Index

ABC Bank (Bahrain) 88
Abu Bakr 4
Abu Dhabi 19, 99
Abu Zayd, Nasr Hamid 27
Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) 15, 33, 73, 80, 82–3, 85, 86–8, 98, 117, 121, 123, 132, 152, 169, 176
Adams, Charles J. 5
adverse selection 109, 113
Afghanistan 18, 20, 22
agency problems 65, 108–10
agreement, in contract law 95–6
Agricultural Bank of Iran 112
agricultural finance 71–2, 91, 115
Ahli United Bank 135, 138
Ahmad, Aziz 5
Ahmad, Imad-ad-Dean 37, 56
Ahmad, Kurshid 5
Ahmad, Mahmud 2–3, 55, 61
Ahmad, Suraya 125
Ainley, Michael 154–5
Akgündüz, Ahmet 69
Al Reem 124
Al-Azhar University 20, 37
al-Banna, Hassan 2
al-Ghazali, Abu Hamid 14, 36, 47
Al-Haq, Ali Jad 131
al-Isfahani, Dawud 20
almuawatta 18
al-Najjar, Ahmad 119
al-Numayri, Jafar 15
al-Sadr, Mohammad Baqir 5
al-Shafii, Muhammad ibn Idris 19, 61
al-Simit, Ubd a. 39
al-Wahhab, Muhammad ibn Abd 19–20
al-Zahiri, Abu Sulayman Daud 20
Al-Zarqa, Mustafa 129–30, 154
Albaraka Bank (Pakistan) 118
Algeria 19, 20
Ali, son-in-law and cousin of Muhammad 4
Allende, Salvador 156
ambiguity, in contract language 54, 55
Anas, Malik ibn 18, 19
Aquinas, Thomas 45, 46, 47, 48, 50, 54
Arab Banking Corporation 37
Arab Finance House (Lebanon) 67, 89
Aristotle 46, 47–8, 50, 54
Asian Development Bank 122
asset-backed sukuk 79, 85, 86
Asutay, Mehmet 183
asymmetric information 73, 74, 109, 113
Atatürk, Mustafa Kemal 23
Australian Stock Exchange 166
Australian School 56, 58
back-to-back istisna 83
back-to-back salam 72
Bahrain 19, 175
credit cards 88, 89
financial sector supervision 169
ijara securities 163
Islamic banking 120
sharia committee 123
standard-setting organizations 121, 122
sukuk 79, 80, 83, 116
tax treaty between Netherlands and 99
see also Central Bank of Bahrain
Bahrain Islamic Bank 107
Bahrain Monetary Authority 158
bai inah/bai al-einah 75, 76, 88, 89, 102, 158, 161, 163
225
bai muajjal 66, 69, 76, 118  
bai’al-dayn 81, 161, 163, 164  
bai’salam 55, 71–3  
contract law 95  
derivatives 92  
Bakri Muhammad, Omar 129, 154  
Bangladesh 4, 5, 18, 35, 96  
Bank of Credit and Commerce International (BCCD) 174, 175  
Bank Indonesia 160, 162  
Bank for International Settlements 122  
Bank Islam Card 88  
Bank Islam Malaysia Berhad 66, 88, 143, 148  
Bank of London and the Middle East (BLME) 120  
Bank Markazi Iran 106  
Bank Muamalat Indonesia 112  
Bank Muamalat Malaysia 93  
Bank Negara Malaysia 58, 96–7, 116, 123, 161, 163  
Bank Negara Negotiable Notes (BNNN) 161, 163  
Basel III standards 108, 117, 168–9  
Beck, Thorstein 125, 148, 173  
Belgium, Islamic financial products 180–81  
benchmarks 67, 94, 145–6, 147–8  
Benthall, Jonathan 33  
Beximco Pharmaceuticals v. Shamil Bank of Bahrain EC 100  
