran 17:26) Verily spendthrifts are brothers of the Evil Ones; and the Evil One is to his Lord (himself) ungrateful. (Quran 17:27) And even if thou hast to turn away from them in pursuit of the Mercy from thy Lord which thou dost expect, yet speak to them a word of easy kindness. (Quran 17:28) Make not thy hand tied (like a niggard's) to thy neck, nor stretch it forth to its utmost reach, so that thou become blameworthy and destitute. (Quran 17:29)

Therefore these verses call for alleviation of poverty in all manner by assisting each other.

Moreover individuals are supposed to Care for orphaned children as Allah says, "Come not nigh to the orphan's property except to improve it, until he attains the age of full strength (Quran 17:34) When doing business one should Keep promises as Allah obliges, ".fulfill (every) engagement, for (every) engagement will be enquired into (on the Day of Judgment). (Quran 17:34)

Moreover individuals in as Islamic economic framework are obliged to Be honest and fair in one's interactions as taught by the holy Qur'an " Give full measure when ye measure, and weigh with a balance that is straight: that is the most fitting and the most advantageous in the final determination. (Quran 17:35)

Divine Guidance for an Islamic Economy

Islam is a total way of life which safeguards the rights of all human beings and the entire creation. In Islamic finance there are beliefs which underpin Islamic economic framework. They are as follows;

Money is not a product which can be sold. Making money from money is prohibited in Islam. In Islam, money represents purchasing power. Therefore money cannot be used to make more purchasing power. Money must undergo the intermediate step of it being used for the purchase of goods and services (Saeed, A. 1996. However some scholars have permitted foreign exchange as long as it is hand to hand and at the spot. This is to avoid inflations.

Gharar (Uncertainty, Risk or Speculation) is also prohibited. It is prohibited in Islam to cheat when transacting. Contracting parties should exchange clear information of the counter values intended to be exchanged in their transactions and should be free from uncertainty, risk and speculation. In addition parties cannot predetermine a guaranteed profit based on the principle. In doing this the lender might be unjust to the borrower for the borrower might encounter loss in the trading and be obliged to repay the principle amount plus the profit predetermined.

Interest is prohibited in Islam. Any predetermined payment over and above the actual amount of principal is

prohibited. Islam prohibits interests in all its forms. If one is to lend then that should be *qard-el-Hassan* whereby the lender does not expect any additional amount above the borrowed amount.

Trading and investments is only allowed in halal products and transactions. Trade in Islam is only allowed in halal products and transactions. Any trade which will directly or indirectly deal in haram products is automatically prohibited in Islam. Anyone cooperating, assisting or suggesting in that trade will gain the share of the sin for the same. Therefore lending anyone dealing in haram products share the sins. Islamic banks are therefore not allowed to give a loan in that trade.

The Concept of *Riba* in Relation to Interest

The Arabic word *Riba* has many translations in English. Almost all the translators of the Qur'an, Muslim as well as the non-Muslim, have translated the Arabic word *Riba* as "Usury". In *The Noble Qur'an in the English Language* the word *Riba* is interpreted, as "Usury". The Dictionary meaning of the word Usury is the act or practice of lending money at a rate of interest that is excessive or exorbitant especially at a rate of interest higher than is allowed by law.

The Prophet stated that the taking or devouring of any sum of money as "an increase" upon the capital, wealth or investment is *Haram* and a sin worse than sleeping with one's own mother. Scholars have a consensus that this increase on the capital is *riba* and therefore it is haram. Furthermore, it is reasoned that since the verses of the Qur'an prohibits "devouring", anyone who partakes in any transaction that involves *Riba* has also committed the sin of *Riba*. In other words, not only the "taking" but also the "giving" of "Interest" is prohibited.

Rationale for Prohibition of Usury

There are many verses and Hadith which prohibit *Riba*. In this session we will mention just some of them, then mention rationale behind prohibition of *riba*; Allah says in the Holy Qur'an, "Those who devour usury will not stand except as stands one whom the Evil One by his touch hath driven to madness. That is because they say: "Trade is like usury but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord desist shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companions of the fire: they will abide therein (for ever). Qur'an 2: 275.

This verse show that Allah allow trade where the parties are willingly transacting without being unjust to each other. But prohibition of usury is because the borrower is always under pressure of poverty and need hence borrow. But instead of the lender being merciful to the borrower he adds more pain to the wound but which the borrower cannot argue about because eventually he will not receive the loan.

