Index

Abdul-Majid, M. 101–2
Abed-Kotob, S. 135
Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) 45, 173, 184, 199, 232
Afchar, H. 36
Affaki, G. 194
agency contract (wakala) 167, 169–70, 200, 230–31
Ahmad, K. 56, 57, 58, 59, 60, 62
Ahmed, J. 120
Ainley, M. 159, 164, 171, 172
Ainsworth, J. 3
Al-Ghazali, Z. 36–7, 60, 135
Al-Kasani, A. 43
Al-Makarim, Z. 57
Al-Sadr, M. 67
Al-Suwailem, S. 77
Algaons, L. 155
Ali, Salman Syed 69–78, 214
Allianz insurance group 205, 206
Alpay, S. 221
Alsharif, A. 211
Amin, M. 161, 165, 166, 168
An-Na’im, A. 15, 21, 153
Anderloni, L. 118
‘aqd theory (objectivism), property rights 41–2
Archer, S. 79, 82, 231
Arif, M. 57, 61, 62, 63
Ash’arism (Sunni orthodoxy), property rights 35–9, 40
Askegaard, S. 122
asset-backed contracts see sale-and-asset-backed contracts
Asutay, Mehmet 55–68, 213–27
Attijariwafa Bank 118
Ayub, M. 64

Baele, F. 100–101
Bahrain 217, 218

Ballard, R. 28
Bangladesh 218
Baskan, F. 222
Beck, T. 102
Berman, P. 9
Bernstein, P. 47, 233
Berry, J. 118, 119
Bodman, H. 135
bonds see sukuk (bonds)
Borradori, G. 18
Branca, P. 121
Brugnoni, A. 120, 121
Burnat, F. 193

Caixa Bank 148
Cattelan, Valentino 1–12, 15, 16, 32–51, 228–34
Cayla, J. 122
Čekici, Ibrahim-Zeyyad 192–202
Cetorelli, N. 102
Chapra, M. 7, 56, 57, 61, 62, 70, 80
Chehata, C. 38, 41, 42
Chehata, D. 135
Chiba, M. 2, 19, 21, 22–3, 24, 28
Cihak, M. 90, 99
Çizakça, M. 7
Clode, M. 169
Coase, R. 6
Cole, D. 10
Collyer, M. 110, 113
Comaroff, J. and J.L. 159
competition economic impact of Islamic finance 102–4
Germany, Islamic financial products from other European countries 210–11
Conlan, S. 19
conventional banking bank-customer relationship 147–8
Islamic finance in Europe

collateralized debt obligations (CDOs) 74–5
credit default swaps (CDSs) 756
debt culture and financial instability 73–6
hedge funds 158
interest rate predetermined in 148
Islamic banking contracts comparison 81, 83, 84, 86, 89, 91
Western economic culture, influence of 2, 3–4, 5, 6–7, 20–21, 27–9
Coulson, N. 15, 17, 22
credit risk
economic impact of Islamic finance 98, 99
Islamic banking contracts 87, 88–9, 90
see also risk assessment
Cyprus 111
Dar, H. 208
Dawkins, R. 2
De Brosses, A. 193
De Rosmorduc, Eleanor 179–91
Demiralp, S. 222
Demsetz, H. 10
deposit guarantee 148, 149, 151, 169
DiVanna, J. 169
Djankov, E. 3
Dusuki, A. 170
Eatwell, J. 159
economic development see financial stability and economic development
economic impact of Islamic finance 96–108
access to finance 104–7
bank efficiency assessment 100–102
bank size and z-score 99
competitive behaviour 102–4
credit risk 98, 99
default rates 100–101, 102
equity-like instruments, risk associated with 98
ethical nature of Islamic finance 98, 101, 103–4
financial stability 97–9
Islamic share of population 105
Lerner index measurement 103
liquid assets and limited borrowing power 100
market power and price levels 102–4
monitoring and risk assessment 98, 99
murabaha (cost-plus sale) 100, 101
profit-and-loss-sharing principle 98, 100, 103–4
z-score assessment 99
Ehrlich, E. 22, 30
Eickelman, D. 136
Eidson, J. 4
El-Gamal, M. 5, 35, 43, 44, 103, 221
El-Hawary, D. 80, 88
Ellinger, E. 169
Ercanbrack, Jonathan 157–78
Errico, L. 5, 80
Esposito, J. 136
ethical nature of Islamic finance 98, 101, 103–4
see also Islamic moral economy (IME)
European passport 144, 149, 181, 182
Ezzat, H. 136
Fadel, M. 44
falih (salvation) as personal objective 58, 60, 61
Farahbakhsh, M. 80
Farhoush, Azadeh 203–12
Favara, G. 70
Fazio, S. 160
Featherstone, M. 18
Fiennes, T. 174
Figueiredo, B. 122
financial pluralism
credit institutions 230
descriptive and normative applications 229–32
open society, pursuit of 232
Shari‘ah supervisory boards (SSBs), regulation of 231–2
see also legal pluralism, management of; property rights pluralism
financial stability and economic development 69–78