Bible, on interest 44–5, 50, 188–90  
Billah, Mohd Ma’sum 129  
bills of exchange 164, 170  
Blom Development Bank 100  
BNP Paribas 120  
borrowings 107–8  
British India 2, 6  
Brooke-Rose, C. 10  
brotherhood 30, 36, 45, 175, 185  
Brown, Gordon 136  
Brunei 116, 122  
Bullinger, Heinrich 60  
Bursa Malaysia 80, 144, 145, 148, 150  
business finance 63  
Butter, Frank den 150  
buy-back agreements 161–2  
Caliphate 23, 57, 59  
Calvin, John 50, 185  
Calvinists 50–51  
Canada 120  
housing finance 139, 141  
The Cantos (Pound) 10, 47  
capital adequacy 168–9  
capitalism 3, 5, 23–4, 42, 55, 56  
car finance 67  
Central Bank of Bahrain 83, 116, 123, 158, 164  
Central Bank of Indonesia 116, 159  
Central Bank Musaraka Certificates (CMCs) 160, 164  
Central Bank of Sudan 123, 160, 164  
central banks 98  
liquidity management 162–3  
monetary policy instruments 159–62  
sukuk 83, 116  
see also individual central banks  
Cercle d’Etudes et de Recherche en Economie Islamique (CEREI) 180–81  
certificates, see sukuk  
CFA Institute 176  
Chapra, M. Umer 74, 90, 174, 183  
Choudhury, Masudul Alam 29, 30, 42, 56, 57, 59, 183  
Christianity 10  
prohibition of interest in 44–51  
Čihak, Martin 167, 168  
Citibank 120  
Citigroup 8  
Clemens of Alexandria 45  
collateral, mitigating moral hazard 63, 112–13  
commodity murabaha 75  
Communism 3  
commutative justice 97  
Companions of the Prophet 12, 19, 20, 22, 27  
contract language, ambiguity in 54, 55  
contract law 62, 94–8  
agreement among parties 95–6  
complexity in contracts 95  
guarantees 97  
legal status of promises 95  
obligations of ownership 96
penalty clauses 96–7
uncertainty 95
urf 16
contractus trinius 49
conventional banks 108
deposit guarantees 165
development of Islamic financial instruments 8
ijara 70
interest 40, 105, 115
Islamic banking products 120
moral hazard 110–111, 113
scale inefficiency 125
cooperative finance 139, 183
Council of Nicea 45
Council of Vienne 45
counter-offer 95
credit cards, Islamic 88–90
credit plans 134
credit risk 167
crises prevention 172–3
cross-currency swaps 93
current accounts 107
Currie, Laughlin 184
damnum emergens 47–8, 49
Dante, Alighieri 46
dar al-ahd 25, 26
dar al-dawa 26
dar al-sulh 25
dar-al-harb 22, 23, 25
dar-al-Islam 22, 25, 26, 58
dar-al-kufr 22
Dar, Humayon A. 180, 183
darura (necessity) 16, 24, 25, 37, 76, 129, 134, 184
debt deflation 186
debt-based sukuk 79, 81–4
debt, trading in 74–5, 137
debtors 67, 98, 114, 167
defence, zakat used for 33
DeLorenzo, Yusuf Talal 94, 144
Deobandi movement 22
deposit guarantees 165–6
depositors, risks for 176–7
derivatives 90–94, 178
Deutsche Bank 8, 120
diversification 178

