Glossary

This section explains some Arabic words and terms occurring in the volume.

Arbun is a non-refundable deposit to secure the right to cancel or proceed with a sale during a certain period of time.
Bai‘al-dayn means the sale of debt or a liability at a discount or negotiated price.
Bai‘al-inah is a contract that involves the sale and buy back of assets by a seller.
Bai‘bi-thamin ajil is deferred payment sale by instalments.
Bai‘muajjal is deferred payment sale.
Bai‘salam is pre-paid purchase.
Bay (bai) is a comprehensive term that applies to sale transactions, exchange.
Fiqh is Islamic jurisprudence, the science of religious law, which is the interpretation of the Sacred Law, shari’a.
Gharar is uncertainty, speculation.
Hadith (plural ahadith) is the technical term for the source related to the sunna, the sayings – and doings – of the Prophet, his traditions.
Halal means permitted according to shari’a.
Haram means forbidden according to shari’a.
Hiyal (plural of hila) are ‘permissions’ or legal manipulations, evasions.
Ijara contract is a leasing contract.
Ijara wa iqtina is a lease-purchase contract, whereby the client has the option of purchasing the item.
Ijma means consensus among jurists based on the Holy Qur’an and sunna, and one of the four sources of law in Sunni Islam.
Ijtihad means the act of independent reasoning by a qualified jurist in order to reach new legal rules.
Islam is submission or surrender to the will of God.
Istijrar refers to a sale in which an asset is supplied on a continuing basis at an agreed price payable at a future date.
Istisnaa is a contract to manufacture.
Ju’alah is the stipulated price (commission) for performing any service.
Kafala is a contract of guarantee or taking of responsibility for a liability provided by a guarantor, kafeel.
Maysir means gambling, from a pre-Islamic game of hazard.
Mudaraba contract is a trustee financing contract, where one party, the financier, entrusts funds to the other party, the entrepreneur, for undertaking an activity.
Mudarib means an entrepreneur or a manager of a mudaraba project.
Murabaha is resale with a stated profit; for example the bank purchases a certain asset and sells it to the client on the basis of a cost plus mark-up profit principle.
Musharaka contract is an equity participation contract, whereby two or more partners contribute with funds to carry out an investment.
Muslim is one who professes the faith of Islam or is born to a Muslim family.
Nisab is the minimum acceptable standard of living. 
Qard hasan is a benevolent loan (interest-free).
Qiyas means analogical deduction.
Qur’an is the Holy Book, the revealed word of God, followed by all Muslims. 
Rabb al-mal refers to the owner of capital or financier in a mudaraba partnership agreement (also sahib al-mal).
Riba is literally ‘excess’ or ‘increase’, and covers both interest and usury.
Shari’a is Islamic religious law derived from the Holy Qur’an and the sunna.
Shirkah (or sharika) is a society or partnership.
Sukuk is a freely tradeable Islamic participation certificate based on the ownership and exchange of an approved asset.
Sunna is a source of information concerning the practices of the Prophet Muhammad and his Companions, and is the second most authoritative source of Islamic law.
Sura (pl. surat) is a chapter of the Holy Qur’an. There are 114 suras of varying length and in all references to the Holy Qur’an (for example 30:39) the first number refers to the sura and the second to the aya or verse.
Tabarru means charity or donation. In takaful, it is a voluntary pooled fund for the benefit of all members.
Takaful refers to mutual support which is the basis of the concept of insurance or solidarity among Muslims.
Ulama are the learned class, especially those learned in religious matters.
Umma means the community; the body of Muslims.
Wadia means safe custody or deposit.
Wakala involves a contract of agency on a fee-for-services basis with an agent, wakil.
Waqf is a trust or pious foundation.
Zakat is a religious levy or almsgiving as required in the Holy Qur’an and is one of the five pillars of Islam.