Index

banking instability effects 71–2
collateralized debt obligations (CDOs) 74–5
credit default swaps (CDSs) 756
debt culture and financial instability 73–6
debt-based financing and wealth creation in Islamic financial system 76–7
economic and financial cycles 77–8
effects on economic development 71–2
gharar (excessive risk), prohibition of 73, 74, 75, 76
global financial crisis, causes of 73
Islamic context of economic development 69–70
Islamic finance benefits 73–8
links between 70–71
political and governance failures, effects of 72
poverty reduction 71, 72, 77–8
public and private sector debt, effects of 72, 73
riba (interest), prohibition of 73, 74
socio-economic development 69–70
Fiorio, C. 120
Foster, N. 5, 163
France, Islamic finance and laïcité (secularism) principle 192–202
Autorité des Marchés Financiers (AMF) supervision 197–8
Comité des Établissements de Crédit et des Entreprises d’Investissement (CECEI) supervision 196–7
earlier connections with Islamic law 194
financial supervisory authorities 196–8
ijara (lease or hire contracts) 193, 198–9
Islamic finance demand 106, 193
istisna’ (manufacture contract) 193, 198–9
laïcité as state neutrality 194–5
migrant population 110, 111, 117
mudaraba (risk-and-profit-sharing) 200
murabaha (cost-plus sale) 193, 198–9, 200
musharaka (profit-and-loss-sharing agreement) 200
Muslim population 106
parliamentary interventions 195–6
salam (forward sale with prepaid price) 200
Sharia boards 196–7
sukuk (bonds) 193, 195–6, 197–8, 199–200
tawwwarug (tripartite sale) 193, 198–9
taxation 193, 198–200
wakala (agency contract) 200
Freeman, M. 23
Gambera, M. 102
gambling (maysir) prohibition 5, 7, 42–4
Gearty, C. 19, 24
Geertz, C. 2, 38
gender issues see women’s empowerment and Islam
Germany, Islamic finance in 203–12
Allianz insurance group 205, 206
commercial and economic factors for lack of success 208–10
communication and distribution channels 210
credibility, lack of 209
economic potential 210
‘ethno bank’ subsidiaries 210
Exchange Traded Fund (ETF) products 206
F-M-F Islamic Banking 206
iFIS Islamic Banking 206
Islamic financial products from other European countries, competition from 210–11
Islamic financial products on offer 204–7
Islamic holding scandal 208, 210
Kuveyt Türk bank 205
legal and institutional barriers 207–8
Meridio wealth management 205–6
migrant population 110, 111, 112, 117
Muslims and Islamic finance 204, 205
non-Muslim consumers, fear of alienation of 210
product knowledge and uptake, lack of 208–9
Shari’ah boards 207
Shari’ah compliant products 204–9
Skandia insurance 205
success, potential reasons for lack of 207–11
sukuk (bonds) 205–7
takaful (insurance) structure 205, 211
training programmes, need for 209
Turkish communities, banking subsidiaries targeting 205
gharar (excessive risk) prohibition 5, 7, 73, 74, 75, 76
Islamic moral economy (IME) 65
Luxembourg 183
property rights 42–4
UK 169
Gimaret, D. 36
Gimigliano, Gabriella 143–56
Glenn, H. 2–3, 18, 33
globalization effects
financial crisis 55, 73, 214–15
financial pluralism, descriptive and normative applications 229–30
legal pluralism, management of 18, 19–20, 21–3
parliamentary representation and women's empowerment 127, 128
property rights pluralism 1–2
Gole, N. 225
Gomel, G. 93
Grais, W. 5, 88
Grier, S. 122–3
Griffiths, J. 2, 22, 33
Grossman, P. 10
Habermas, J. 18
Hainz, C. 102
Haldane, A. 166
haqq (right) see property rights
headings
Hart, H. 22, 30
Hasanuzzaman, S. 57
Hassan, M. 221
Hayes, S. 46, 155
Haylamaz, R. 132
Hertogh, M. 23
Hesse, H. 90, 99
hire contracts see ijarah (lease or hire contracts)
Hohfeld, W. 10
home purchase plans (HPPs) see UK, regulation of Islamic financial institutions (IFIs)
HSBC 117, 122, 158, 206
hukum (law) as established divine judgement 36–8
ijara (lease or hire contracts)
France 193, 198–9
risk profile of Islamic banks 80, 81, 84–5, 87
UK 167
Inanoglu, H. 221
India 22
Indonesia 217
insurance products see takaful (insurance products)
interest
interest-based financial transactions, UK 160, 166
rate predetermined in conventional banking 148
riba prohibition see riba (interest) prohibition
Iqbal, M. 64
Iqbal, Z. 36, 65, 146
Iran 218
Ireland 111
Isard, P. 159
Islamic banking contracts and the risk profile of Islamic banks 79–95
bank management, Shari’ah board influence 92
capital ratio calculation 82–3
control rights and cash flow rights, relationship between 82
conventional banking comparison 81, 83, 84, 86, 89, 91
credit risk 87, 88–9, 90
### Index