Divina Commedia (Dante) 46
Dominicans 48, 49
Doomeweer, Herman 59
Dow Jones Islamic Market Index(es) (DJIM) 144, 148, 149
Dow Jones Sharia Supervisory Board 144
Dow Jones Sustainability World Index (DJS) 149
Dow Jones World Index (DJW) 149
Dridi, Jemma 173
Dubai 19, 80, 99, 121, 175
Dubai Financial Market 143
Dubai Islamic Bank 61, 119, 124
Dubai World 98
Eck, Johannes 49
economic development 179
economic order 55–6
Edward I 48
Egypt 2, 6, 8, 19
banking 119, 120
Islam and economic growth 179
sukuk 80
El Diwany, Tarek 138
El-Gamal, Mahmoud A. 41, 42, 43, 44, 47, 54, 55, 60, 100, 183, 185
Elhiraika, Adam B. 115
derogenous money 29
enforcement, by banks 109–10
English law 81, 84, 98, 99, 100
entrepreneur(ship) 42, 52, 56, 64, 65, 71, 97, 105, 111, 113–14
equity-based sukuk 79, 84–5
Ernst & Young 131, 150
ethics
Christian 50, 110
Islamic finance 175–6
EURIBOR 135, 158
export finance 72
extrinsic titles 47–8, 50
fair value 88, 102, 103
Faisal Islamic Bank 115, 119
family takaful 133–4
Fannie Mae 138
fard 17
Farook, Sayd 175–6
<table>
<thead>
<tr>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farooq, Moazzam 38</td>
</tr>
<tr>
<td>Fascism 3</td>
</tr>
<tr>
<td>fatawa 17, 25, 28, 32, 37, 134</td>
</tr>
<tr>
<td>Fatwa Bank 130</td>
</tr>
<tr>
<td>fiduciary money 57</td>
</tr>
<tr>
<td>Fifth Lateran Council 49</td>
</tr>
<tr>
<td>financial crises 79, 86, 116, 174, 185</td>
</tr>
<tr>
<td>financial instruments 61–103</td>
</tr>
<tr>
<td>financial intermediation 174–5</td>
</tr>
<tr>
<td>financial sector</td>
</tr>
<tr>
<td>Islamization 6–7, 8</td>
</tr>
<tr>
<td>supervision of 164–9</td>
</tr>
<tr>
<td>FSA 165, 167</td>
</tr>
<tr>
<td>Fiqh Academy of the Organization of Islamic Cooperation, see Islamic Fiqh Academy</td>
</tr>
<tr>
<td>Fiqh Council 24–5, 129</td>
</tr>
<tr>
<td>First Council of Carthago 45</td>
</tr>
<tr>
<td>Fisher, Irving 184, 186</td>
</tr>
<tr>
<td>fitr 31</td>
</tr>
<tr>
<td>five pillars of Islam 17, 21, 31</td>
</tr>
<tr>
<td>foreign-exchange market 90, 103</td>
</tr>
<tr>
<td>forward lease 83, 159</td>
</tr>
<tr>
<td>forward transactions 90, 138</td>
</tr>
<tr>
<td>Fourth Lateran Council 45</td>
</tr>
<tr>
<td>Franciscans 48, 49</td>
</tr>
<tr>
<td>Freddie Mac 138</td>
</tr>
<tr>
<td>French Revolution 3, 45</td>
</tr>
<tr>
<td>fuqaha 17, 53, 68, 70, 73, 96, 134, 185</td>
</tr>
<tr>
<td>futures 90–91</td>
</tr>
<tr>
<td>Gafoor, A.L.M. Abdul 40</td>
</tr>
<tr>
<td>Gainor, T. 101</td>
</tr>
<tr>
<td>Gait, A. 127</td>
</tr>
<tr>
<td>gambling, see maysir</td>
</tr>
<tr>
<td>Keynes) 35</td>
</tr>
<tr>
<td>Germany, sukuk 80, 81</td>
</tr>
<tr>
<td>Gesell, Silvio 35</td>
</tr>
<tr>
<td>gharar (risk) 73, 74, 90, 95</td>
</tr>
<tr>
<td>and insurance 128, 129, 130</td>
</tr>
<tr>
<td>prohibition of 52–3</td>
</tr>
<tr>
<td>secular arguments on prohibition of 54–5</td>
</tr>
<tr>
<td>supervision of 167–8</td>
</tr>
<tr>
<td>Global Islamic Index Series (GIIS) 148</td>
</tr>
<tr>
<td>globalization 1</td>
</tr>
<tr>
<td>Godlas, Alan 27</td>
</tr>
<tr>
<td>gold 31, 32, 33, 36, 39, 40, 58, 77</td>
</tr>
<tr>
<td>gold dinar 57, 58</td>
</tr>
<tr>
<td>Goldzihier, Ignaz 12</td>
</tr>
<tr>
<td>Gordon, Barry 46</td>
</tr>
<tr>
<td>Government Investment Issues (GII) 158, 161, 163</td>
</tr>
<tr>
<td>Green Sukuk Working Group 176</td>
</tr>
<tr>
<td>guarantees, contract law 97</td>
</tr>
<tr>
<td>Guiding Principles on Corporate Governance (IFSB) 105–6</td>
</tr>
<tr>
<td>Hadith 4, 12, 13, 21, 185</td>
</tr>
<tr>
<td>ban on short-selling 91</td>
</tr>
<tr>
<td>gharar 53, 54</td>
</tr>
<tr>
<td>law schools' views 18, 19</td>
</tr>
<tr>
<td>murabaha 69</td>
</tr>
<tr>
<td>riba 37, 38, 39</td>
</tr>
<tr>
<td>zakat 32, 33, 34, 57</td>
</tr>
<tr>
<td>Hakim, Sam R. 149</td>
</tr>
</tbody>
</table>
Index

