Preface

This book is a multidisciplinary volume, comprising of four parts. After a short introduction by the editors, outlining the theme of the book, Santarelli, a skilful scholar of legal history, deals with the common origin of Islamic and Western traditions in commercial and banking transactions, in a period in which Italian merchants and their organizations had been at the forefront of the post-medieval renaissance in trade and law (Part I).

In Part II Gian Maria Piccinelli, Frank Vogel, Muhammad Fahim Khan and the young Valentino Cattelan present the main features of Islamic banking. They raise several doubts and different questions on the future development of Islamic banking in European Union. What will the next challenges be? Will the European banking framework be a suitable context for the development of Islamic financial intermediaries? Some questions have been answered in Part III and some others in Part IV.

Part III deals with the challenges of the authorisation of Islamic banking in the European context. The first two chapters adhere to an economic approach (Claudio Porzio and Elisabetta Montanaro) and consider the profit- and loss-sharing mechanism but in different ways. The authors give a detailed analysis of Islamic banking activities, paying attention to either the profit-sharing approach and the main objectives of prudential regulation based on minimum capital requirements (Montanaro), or the profit- and loss-sharing mechanism and the current evolution of financial intermediary theory and supervision regulation (Porzio).

In the same Part, when De Anca makes a comparison between responsible investment and Islamic investment, she thinks that ‘Although their history, subject matter, sources of funds, or management might differ, the responsible investment movement and the Islamic investment movement are both responses to a desire by investors to live their financial lives according to their own values’. The desire that De Anca refers to is further developed by Gimigliano, who considers whether the religious/ethical roots of Islamic banking operations might evoke different approaches from EU and US regulators. Rotondo also considers the religious/ethical root of Islamic banking as a competitive advantage in comparison with Western banks.

Part IV contains responses from four European countries (the United Kingdom, France, Germany and Italy) because the European framework
has not widely enforced a full harmonization of banking and financial rules. Most of the chapters deal with the European Banking Code, according to Directive 2006/48 EC, but Part IV also follows the most recent development in European law, namely the up-to-date payment institutions (Directive 2007/64 EC).

We have invited scholars and officers from national authorities to contribute to this volume. The reader will forgive us for giving slightly more emphasis to the Italian results: this represents an acknowledgement of the great interest constantly showed by the Italian academic community since the beginning of this experience.

Muhammad Fahim Khan and Mario Porzio