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>239</td>
<td>financial resources, sources of 80–81</td>
</tr>
<tr>
<td></td>
<td>governance structure 88–90</td>
</tr>
<tr>
<td></td>
<td><em>ijara</em> (lease or hire contracts) 80, 81, 84–5, 87</td>
</tr>
<tr>
<td></td>
<td>investment risk reserve (IRR) 82–3</td>
</tr>
<tr>
<td></td>
<td><em>istiksa’</em> (manufacture contract) 81, 85, 87</td>
</tr>
<tr>
<td></td>
<td>Italian regulatory compatibility and constraints 91–3</td>
</tr>
<tr>
<td></td>
<td>liquidity risk 87</td>
</tr>
<tr>
<td></td>
<td>market risk 87, 88, 90, 92</td>
</tr>
<tr>
<td></td>
<td><em>mudaraba</em> (risk-and-profit-sharing) 80, 81, 85–6, 87, 88, 91</td>
</tr>
<tr>
<td></td>
<td><em>murabaha</em> (cost-plus sale) 81, 83–4, 87, 88</td>
</tr>
<tr>
<td></td>
<td><em>musharaka</em> (profit-and-loss-sharing agreement) 81, 86, 88</td>
</tr>
<tr>
<td></td>
<td>operational risk 87, 89, 90</td>
</tr>
<tr>
<td></td>
<td>pricing transparency, lack of 89, 92</td>
</tr>
<tr>
<td></td>
<td>profit equalization reserve (PER) 82–3</td>
</tr>
<tr>
<td></td>
<td>profit margins 89</td>
</tr>
<tr>
<td></td>
<td>profit-sharing investment accounts (PSIAs), 81–2, 90, 93, 231</td>
</tr>
<tr>
<td></td>
<td>regulatory framework requirement 90–91</td>
</tr>
<tr>
<td></td>
<td>risk profile 87–91</td>
</tr>
<tr>
<td></td>
<td><em>salam</em> (forward sale with prepaid price) 81, 84, 87</td>
</tr>
<tr>
<td></td>
<td>Shari’ah board role 88–9, 91, 92</td>
</tr>
<tr>
<td></td>
<td><em>takaful</em> (insurance) 81, 84</td>
</tr>
<tr>
<td></td>
<td>taxonomy and typical risk profile 80–87</td>
</tr>
<tr>
<td></td>
<td>Islamic holding scandal, Germany 208, 210</td>
</tr>
<tr>
<td></td>
<td>Islamic moral economy (IME) 55–68</td>
</tr>
<tr>
<td></td>
<td>aspirations and realities, divergence between 66–7</td>
</tr>
<tr>
<td></td>
<td>asset-backed investment 64, 65</td>
</tr>
<tr>
<td></td>
<td>axiomatic principles 57–61</td>
</tr>
<tr>
<td></td>
<td>consumer indebtedness reduction 64</td>
</tr>
<tr>
<td></td>
<td>definition 57</td>
</tr>
<tr>
<td></td>
<td>divine balance (<em>rububiyyah</em>) and coordinated perfection in society 59</td>
</tr>
<tr>
<td></td>
<td>embedded financing 64</td>
</tr>
<tr>
<td></td>
<td>ethical nature of Islamic finance 98, 101, 103–4</td>
</tr>
<tr>
<td></td>