Another verse is "O ye who believe! fear Allah and give up what remains of your demand for usury if ye are indeed believers." Qur'an 2: 278

This verse show that no believing person can handle *riba* for its filthiness. This is due to unjust oppression on the borrower who have no alternative but abide by the said d set market regulations of the conventional banks.

In another verse Allah sates, "O ye who believe! devour not usury doubled and multiplied; but fear Allah; that ye may prosper." Qur'an 3: 130

This verse show that borrowing of money on interest for any purpose is haram in Islam. The rationale is that one party especially the lender will be unjust. This is because the lender makes it mandatory for the borrower to pay a higher amount above the principle irrespective of if the borrower will make profit or loss in his/her business transactions hence the unjust factor coming in.

Therefore taking an interest based loan to buy a house, a car or any other commodity is *Haram*. *This being the case*, anyone that assist, encourages or associates himself with such acts or transactions is also committing the sin of Riba. Hence, the administrating, guaranteeing or witnessing, as a third party, of any legal or banking document or contract that involves Riba is prohibited.

Some scholars however argue on permissibility of interest if it is given by the borrower during payment out of his/her own will. They quote the Hadith Narrated by Jabir bin Abdullah in Sahih Al-Bukhari, Volume 3, Book 43 (The Book of Loans), Hadith Number 2394 which reports that the Prophet repaid his debt that he owed Jabir and added him an extra amount. My deduction is that this is not interest because it was not a precondition.

The sin of usury is so serious for it is not only Islamic texts which prohibit it, but Allah states that He had forbidden it even in the previous books. For example Allah states in the Holy Qur'an, "For the iniquity of the Jews We made unlawful for them certain (foods) good and wholesome which had been lawful for them; in that they hindered many from Allah's way. That they took usury though they were forbidden; and that they devoured men's substance wrongfully; we have prepared for those among them who reject faith a grievous punishment" Qur'an 4: 160 - 161.

This verse show the serious evil of interest. For example when Allah wanted to show us the great thawed of saum He mentioned that he had obliged it even to those before us. The same is the message on interest and its serious sin.

Another rationale for prohibiting interest is due to *exploitation of the economically weak by the strong and resourceful*: an exploitation characterized by the fact that the lender, while retaining full ownership of the capital loaned and having no legal concern with the purpose for which it is to be used or with the manner of its use, remains *contractually* assured of gain irrespective of any losses which the borrower may suffer in consequence of this transaction.

Another rationale for prohibition of usury is safeguarding the moral philosophy of Islam which does not allow for socio-economic injustice, and it advocates for an equitable wealth distribution amongst individuals

Types of Riba That Islamic Banks Have to Avoid

The Islamic banks must avoid all interest (both riba al fadhl and riba an saiiiah) based transactions, financial businesses which indulge in haram transaction. The banks should encourage trade, so if they lend they utilize mudharabah and avoid riba as Qur'an states:

Allah has permitted trade and has forbidden interest (2:275)

Another rationale is utilizing riba as a form of injustice and exploitation, and its role in leading to an unequal distribution of wealth and cases of abject poverty in societies.

"To charge interest from someone who is constrained to borrow to meet his essential consumption requirement is considered exploitative" (Zamir 2007)

Another rationale is that the poor would remain poor while the rich would get more rich because lenders would not provide loans to those they believe are unable to repay, thus loans would be restricted to people who can afford to pay, which would be people with higher incomes. Hence, interest enables the unequal distribution of wealth and contributes to poverty. In Kenya the banks must scrutinize one's pay slip and salary record so as to lend. This blocks the poor and the unemployed to develop for they cannot receive any loan. Who knows that they would be better business men hence repay the loan better than the employed and high earners?

In our country Kenya banks compete in lending money on interest this can lead to some people borrowing even when they do not need the money hence indulge in *israf*.

In summary rationale for prohibition of *riba* is based on rational arguments of justice, equity and sound economics

GHARAR

Gharar, is defined as risk, uncertainty, peril or hazard. *Gharar* is prohibited due to risks and uncertainty involved in it. While *maysir* is every transaction that is based on one party's gain and another's loss or if the transaction is obscure.

