New Issues in Islamic
Finance and Economics:
Progress and Challenges
New Issues in Islamic Finance and Economics: Progress and Challenges

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In the Name of Allah, the All Merciful, the All Beneficient
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### Glossary of Arabic Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ahadith</td>
<td>Plural of hadith (for meaning, see hadith).</td>
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<tr>
<td>ahkam</td>
<td>Plural of hukm (for meaning, see hukm).</td>
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<tr>
<td>ajr-un-kareem</td>
<td>A generous reward.</td>
</tr>
<tr>
<td>al-adl</td>
<td>Justice.</td>
</tr>
<tr>
<td>al-ghurm bil ghunm</td>
<td>The principle that one is entitled to a gain only if one agrees to bear the responsibility for the loss. For example, if someone gives finance to someone else, he is only entitled to a share in the profit resulting from the use of that finance if he is also prepared to bear any resultant loss.</td>
</tr>
<tr>
<td>al-kharaj bil daman</td>
<td>The principle in Islamic jurisprudence that entitlement to return or yield (al-kharaj) is for the one who bears the liability (daman) for something, say an asset, and one who does not bear the liability has no claim to the yield.</td>
</tr>
<tr>
<td>al mal</td>
<td>Wealth, property.</td>
</tr>
<tr>
<td>al-mu’minun</td>
<td>Those who believe through the heart.</td>
</tr>
<tr>
<td>amanah</td>
<td>Trust.</td>
</tr>
<tr>
<td>awqaf</td>
<td>Plural of waqf (for meaning, see waqf).</td>
</tr>
<tr>
<td>ayah</td>
<td>A verse of the Qur’an.</td>
</tr>
<tr>
<td>bay’</td>
<td>Stands for “sell.” It is often used as a prefix in referring to different sales-based modes of Islamic finance, such as murabahah, istisna’, and salam.</td>
</tr>
<tr>
<td>bay’ al-’ayan</td>
<td>Sale of tangible objects such as goods (as opposed to sale of services or rights).</td>
</tr>
<tr>
<td>bay’ al-dayn</td>
<td>Sale of debt. According to a large majority of fuqaha’, debt cannot be sold for money, except at its face value, but can be sold for goods and services.</td>
</tr>
<tr>
<td>bay’ al-kali bil kali</td>
<td>A sale in which both the delivery of the object of sale and the payment of its price are delayed. It is similar to a modern forward sale contract.</td>
</tr>
</tbody>
</table>
Glossary of Arabic Terms

bay’ al-‘inah
The sale of something to someone at a given price (usually on credit) and then the purchase back from the buyer, at the same time, at a different price (usually lower but cash). This kind of sale and buyback is prohibited because it effectively means exchanging a given amount of money with a different amount of money, which amounts to riba. It can be used as a subterfuge for riba dealings.

bay’ bithaman ajil
A sales contract where payment is made in instalments after delivery of goods. Sale could be for long-term and there is no obligation to disclose profit margins.

bay’ al-mudaf
A sales contract in which delivery of both the commodity and the payment is deferred—for example forward sales in modern times. Such contracts are not permitted by the Shari‘ah.

bay’ al-mulamasah
A form of sale prevalent in the days of the Prophet (peace be upon him) in which the sales contract was finalized by the simple act of touching the object of sale. The prophet (peace be upon him) prohibited this kind of sale since the buying party did not have a fair chance of inspection and hence the practice involved gharar.

bay’ al-munabazah
A form of sale prevalent in the days of the Prophet (peace be upon him) in which the sales contract was finalized by the simple act of throwing the object of sale towards the buying party. The prophet (peace be upon him) prohibited this kind of sale since the buying party did not have a fair chance of inspection and hence the practice involved gharar.

bay’ al-salam
A sale in which payment is made in advance by the buyer and the delivery of the goods is deferred by the seller.

bay’ al-sifah
A sale based on a detailed description of the object of sale.
bay’ bi thaman al-’ajil

Another term used for bay’ mu’ajjal.

bay’ mu’ajjal

Sale on credit, that is, a sale in which goods are delivered immediately but payment is deferred.

bay’ muzayadah

Sale by auction.

buyu’

Plural of bay’ (for meaning, see bay’).

daman

Guarantee, security.

Dar al-Islam

The world (or the abode) of Islam.

darar

Damage, harm, injury.

darurah

Necessity. (Usually used for the “Doctrine of Necessity,” whereby something otherwise prohibited becomes temporarily permissible).

dhimmah

Liability, responsibility.

faqih

Jurist who gives rulings on various juristic issues in the light of the Qur’an and the sunnah.

fasad

Mischief, troublemaking, corruption.

fatawa

Religious verdict by fuqaha’.

fatawi

Plural of fatawa (for meaning see fatawa).

fiqh

Refers to the whole corpus of Islamic jurisprudence. In contrast to conventional law, fiqh covers all aspects of life—religious, political, social, commercial, and economic. Fiqh is based primarily on interpretations of the Qur’an and the sunnah and secondarily on ijma’ (consensus) and ijtihad (individual judgement) by the fuqaha’. While the Qur’an and the sunnah are immutable, fiqhi verdicts may change due to changing circumstances.

fiqhi

Relating to fiqh.

fuqaha’

Plural of faqih (for meaning, see faqih).

gharar

Literally, it means deception, danger, risk, and uncertainty. Technically, it means exposing oneself to excessive risk and danger in a business transaction as a result of uncertainty about the price, the quality and the quantity of the countervalue, the date of delivery, the ability of either the buyer or the seller to fulfil their commitment, or ambiguity in the terms of the deal—thereby, exposing either of the two parties to unnecessary risks.