<td><em>falah</em> (salvation) as personal objective 58, 60, 61</td>
</tr>
<tr>
<td></td>
<td>foundation of 56–63</td>
</tr>
<tr>
<td></td>
<td><em>gharar</em> (excessive risk) prohibition of 65</td>
</tr>
<tr>
<td></td>
<td>and global financial crisis 55</td>
</tr>
<tr>
<td></td>
<td>global financial crisis and morality 63</td>
</tr>
<tr>
<td></td>
<td><em>ikhtiyar</em> (free will) 59</td>
</tr>
<tr>
<td></td>
<td>individual’s moral role in fulfilling God’s will 59–60, 62–3</td>
</tr>
<tr>
<td></td>
<td>intra- and inter-generational social justice 58</td>
</tr>
<tr>
<td></td>
<td>market, moral regulation of 62, 63</td>
</tr>
<tr>
<td></td>
<td>methodology 62–3</td>
</tr>
<tr>
<td></td>
<td>moral screening process 65</td>
</tr>
<tr>
<td></td>
<td>operational and institutional features 61–2</td>
</tr>
<tr>
<td></td>
<td>operational principles 64–5</td>
</tr>
<tr>
<td></td>
<td>participatory financing 65</td>
</tr>
<tr>
<td></td>
<td>poverty reduction 64</td>
</tr>
<tr>
<td></td>
<td>private property and enterprise as core of economic life 61–2</td>
</tr>
<tr>
<td></td>
<td>profit-and-loss-sharing (PLS) contracts 64, 65</td>
</tr>
<tr>
<td></td>
<td>prosperity and balanced growth in stakeholder participation 58</td>
</tr>
<tr>
<td></td>
<td>reform movement and establishment of first Islamic bank 55, 56</td>
</tr>
<tr>
<td></td>
<td>resilience of banks and financial institutions 55</td>
</tr>
<tr>
<td></td>
<td><em>riba</em> (interest) prohibition 63–4, 65</td>
</tr>
<tr>
<td></td>
<td>risk-sharing 64, 65</td>
</tr>
<tr>
<td></td>
<td>self-interest and social interest conflict 61–2</td>
</tr>
<tr>
<td></td>
<td>Shari’ah objectives 60</td>
</tr>
<tr>
<td></td>
<td>social accountability before God 57–8, 59</td>
</tr>
<tr>
<td></td>
<td>social justice and beneficence 58</td>
</tr>
<tr>
<td></td>
<td><em>tawhid</em> (unity of Allah) framework 57–8, 59–60</td>
</tr>
<tr>
<td></td>
<td><em>tazkiyah</em> (purification) process 58, 60, 61</td>
</tr>
<tr>
<td></td>
<td>value orientation 63–5</td>
</tr>
<tr>
<td></td>
<td>Islamic share of population 105</td>
</tr>
<tr>
<td></td>
<td><em>istiksa’</em> (manufacture contract) 81, 85, 87, 193, 198–9</td>
</tr>
<tr>
<td></td>
<td>Italy 110, 111, 114, 117, 210</td>
</tr>
<tr>
<td></td>
<td>risk profile of Islamic banks 91–3</td>
</tr>
</tbody>
</table>
Islamic finance in Europe