halal 16–17, 39, 55, 62, 99, 141, 143, 150
Hamas 33
Hamoud, Sami 61, 101
Hanafi law school 18, 20, 134
dar al-Islam 26
darura 24, 25
istisna contract 73
riba 39
trading with non-Muslims 25
zakat 34
Hanbali law school 19–20
derivatives 92
gharar 53
zakat 34
Haque, Ziaul 56, 64
haram 16, 31, 39, 74, 89, 90, 129
Hasan, Maher 173
Hassan, Hussein 60
Hayat, Raphie 149, 150
hedge funds 151–2
hedging 72, 90, 91, 178
Hesse, Heiko 167, 168
hetter iskah 51–2
hiba 106, 107
hiyal 75, 77
Hizb ut-Tahrir 23, 57
Holy Land Foundation for Relief and Development 59
home finance 134–5
costs and other problems 141–2
Dutch 181–2
ijara wa iqtina 137–9
istisna 140
murabaha 135–7
musharaka mutanaqisah 65, 139–40
hospital plans 134
hostile-West syndrome 8
Howladar, Khalid 87
HSBC 8, 120
HSBC Amanah 96, 120, 142, 151
HSBC Amanah Malaysia 76, 118, 151
hudud law 22
Hussein, Saddam 5

ibadat 17, 21
Ibadi sect 20
Ibn Rushd 43
Ibn Taymiyya, Taqi al-Din 19, 77
ijara 69–71, 178
freedom from moral hazard 114
Pakistan 118
public finance 158
sukuk 81, 86, 88, 99, 163
ijara wa iqtina 69, 70–71, 89, 102
home finance 137–9
public finance 158
ijma (consensus) 13, 14, 15, 18, 19, 20
ijithad 14–15, 21, 145, 179
law schools' views 18, 20
Salafi reformism 22
illah 90, 91
imprisonment 96
indexation 40
India 18, 20
Indo-Pakistani groups 22
Indonesia 19
banking system 120
deposit guarantees 166
fatawa 28
investment accounts 166
liquidity management 162
monetary standards 122
PLS 118
sharia committee 123–4
sukuk 81
zakat 34
see also Bank Indonesia
Indonesian Council of Ulama (MUI) 17, 37
inflation compensation 40–41
Institute of Islamic Banking and Insurance 8
insurance 96
conventional 128–30
takaful 63, 130–34, 151, 178
interbank money market 161, 163–4, 168, 173
interest
in the Bible 44–5, 50, 188–90
conventional banks 40, 105, 115
intellectual bankruptcy as hallmark of
3
prohibition of 10
in Christianity 44–51
in Judaism 51–2

see also riba

interest rates, as benchmarks 67
interest-based banking 37
interest-free banking 6, 7, 118
Intermediate marketing Service (IMS) 180
International Accounting Standards Board (IASB) 121
International Accounting Standards (IASs) 121
International Financial Reporting Standards (IFRSs) 121
International Investor 148
International Islamic Financial Market (IIFM) 91, 98, 122, 169
International Islamic Liquidity Management Corporation (ILLM) 116–17
International Monetary Fund (IMF) 8, 122
International Swaps and Derivatives Association (ISDA) 91
investment
funds’ performance 148–50
hedge funds 151–2
Islamic investments, conditions for 142–8
mutual funds 149
pension funds 150–51
investment accounts 104–6, 166, 169
Investment Dar Company of Kuwait 86, 100
Iqbal, Muhammad Mazhar 42, 44
Iqbal, Zahir 112, 117
Iqtisaduna (al-Sadr) 5
Iran 20, 124
Islamic banking 120
Islamization of financial sector 8
liquidity management 162
moral hazard 112, 114
public finance 157, 159
riba 159
see also Central Bank of Iran
Iraq 18, 20, 179
Islamic Accepted Bills 164
Islamic Bank of Britain (IBB) 120, 165
Islamic banks 29
assets
agency problems 108–10
information and moral hazard
problems under PLS 110–13
liquidity management 116–17
PLS, potential benefits 115–16
prudential supervision 108
risk management 117
costly procedures 124–5
development of 118–21
efficiency 125
funds, uses of 117–18
inflation compensation 40
liabilities 104–8, 169
borrowings 107–8
current accounts 107
investment/PLS accounts 104–6
savings accounts 106–7
transaction accounts 107
as a ploy to advance Islamism 9
risk management 173
sharia boards 122–4
standard-setting organizations 121–2
as traders or lessors 164
Islamic bonds, see sukuk
Islamic capitalists 23
Islamic charities 33
Islamic Circle of North (ICNA) 181
Islamic Corporation for the Development of the Private Sector 116
Islamic credit cards 88–90
Islamic Development Bank (IDB) 61, 98, 108, 116, 119, 122
Islamic economy 1–2, 3, 5, 6–7, 8, 9, 10, 24, 29–60, 156
Islamic finance
and conventional finance comparison 171–80
claimed benefits
collection to financial intermediation 174–5
ethical orientation 175–6
risk mitigation and prevention of crises 172–4
negative effects
higher costs 177
Index