The holy Qur'an uses the word *maysir* for gambling or speculation and prohibits *maysir* along with intoxicants. The reason given is that these lead to enmity or hatred between people after losing in the game. Allah says in the holy Qur'an,

O you who believe! Intoxicants (all kinds of alcoholic drinks), and gambling, and *Al-Ansab*, and *Al-Azlam* (arrows for seeking luck or decision) are an abomination of *Shaitan's* (Satan) handiwork. So avoid (strictly all) that (abomination) in order that you may be successful. *Shaitan* (Satan) wants only to excite enmity and hatred between you with intoxicants (alcoholic drinks) and gambling, and hinder you from the remembrance of Allah and from *As-Salat* (the prayer). So, will you not then abstain? [Al-Maeda 5:90-91] (Translated by Mohsin Khan)

There are also many Hadiths prohibiting *gharar*. Business ventures always have an element of risk in them: no one can predict whether there will be a profit or a loss at the end of the year. But *gharar* does not refer to this. Rather, *gharar* refers to the uncertainty that can be reduced simply by adding more information to a contract. The prohibition on *gharar* is meant to reduce speculation and to make sales as fair as possible for both the buyer and the seller.

Abu Huraira (Allah be pleased with him) reported that Allah's Messenger (May peace be upon him) forbade a transaction determined by throwing stones, and the type which involves some uncertainty. [Sahih Muslim Book 10, Hadith 3614]

Jabir b. Abdullah (Allah be pleased with them) is reported to have said that Allah's Messenger (may peace be upon him) forbade the sale of a heap of dates the weight of which is unknown in accordance with the known weight of dates. [Sahih Muslim Book 10, Hadith 3654] (The element of *gharar* comes from the fact that the weight of dates can easily be determined yet the traders don't make the effort to do so. Such a contract or sale will be considered void in Islam).

Yahya related to me from Malik from Abu'r-Rijal Muhammad ibn Abd ar-Rahman ibn Haritha from his mother, Amra bint Abd ar-Rahman that the Messenger of Allah, may Allah bless him and grant him peace, forbade selling fruit until it was clear of blight. Malik said, "Selling fruit before it has begun to ripen is an uncertain transaction (*gharar*)." [Malik's Muwatta, Book 31, Hadith 31.8.12]

Example of gharar is what is commonly practiced in Kenya where Final sale of wholly unknown values. Is done in streets by throwing a round object which has a whole in some money in different currencies placed in some distance. The one practicing the game pays for example Ksh 50/= if lucky he/she might get 50/= or 100/=or 200/= 500/= or 1000/= but many times one loses depending on then note his thrown object lands on.

There are also shops selling for a fixed price whatever a buyer touches. many times people get attracted to the advertisements but end up annoyed when they realize that some of the goods are highly rated and they cost cheaper outside. For example buying a ksh 20/=pen for ksh 100/= among other goods.

In Kenya currently betting is one of the key income speculation tool. Betting for example on football match. no one knows who will win therefore the parties are aggrieved. There is also the uncertain outcome. The counter value is uncertain or may not be realized at all. Another example is buying unfinished apartments. This is highly practiced in Kenya. Gharar is all about the unknowable future benefit

In some instances individuals take price for mating of cows. no one know if the outcome will be male or female sound or unsound. **In Islamic Finance, any transaction entered into should be free from excessive uncertainty and speculation.** Therefore, contracts must be drafted as clearly as possible to avoid any *gharar* in the quantity, quality, or existence of the subject matter of a contract. Attached to the prohibition on excessive uncertainty or *gharar* is the prohibition on transactions involving *maysir* (gambling).

Current practices of conventional banks and insurance companies in the derivatives markets such as option and futures are therefore not Shari's compliant because of the *gharar* and *maysir* involved. Allah prohibits *maysir* in The holy *Qur'an* where He said, "*They ask you about wine and gambling. Say, "In both there is great sin, and some benefits for people. And their sin is greater than their benefit."* (*Qur'an* 2:219)

In another verse Allah says, "O you who believe! Wine, gambling, altars and divining arrows are filth, made up by Satan. Therefore, refrain from it, so that you may be successful." (*Qur'an* 5:90)

Different Modes That Islamic Banks May Use to Provide Interest Free Banking

Modern Islamic banks can use different modes in providing interest free services which are Shariah compliant under the Islamic financial principles; such as Mudaraba, Murabaha, Musharaka, ijara and Qard. Modern Islamic banks can offer the interest free banking by financing trade, buying, selling renting, hiring labor among other services.