Jameelah, M. 136
Jang, J.-H. 222
Jawad, H. 136
Jobst, S. 205
Johnston, D. 35

Kabeer, N. 129
Kamali, M. 7, 35, 37, 38, 43
Karaca, E. 216
Karasik, T. 170
Karac, T. 231
Kotz, K. 30
Keskin, T. 223
Khalaf, R. 105
Khan, A. 57
Khan, M. 8, 149, 233
Khan, S. 80
Kishor, S. 129
Kjeldgaard, D. 122
Kuran, T. 103–4, 223
Kuwait 217, 218

Laïcité (secular) principle see secularism
Lancaster, J. 163
Lane, E. 38
Law (hukm) as established divine judgement 36–8
Le Goff, J. 43, 47
Lease contracts see ijara (lease or hire contracts)
Leff, A. 163
Legal framework 143–56
Access price 144–5
Alternative Investment Fund Managers Directive 182
Bank-customer relationship in conventional banking 147–8
Banking Directive 143, 145, 147, 149
Caixa Bank case 148
Common market access 143–6
Consumer Credit Directive 148
Credit institutions 146–9
Cross-sectoral directives 144–5
Deposit guarantee 148, 149, 151, 169
Deposits-Guarantee Schemes Directive 148, 169
EU Prospectus and Transparency Directives 185
EU Savings Directive 188, 189
EU VAT Directive 189
European financial intermediaries 150–51
European passport 144, 149, 181, 182
Harmonization principles 145–6
Hybrid payment institutions 152
Interest rate, predetermined in conventional banking 148
Lamfalussy process 145
Markets in Financial Instruments Directive (MiFID) 143, 145
Moral hazard 149
Payment institutions 151–2
Payment Services Directive 144, 145–6, 151
Portfolio management 150–51
Profit-and-loss-sharing accounts 150
Remuneration of sight accounts 149
Riba (interest) prohibition 150, 151
Sale-and-asset-based contracts 147
Shamil Bank of Bahrain EC v Beximco Pharmaceutical 153
Shari’ah compliant investments 146–7
Shari’ah Supervisory Board (SSB) 153
Transparency rules 153
Undertakings for Collective Investment in Transferable Securities Directive (UCITS) 143–4, 145, 150
Legal pluralism, management of 15–31
al-qanun al-islami conundrum 16, 21, 28
Christian church leaders’ views, controversy over 18
Communication problems 28–9
Discretion and ikhtilaf (toleration of opinion) 17
discrimination problems 21
global legal reasoning and kite-flying methodology 24–7
globalization effects 18, 19–20, 21–3
History of 22
Islamic law and religion, connections and disconnections 24–5
legal consciousness focus 23
legal exceptions, use of 19–21
legal procedures, excess focus on 16–17
legal transplants and methodological confusion 27–9
man-made history of legal systems 22
methodological pluralism 17
navigation challenge 23–4, 25–6
parallel legal orders, judicial rejection of 28
personal status law 22
plural-consciousness development 15–16
pluralism as necessity 16–17
pluralist lawyering 19–21
post-modernization as navigation technique 17–19
property rights pluralism 2–3
psychological evidence, disregard of 28–9
religion and law connections, distrust of 23, 24, 28
secular scholars' views, controversy over 18, 24
Shari'ah ‘right path’ concept 15–16, 17, 24, 29
state-centric positivism risks 17, 21, 23–4, 25–6, 28–9
tripartite distinction, official/unofficial/legal postulates 22–3, 24
types of internally plural law 25–7
Western supremacy assertions 20–21, 27–9
see also financial pluralism; property rights pluralism
Legrand, P. 3
Lerner index measurement 103
Lewis, M. 155
Liechtenstein 111
Linant de Bellefonds, Y. 41
Luxembourg, Shari’ah compliant investments 179–91
Best Practice guidelines 180
Code Napoléon 181
Commission de Surveillance du Secteur Financier (CSSF) 181, 182, 183

conflict resolution 185
cross-sector fact-finding task force 180
diversification and growth opportunities 179–80
eligibility of 182–3
family wealth management companies 184
financial participation companies 183–4
future of 189–90
gharar (excessive risk) exclusion 183
investments through fully taxable companies 186–7
legal framework 180–85
migrant population 111
mudaraba (risk-and-profit-sharing) certificates 183
murabaha (cost-plus sale) deposit mechanism 183, 187
private equity and real estate investments 184, 187
regulated investment vehicles 181–3, 188
riba (interest) prohibition 183
Securitization law 184
securitization vehicles, taxation 188–9
Shari’ah boards 182
Shari’ah compliant investment funds 179
Specialized Investment Fund (SIF) 181–2
sukuk (bonds) 179–80, 182–3, 184–5, 187–8
takaful (insurance) products 190
tax treaty network 189
taxation 180, 183–4, 186–9
training schemes 180
transparency problems 190
Under takings for Collective Investment in Transferable Securities (UCITS) 181, 182–3
unregulated vehicles 183–4
VAT 187, 189

McCormick, R. 169
MacIntyre, A. 4, 39, 228
Mahlknecht, Michael 203–12
Islamic finance in Europe

Malaysia 105, 217, 218, 232
Malik, M. 171
manufacture contract (\textit{istikna'}) 81, 85, 87, 193, 198–9
market
moral regulation of 62, 63
power and price levels 102–4
risk 87, 88, 90, 92
\textit{maysir} (gambling) prohibition 5, 7, 42–4
Meinzen-Dick, R. 3, 232
Melissaris, E. 17
Menski, Werner 3, 15–31, 33
Merry, S. 2
Metcalfe, B. 135
Miglietta, F. 81, 84, 85
migrant banking 109–25

- cosmopolitan and transmigrant people 122
- Creole marketing approach 115, 117
- cross-country variations 110–11
- dimensions and economic relevance 110–14
- Islamic banking 120–23
- Islamic banking, reverse acculturation and crossover consumption 122–3
- long-term approach 116, 117–18
- market segmentation 118–20
- marketing approaches 114–20
- migrant approach, and acknowledgement of differences 114–17
- migrant integration models 111–12
- migrants’ countries of origin 112
- migrants’ needs, evolution of 119–20
- migrants’ remittances 113
- mono-cultural marketing approach 114