insurance pitfalls 178
principal–agent problems 177–8
risks for depositors 176–7
scope for diversification and hedging 178
costs 177
differing roles 9
as ethically superior 9
final verdict 184–5
hostility to 184
limited choice 178
negative sides 113–15
origins 1–6
political Islam 7
see also financial instruments
Islamic Finance and Environmental, Social and Governance (ESG) Investing 176
Islamic financial institutions convergence with conventional ones 183
microfinance 152
supervision 169
see also Accounting and Auditing Organization for Islamic Financial Institutions
Islamic financial markets 98
Islamic financial products 10
market for 9, 180–82
Islamic Financial Services Board (IFSB) 98, 105, 108, 122, 169
Islamic Fiqh Academy 59
fulfilment of promises 95
inflation 40, 41
investment 143, 148
istisna contracts 74
organised tawarruq 77–8
sukuk 79
zakat 32
Islamic funds, performance 148–50
Islamic indexes 144–5, 148
Islamic International Rating Agency (IIRA) 122
Islamic Investment Company of the Gulf v. Symphony Gems NV 100
Islamic law 4, 21
first books 18
international 25
primary sources 12–13
principles 15–16
secondary sources 14–15
Islamic Mint 57, 58
Islamic modernism 10
Islamic Relief 33, 34
Islamic World Trade Organization 56
istisna 15, 18, 20
istislah 16, 18
istisna 55, 72, 73–4, 95, 158–9
home finance 140
sukuk 83–4
istithmar, sukuk 85–6
Jafari law school 20–21
JAK Banken 47, 61, 127
Jalaluddin, A. 127
Jamaat-e-Islami 4, 5, 7
Jang, Ji-Hyang 23
jihad 23
Jordan 20, 34, 120, 121
Jordan Islamic Bank 61
Judaism, prohibition of interest 51–2
just price 45–6, 54
kafalah 89, 97
Kahf, Monzer 127
Kamali, Muhammad Hashim 91
Kerridge, Eric 50
Keynes, John Maynard 35
khalifa.com 57
khalifah 56
Khan, Salman H. 78
khilafiya 37
Khomeini, Ruhollah Mostafavi Musavi xiv
Knight, Frank H. 52, 130
Kraeussl, Roman 149
Kuala Lumpur Sharia Index (KLSI) 144, 148
Kuala Lumpur Stock Exchange 78, 79–80, 144, 148
Kufaar 7
Kunhibava, Sherin 91
Kuran, Timur 7, 9, 179
Kuwait 19, 35, 86, 89, 160
Kuwait Finance House 89
labour, remuneration of 31
laissez-faire 3
Lariba 137, 138
Lateran Councils 45, 49
law schools 17–21
leases
financial 70, 102
operating 70, 71, 102
leasing, see ijara
Lebanon 121
lender-of-last resort 156, 162, 173
liberal democracy 7
liberal reformism 23
liberalism 21, 57
liberality 98
LlBOR 66, 82, 94, 135, 137, 158
Libya 19, 20, 179
life insurance 129, 131, 133
liquidity management 116–17, 162–3
litigation 98–9, 110
Lloyd's TSB 120
London Stock Exchange 150
lucrum cessans 41, 47, 48, 49
Luther, Martin 49–50
madrasas 22
Magnus, Albertus 46, 48
Majelis Ulama Indonesia (MUI) 17, 37
Malaysia 1, 19
bai inah 76
current accounts 107
deposit insurance 165–6
derivatives 93
financial institution supervision 169
futures 90
investment 143, 144
Islamic banking 120
Islamic credit cards 88
Islamic index 148
monetary policy instruments 164
penalty clauses 96–7
PLS 118
public finance 158
sharia committee 123
sukuk 79–80, 82, 98, 116
Tabung Haji 118–19
tawarruq 76–7