In offering the interest free banking the banks should enlighten their customers to participate in business competition, but encourage them to trade in halal goods in halal manner. The problem is that avoiding Interest (Riba) and speculation-involving (Gharar) which are clearly prohibited in Islam remains a challenge where some people feel that it is assimilated by Islamic banks and given the term profit. Because according to Shariah financial structures of all the Islamic products should be interest and speculation free. But avoiding the two (interest and speculation) remains the main challenge for modern Islamic banking. the most prominent case is Islamic financial market products such as, Salam and Istisna these products which serve as the alternative methods of conventional bonds now taken to be Islamic bonds known as Sukuk. If Sukuk's originator or investors wish to hedge against interest rate or exchange rate risks, then they have to use one of the former methods. These methods as they originally imitate the conventional risk management practice, should involve either interest-bearing or speculation-bearing trading or even both. If Islamic bank the service providers are not

keen they will be involved in interest unknowingly.

There are also other times where Islamic banking products are incoherent, incomplete, impractical, and irrelevant. They just seem to be assimilated capitalist and communist products. For example in Kenya the major Islamic banks Gulf African Bank and First Community banks have undergone a lot of criticism by the way they conduct their business. The essence of Islam of eradicating poverty is not realized by these banks. This is because to get a home loan one has to pay 10% of the amount of the house in the name of Shariah. Many have complained because they cannot raise the ten per cent. so it is still the rich who benefit. In addition the profit they give themselves (the banks) is so high. Muslims have resorted to continue operating in conventional banks where they feel comfortable. The banks also employ incompetent personnel (majority of whom understand very little of Shariah on Islamic finance).

Some Challenge Facing Islamic Finance and Economy

There are many challenges facing Islamic economy and finance in 21st century. Among the challenges is ignorance by some individuals that Islamic finance can and should only be practiced by Muslims. Another challenge is the fact that Middle East is faced by conflicts of various sorts ranging from terrorism, falling states among many others. This creates a notion that Islamic economy and finance might deteriorate soon or later. There is also shortage of experts in Islamic finance especially in countries out of the Middle East. this make it possible for some scrupulous individuals term themselves 'Islamic finance experts' hence lure some people into problems. in addition there is the challenge of lack of capital which is founded on halal. for example many banks have open Shariah window. But the reality is that their capital was not based on halal compliance hence create confusion and sometimes doubt by the clients on halal compliance of the entire process.

Solutions to the Challenges

The main role of scholars in any field is try come up with solutions to human problems and challenges. In this part we try come up with some solutions to the challenges facing Islamic economy and finance in 21st century. On the challenges of ignorance by some individuals that Islamic finance can and should only be practiced by Muslims. There is dire need for creating awareness in this field and show case that Islamic finance is viable and applicable to any individual not necessarily Muslims. Solution of the challenge of conflicts in Middle East is political in nature. This is upon Arabs themselves to come up with their homemade solutions. However Islamic finance an economy experts should come up with highlights on the conflict in relating to Islamic economy. They should also come up with a lot of research where they analyse this conflicts and their impact to Islamic economics an finance while suggesting solutions for the same.

On the shortage of experts in Islamic finance especially in countries out of the middle east, it is upon those countries to call upon their citizens to study Islamic finance with an aim of developing and building their capacity in the field universities all over the world should also plan to have courses in Islamic finance and economy even if its optional. This will make it impossible for some scrupulous individuals to term themselves 'Islamic finance experts' as they will be informed that there are accredited experts in the country.

On the issue of capital it is important for banks and other Islamic related financial institutions to establish Shariah compliant products from the first day of the business. Otherwise mixture of halal and haram makes the entire process haram. for the banks intending to open Shariah window they should have exerts who should advice on how to separate the

funds. This will make the clients have faith in the process. In addition to observing the prohibition of interest, Islamic financial institutions have to also observe the prohibition of *Gharar* and *Maysir* in financial transactions.

CONCLUSIONS

In summary the Islamic mode of economics and finance is growing very fast in our contemporary world. If well understood and appreciated it can offer many financial solutions which are Shariah compliant. However the reality is that everyone involved in the process must have basic knowledge of Islamic Shariah pertaining economics and finance

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