- Muslim population 120
- \textit{Shari’ah} law 121, 123
- transcultural approach 116, 118
- welcome marketing approach 116, 118

- xenophobic approach 114, 115
Miller, T. 122
Mirakhor, A. 65, 79, 146

Mirakor, A. 79
Moghiassi, H. 136
Molyneux, P. 64
Montanaro, E. 170
Moore, S. 22
Moosa, E. 37
moral economy \textit{see} Islamic moral economy (IME)
Moshin, K. 79

- \textit{mudaraba} (risk-and-profit-sharing)
  certificates, Luxembourg 183
  France 200
  Islamic banking contracts 80, 81, 85–6, 87, 88, 91
  see also profit-and-loss-sharing (PLS) accounts

- \textit{murabaha} (cost-plus sale)
  economic impact of Islamic finance 100, 101
  France 193, 198–9, 200
  Luxembourg 183, 187
  risk profile of Islamic banks 81, 83–4, 87, 88
  UK 165–6, 168–70

- \textit{musharaka} (profit-and-loss-sharing agreement)
  France 200
  Islamic banking contracts 81, 86, 88
  UK 167
  see also profit-and-loss-sharing (PLS) accounts

- \textit{Mu’tazilism} (substance-over-form approach), property rights 35–6, 37, 40
Muttenzer, F. 4

Napolitano, Enzo M. 109–25
Naqvi, S. 56, 57, 58, 59, 61
Nestorovic, C. 120, 121
Netton, I. 36
Nienhaus, V. 233
Nkonya, L. 3
Nomani, F. 61

- O’Brien, R. 159
- O’Carroll, L. 211
- Okumus, S. 215
- Ormsby, E. 36
- Oswald, L. 122
Pakistan 21
Pakdemirli, E. 214
Parker, M. 216
Pejovich, S. 3
Pellegrini, M. 5, 88
Peñaloza, L. 122
Petersen, W. 102
Piscatorì, J. 136
pluralism see financial pluralism; legal pluralism, management of; property rights pluralism
Polat, A. 225
Popper, K. 232
Porzio, Claudio 79–95
Porzio, M. 8
Posner, R. 163
Poulter, S. 28
poverty reduction 64, 71, 72, 77–8
Pradhan, R. 3
profit-and-loss-sharing (PLS) accounts 64, 65, 150
economic impact 98, 100, 103–4
UK 165, 166
see also mudaraba; musharaka
profit-sharing investment accounts (PSIAs) 81–2, 90, 93, 231
property rights 32–51
Ash’arism (Suni orthodoxy and ethical adherence to God’s will) 35–9, 40
asset-backed risk and investment risk-sharing 44–6
certainty and illusion in comparative social research 32–5
enterprise management and risk-sharing in business profit 45–6
future research 47
hukm (law) as established divine judgement 36–8
insurance and risk sharing 46
marketplace operator’s response 40–41
maya, veil of (intrinsic nature of reality as multiplicity) and Vedic philosophy 34–5, 36, 37, 38–47
Mutazilism (substance-over-form approach to finance) 35–6, 37, 40
objectivism, real asset needed for validity of contract (‘aqd) theory 41–2
personal rights, ethical conception of 37–8
personal rights as shares of divine justice 39–40, 41–2
prohibitions of riba, gharar and maysir 42–4
riba (interest), Islamic theory of 42–3
risk management strategies 44–6
secular truths 39–46
social constructions and culture effects 33–4
spiritual truths and ethical performance 35–9
sukuk (bonds) 45
takaful (insurance) 46
property rights pluralism 1–12
Babel reference 1–2
Coase theorem and transaction costs 6
cultural neutrality problems 3
globalization effects 1–2
Islamic finance, challenge of 4, 5–7
legal pluralism 2–3
memetic pluralism 2–4, 6
overlapping cultures 1–2
overview 1–7
Western economic culture, influence of 2, 3–4, 5, 6–7
see also financial pluralism; legal pluralism, management of property transfer and stamp duty land tax (SDLT), UK 165–7
Qatar 217, 218
Rahnema, A. 61
Rajan, R. 102
Ramadan, T. 162
Raman, V. 33, 34
Rankin, A. 23, 24–5
Rayner, S. 41
Razwy, S. 132, 133
riba (interest) prohibition financial stability and economic development 73, 74
legal framework 150, 151
Islamic finance in Europe