Index

trading in debt 74, 81
World Islamic Mint 57, 58
zakat 34, 35
see also Bank Negara Malaysia
Malaysia Securities Commission 76,
79, 91, 144, 145–8
Malaysian Banking Behad 107–8
Maliki law school 18–19, 20
gharar 53
musharaka 64
qirad 63
riba 39–40
salam contracts 72
zakat 34
Malley, Mohammed 101
manfaa-ijara, sukuk 81, 99
mark-up financing, see murabaha
market risk 168
Marxism 6, 42
maslahah (public interest) 16, 19, 21, 76,
97, 146, 165, 186
MasterCard (UM Financial) 89
Maududi, S. ABD A'la 2, 3–5, 7, 8, 10,
22, 24, 33, 34, 40, 41, 128, 130,
156
maysir 90
insurance 128, 129
prohibition of 52–3
Quran on 188
secular arguments on prohibition of
54–5
medieval Christianity, view on interest
45–51
Medina 18
Melancthon, Philip 50
Mendel, Menachem 51
Metsys, Quinten 47
Metwally, M. 127
microfinance 152
Mill, John Stuart 7
Minaret of Freedom 21, 37, 56
Minsky, Hyman P. 186
Mirakhor, Abbas 157
Mit Ghamr Savings Bank 119
Mohamad, Datuk Mohamad Shukri 58
Mohamad, Mahathir 10
monetary authorities 157, 164–9
monetary policy instruments 159–62
Index

monetary standards 122
money 29–30, 41, 46, 57, 77
The Moneylender and his Wife (Metsys; painting) 47
monitoring, by banks 109, 111, 112, 113–14
Montes Pietatis 48–9
moral hazard problem and penalty clauses 98
profit-and-loss sharing (PLS) 110–13, 114, 177
reducing/minimizing 63, 109
Morocco 19, 20, 34
mortgage plans 134
muamalat 21
Mubadalatul Arbaah (MA) standard 91
mudaraba 63–4
agency problems 110
current accounts 107
guarantees 97
investment accounts 105, 106, 166
microfinance 152
moral hazard problems 111, 112, 113
Pakistan 118
savings accounts 106–7
sukuk 84, 167
takaful 63, 132
wakala 133
Mudaraba Interbank Investment (MII) 163
Muhammad (Prophet) 12, 18, 55, 72
Muhammadiyah 37
Mumca, Ügur 9
murabaha 61, 66–9
bai inah 75–6
contract complexity 95
cost 125
freedom from moral hazard 114
funds 143
home finance 135–7
Malaysia 118
Pakistan 118
penalty clauses 97
public finance 158
Sudan 118
sukuk 81–2, 86
tawarruq 75–6, 78, 108
tax systems 99
Murabitun movement 69
musaqat 65
musawama 67
musharaka 64–6
agency problems 110
guarantees 97
moral hazard problems 111, 112, 113, 114
Pakistan 118
public finance 158
sukuk 84
venture capital 115
musharaka mutanaqisah 65
home finance 139–40
Muslim bin al-Hajjaj al-Nisapuri, Abul Husain 13, 27, 39
Muslim Brotherhood 2, 6, 7, 60, 119
Muslims, among a non-Muslim majority 24–6
mutual funds 149
muzara 63
Nahdlatul Ulama 25, 37
Nakheel 98, 99
National Bank for Development (Egypt) 80
National Bank of Sharjah (UAE) 124
National Council of Scholars (Indonesia) 124
National Participation Paper (NPP) 157
national-socialism 3
Net Stable Funding Ratio (NSFR) 127
Netherlands abhorrence of riba 181
Islamic home finance 141, 181–2
monetary authorities 167
tax treaty between Bahrain and 99
New Testament 44, 50, 190
New York Stock Exchange 166
Nienhaus, Volker 124
Noland, Marcus 179
nominate contracts 62
non-Muslim majority, Muslims among 24–6
non-Muslims, zakat 34
non-profit-and-loss sharing 66–75, 183
normative economics 29, 30
Nyazee, Imran Ahsan Khan 69, 101
O’Brien, George 45
object of the sale, and risk 54, 55
oil crisis (1973–74) 1, 119–20
Old Testament 44, 50, 188–9
Oman 20, 34, 80
operational risk 168
opportunity costs 48
options 92
Organization of Islamic Cooperation 59
Organization of the Islamic Conference 59
organized tawarruq 77–9
Otto, Torsten 5
Ottoman Empire 179
over-the-counter (OTC) contracts 90
overdraft facilities 162
ownership 56, 96
Özal, Turgut 174
Pakistan 4, 5, 18
agency problems 110
banking system 120
Deobandi movement 22
Islamization 2, 6–7
mudaraba 65
murabaha 75
musharaka 65
penalty provision 96
PLS 118
qard hasan 71
sharia committee 123
zakat 34, 35
see also State Bank of Pakistan
Pal, Izzud-Din 10
parallel salam 72
partnership financing, see musharaka
penalty clauses 96–7
pension funds 150–51
Pepinsky, Thomas, B. 182
periculum sortis 48
PLS, see profit-and-loss sharing
poena conventionalis 48
Pointon York 151
political Islam 7
political literalist salafism 23, 24
Politika (Aristotle) 46
Pound, Ezra 10, 47
principal–agent problems 177–8
private banking 119
private ownership 56
profit 56, 89
profit-and-loss sharing 62–6, 117–18
accounts 104–6
agency problems 108–10, 177–8
crisis prevention 174
hope and belief in 182–3
information and moral hazard
problems 110–13
negative sides 113–15
potential benefits for banks 115–16
public finance 157
supervision of lending 167
see also mudaraba; musharaka
profite-rate swaps 93–4
promises, legal status of 95
prudential supervision 108
public finance 157–9
public interest, see istislah; maslaha
qabala 160
Qatar 20, 76, 121, 169, 175
qirad 63
qiyas (analogy) 14, 15, 18, 19, 20, 32,
40, 73
qard hasan 66, 71, 106, 107, 118, 152,
158, 161, 163
Quran 4, 8, 10, 12, 13, 14, 16, 19, 20, 21,
27, 185
on debtors 98
market activities 55
maysir 188
riba 36, 37, 38, 39, 42, 56, 187–8
zakat 33
Qureshi, Anwar Iqbal 2–3, 6, 10, 35, 56,
61
Qutb, Sayyid 6, 7, 8, 22, 24, 33
Rahman, Abdul Rahim Abdul 125
Rahman, Azhar Abdul 144
Rahman, Fazlur 28, 38, 59–60
Rahn agreements 161
Ramadan, Tariq 22, 23, 24, 25, 26, 36
Rashidian, Manochehr 149
rational reformism 23
ray 15, 18, 20
real estate 141–2
Index