Luxembourg 183
property rights 42–4
Turkey 214, 222
UK 169
see also interest
risk assessment
asset-backed risk and investment
risk-sharing, property rights 44–6
credit risk see credit risk
economic impact of Islamic finance 98, 99
excessive risk see gharar (excessive risk) prohibition
Islamic banking contracts see Islamic banking contracts and the risk profile of Islamic banks
property rights 44–6
risk-sharing, Islamic moral economy (IME) 64, 65
Rohe, M. 29
Rubin, M. 222
Rumbaut, R. 110
salam (forward sale with prepaid price) 81, 84, 87, 200
sale-and-asset-backed contracts
ijara see ijara (lease or hire contracts)
Islamic moral economy (IME) 64, 65
murabaha see murabaha (cost-plus sale)
property rights 44–6
salam (forward sale with prepaid price) 81, 84, 87, 200
tawwaruq (tripartite sale), France 193, 198–9
Saleh, N. 43
salvation (jihad) as personal objective 58, 60, 61
Sanli, U. 216
Santillana, D. 36, 37, 131
Santos, B. 9, 159, 160, 163
Sassen, S. 159
Saudi Arabia 218
Schacht, J. 48
Schmidt, N. 203
Schönenbach, R. 203
Schoon, N. 167
Schuld, K. 205
Scolart, Deborah 126–40
secularism
France see France, Islamic finance and laïcité principle
property rights 39–46
Turkey (laicist) 214, 222
Seibel, K. 205
Sen, A. 70
Sengès, A. 117
Shamil Bank of Bahrain EC v Beximco Pharmaceutical 153
Shari’ah boards
France 196–7
Germany 207
legal framework 153
Luxembourg 182
regulation of 231–2
risk profile of Islamic banks 88–9, 91, 92
UK 171–3
Shari’ah compliant products
Germany 204–9
legal framework 146–7
Turkey 217, 218
Shari’ah Councils 19
Shari’ah law
Islamic moral economy (IME) 60
migrant banking 121, 123
‘right path’ concept 15–16, 17, 24, 29
women’s empowerment and Islam 130–31
Sidani, Y. 135
Siddiqi, M. 56
Silvestri, S. 137
Sirageldin, I. 61
Skandia insurance 205
Smirnov, A. 7, 38, 39, 41, 42, 228
Solé, J. 5, 79, 169, 171
Spain 110, 111
Srairi, S. 101–2
Sreih, A. 169
Stainier, Florence 179–91
Starita, Maria Grazia 79–95
Stelzer, S. 37
Storck, M. 197–8
Index

Stromquist, N. 138

sukuk (bonds)
  France 193, 195–6, 197–8, 199–200
  Germany 205–7
  Luxembourg 179–80, 182–3, 184–5, 187–8
  property rights 45
  Turkey 216, 224
  UK 161, 163
  Sullivan, D. 135
  Sundararajan, V. 5, 80
  Sunni orthodoxy (Ash’arism), property rights 35–9, 40
  Sussman, N. 120
  Switzerland 111

takaful (insurance products) 211
  Germany 205, 211
  Luxembourg 190
  property rights 46
  risk profile of Islamic banks 81, 84
  UK 150
  Tamanaha, B. 19
  Tameeme, M. 170
  tawhid (unity of Allah) framework, Islamic moral economy (IME) 57–8, 59–60
  tawwaruq (tripartite sale), France 193, 198–9
taxation
  France 193, 198–200
  Luxembourg 180, 183–4, 186–9
  Turkey 216
  UK 163, 165–7
  Taylor, L. 159
tazkiyah (purification) process, Islamic moral economy (IME) 58, 60, 61
  Tohidi, N. 135
  training programmes 180, 209
  transparency problems 89, 92, 153, 190
  Turkey, Islamic banking 213–27
  Anatolian Calvinism 2234
  Assurance Fund guarantee scheme 215
  Banking Act 215
  Banking Regulation and Auditing Agency 215
  bankruptcies 214–15
  credit growth 220–21
  economic growth effects 223–4
  evolution of 213–16
  future of 224–5
  global financial crisis effects 214–15
  green capital, PBs as 222, 224
  Islamic, taboo against use of term 213, 215, 217
  laicist political structure 214, 222
  loans-to-deposit ratios 219–20
  Participation Banks (PBs) 213, 215–16, 217–23
  Participation Index for PBs 216
  performance and efficiency 221
  political economy and Islamic behavioural norms 221–4
  regulatory reform 215–16, 222
  riba and interest-free banking 214, 222
  Saving Deposit Insurance Fund 215
  Shari’ah compliant assets 217, 218
  Special Finance Houses (SFHs) 213, 214–15, 221, 223
  strategic marketing 216
  sukuk (bonds) launch 216, 224
  taxation 216
  trends and performances 217–21, 223–4
  Turkish communities, German banking subsidiaries targeting 205
  Twining, W. 17, 23
  UAE (United Arab Emirates) 217, 218
  Üçok, M. 122
  UK, regulation of Islamic financial institutions (IFIs) 157–78
    advisory firms 158
    alternative finance returns 165–6, 167
    alternative financial instruments, regulatory reference to 164
    child trust funds 167
    CIR v Plummer 165
    City of London, Islamic financial centre 159
    commercial law 163
    consumer protections for retail customers 168, 172–3
    conventional products, use of 161
Islamic finance in Europe

deposit-guarantee scheme 169
double stamp duty, abolition of 158
Finance Act 158, 165–6, 167
financial malfeasance and false
advertising 173
Financial Services Compensation
Scheme 169
Financial Services and Markets
(FSMA) Act, Regulated
Activities Order (RAO) 167–8
gharar (excessive risk) prohibition
169
government policy objectives
158–61
hedge funds 158
history of 157–8
home purchase planse (HPPs)
(alternative property financing)
165–6, 167, 173
ijara wa iqtina’ (lease-based
mortgage) 167
interest-based financial transactions
160, 166
Islamic Bank of Britain (IBB) 106,
117, 149, 158, 169–70, 230
Islamic financial institutions (IFIs)
19, 158, 167–8
Islamic financial institutions (IFIs),
profit distribution 168–70
legislative implementation 164–7
legislative and regulatory approach
159–60, 163–4
migrant population 110, 111
murabaha (cost-plus sale) 165–6,
168–70
musharaka (profit-and-loss-sharing
agreement) 167
Muslim population 106–7
profit share returns 165, 166
property transfer and stamp duty
land tax (SDLT) 165–7
riba (interest) prohibition 169
shared ownership products 166–7
Shari’ah compliant products 160–63,
164, 166, 167, 168, 169–70,
172–3, 218, 230–31
Shari’ah non-compliance risks 171–3
Shari’ah supervisory boards 171,
172–3
‘stauch demand’ category 160

sukuk (bonds), consideration of 161,
163
takaful (insurance) provider 150
tax measures 163, 165–7
wakala (agency contract) 167,
169–70, 230–31
Uluatam, Ö. 227
United Nations Development
Programme (UNDP)
Arab Human Development Report
(AHDR) 129, 130
Gender Empowerment Measure
(GEM) 127, 128–9
US 118
Uthman, U. 7
Vertovec, S. 20
Visconti, Luca M. 109–25
Visser, H. 105
Vogel, F. 45–6, 155
Voll, J. 136
 Von Benda-Beckmann, F. 3, 232
 Von Grunebaum, G. 36
wakala (agency contract) 167, 169–70,
200, 230–31
Warde, I. 214
Watt, W. 36, 132
Weber, M. 47
Wehr, H. 37
Weill, Laurent 96–108, 193, 195, 196, 197
Weiss, B. 37
Welchman, L. 134
Western economic culture, influence of
2, 3–4, 5, 6–7, 20–21, 27–9
see also conventional banking
Wiebke, W. 133, 135
Williams, M. 159
Williams, R. 18, 162
Wilson, R. 158, 172
Witte, J. 22
Wittgenstein, L. 32–3
women’s empowerment and Islam
126–40
Arab Human Development Report
(AHDR) 129, 130
Arab society 134–6
choices, ability to make 129
‘control’ choices 129
European society 136–7
feminist groups 135, 136
gender inequality, measurement and assessment 126–30
global parliamentary representation 127, 128
home and family, women’s place in 134, 135–6
Islam, effects of 130–32
Khadija model and male-centred social framework 132–4
Muslim Public Affairs Council (MPAC) 135
national parliament participation 129–30
resource division between men and women 127–8

Shari’ah law 130–31
state legislation and gender inequality 134
UN Decade for Women 138
United Nations Development Programme (UNDP), Gender Empowerment Measure (GEM) 127, 128–9
World Economic Forum, Global Gender Gap Report 127–8

z-score assessment 99
Zaman, A. 57, 61, 70
Zhuang, J. 71
Zubair, I. 79
Zweigert, K. 2, 3