Real Estate Investment Trusts (REITs) 146–7
reason/reasoning 19, 20, 21; see also ijtihād
receivables, illiquidity of 164–5
Reformation 49–50
remuneration of labour 31
restricted investment accounts 105
retakafūl 134
reverse tawarruq 78, 108
RHB Unit Trust Management Bhd 148
riba 26, 36–44
inflation 40–41
insurance 128
Iran 159
prohibition of 36–40, 156, 179
in the Quran 36, 37, 38, 42, 56, 187–8
secular arguments for prohibition of 42–4
time value of money 41
riba al-fadl 38, 39, 40, 42, 43, 131, 137
riba al-jahiliyya 37, 38–9
riba al-nasīa 38, 39, 42–3
Rida, Muhammad Rashid 2, 21, 22, 37
rightly-guided caliphs 4, 19, 32
risk, see gharār; sharia risk
risk management/mitigation 117, 172–4
Rothbard, Murray 56
Sadr, Kazem 112
safe-custody accounts 106
sakk 79
Salafi literalism 22
Salafi reformism 22, 24, 33
salam 152, 164
sukuk 82–3, 86, 164
sale–leaseback construction 80
Saleh, Nabil A. 97
Saudi Arabia 20, 122
banking 119
Islam and economic growth 179
musharaka 65
sukuk 98
tawarruq 76
women’s banking 124
zakat 32–3, 34, 35
Saudi Arabia Monetary Authority (SAMA) 116–17
Saudi Hollandi Bank 65
savings accounts 106–7
Saxony-Anhalt sukuk 80, 81
Schacht, Joseph 12, 15
scholastic traditionalism 22
Schumpeter, Joseph 52
screening, by banks 109, 110
Second Lateran Council 45
Shafii law school 13, 15, 19
bai inah 76
musharaka 64
qirād 63
riba 39–40
zakat 34
Shanmugam, Balachandran 91
sharia 1, 5, 7, 9, 12, 13, 15, 29
finance industry compatibility 183
observation of 21–4
Sharia Advisory Council (SAC) 144–5, 145–6, 147–8, 165
sharia boards 122–4, 138, 145, 165, 167, 175
sharia courts 40
sharia risk 99–100
Sharia-compliant Certificate of Deposit 78, 79
Shariah Global Equity Series 148
Shell Malaysia Berhad 79
Shia, Shiites 4, 5, 12, 14, 17, 20, 21, 27
Shikoh, Rafi-uddin 175–6
short-selling 91
Siddiqi, Na'iem 2–3
Siddiqi, Mohammad Nejatullah 8, 21
Siddiqui, Shahid Hasan 183, 186
silver 31, 32, 33, 36, 39, 40, 58, 77
silver dirham 57, 58
Simons, Henry 184
Sinanovic, Ermin 28
Sistani, Ayatollah 25
Slomp, Jan 2, 5, 59
social justice 6, 30, 50, 56, 175, 185
social responsibility 9, 175, 176
socialism 3, 55
South Africa, pension funds 150–51
special purpose vehicle, for issuing sukuk 80, 81, 82, 83, 84, 85
Index

speculation 26, 72, 90, 151, 166, 178;
see also maysir

stamp duty 136
Stamp Duty Land Tax 140
Standard Chartered Bank 93, 120
standard-setting organizations 121–2;
see also individual organizations
State Bank of Pakistan 121, 123
state ownership 56
Sudan 19
agricultural finance 115
deposit insurance 165
ijtihad 15
Islamic banking 119, 120
monetary policy instruments 160,
164
murabaha 118
PLS finance 115
public finance 157
sharia committees 123
standard-setting organizations 121, 122
takaful insurance 131
zakat 34, 35
see also Central Bank of Sudan
Sudan Financial Services Co. 160
Sudanese Islamic Bank 115
Sufism 23
sukuk 63, 79–88, 98, 99, 116, 143, 150,
158, 164, 178
Sukuk Resolution (2008) 86, 87–8
Sundararajan, V. 160
sunna 4, 8, 10, 12, 13, 14, 19, 20, 21, 42
Sunni Islam, Sunnites 7, 15, 17, 21, 22,
31, 72
Swiss Re 131, 134
Syria 20, 121, 154

tabarru takaful 132
Tabung Hajji 118–19
Tahawwyt Master Agreement (ISDA) 91
takaful 63, 130–34, 151, 178
takfir 7, 21
Talal, Rachida 154
Taliban 22
tawarruq 75, 76–9, 102, 108, 160, 161
tawarruq munazzam 75
tawheed 29, 30, 36, 56
tax issues 98–9
technical efficiency 125
theo-democracy 4
Third Islamic Conference of Foreign
Ministers (1972) 119
Third Lateran Council 45
Thomas, Abdelkader 181
Thomson Reuters 67
time value of money 41
total-return swaps 94
trade finance 63, 67, 109–10, 135, 164,
170
transaction accounts 107
trustee finance, see mudaraba
Tunisia 19, 20
Turkey 8, 18
banking system 120
deposit insurance scheme 165
financial intermediation 174–5
Islamic capitalists 23–4
reformism 23
scholastic traditionalism 22
Twelvers 14, 20

Ul Haque, N. 157
ulama 4, 10, 17, 18, 19, 26
UM Financial 89
Umar 4, 32, 36
umma 13
uncertainty, see gharar
United Arab Emirates
central bank 78, 161
leasehold interests 99
monetary policy 161
sharia supervisory body 124
sukuk 81
United Kingdom 22
Islamic banking 120
Islamic charities 33
Islamic home finance 135, 136, 138,
140
United States 22, 120
home finance 138
real estate 141–2
unrestricted investment accounts 105
unrestricted savings accounts 107
urbun/arbun 92
urf 16, 18, 132
Usmani, Muhammad Taqi 57, 66, 67, 75, 87, 92, 103, 127
usul al-fiqh 13
usury 44, 45, 47, 48
Uthman 4
Valibeigi, Mehrdad 56
van der Kooy, T.P. 30
van Reymerswaele, Marinus 47
Verhoef, B. 167
wa’d contracts 92, 95
wadia current accounts 107
wadia interbank acceptance 161
wadia yad amana accounts 106
Wahhabites 20, 31
Wahid, Abdurrahman 25–6
wakala 74–5, 100
mudraba 133
sukuk 85
takaful 132–3
waaf 133
waqf (charitable trust) 179
Western banks, see conventional banks
Western colonialism 2
Wolters, Willem 111
women’s banking 124
World Bank 8, 122
World Islamic Mint 57, 58
Worthington, A.C. 127
Yahya, Mohamed Hisham 125
Yaquby, Sheikh Nizam 15, 127, 144
Yasaar Research Inc. 148
Yemen 19, 20, 34
financial sector supervision 169
Islam and economic growth 179
Yogyakarta Bank 111, 112
Zahiri law school 20, 40
zakat 31–6, 57, 58, 145, 166–7
Zia ul-Haq, Muhammad 5, 6, 10
z score 170
Zwingli, Huldreich 60