Foreword

In his introduction, Professor Kabir Hassan offers a most persuasive case for this volume. Many studies of Islamic economics and finance have focused on conceptual issues and structural aspects of the system. For example, the earlier volume, *Handbook on Islam and Economic Life* (2014), which we jointly edited, began by examining the guiding principles, methodology and analytical tools of Islamic economics. It then explored in what ways this moral framework is reflected in, and shapes, features of the day-to-day economic life of a Muslim society involving its economic organization, food laws, accounting and management, corporate governance, finance and investment, charity and mutuality and the role of the state and Islamic institutions in regulating economic activity and promoting economic development.

However, if Islamic economics as a discipline and field of study is to take its place alongside conventional economic analysis, and augment it with distinctive insights, there needs to be a shift in emphasis from the normative – what ought to be – to the positive – what is – and the specification of testable hypotheses and their verification when confronted with real-world data and observations. The empirical studies which form the *Handbook of Empirical Research on Islam and Economic Life* aim to assess how successfully the Islamic institutions created to implement the Islamic vision of the economy and society have achieved their objectives.

To this end, there is necessarily a focus, as Professor Hassan says, ‘on what can be measured and tested, as opposed to what is conceptualized and formulated’, but this constraint does not find reflection in the range of hypotheses explored in this volume, the diversity of approaches used and the variety of the data employed.

Data cover both macro and micro, time series and cross-section, at industry and firm levels, for different groupings of countries, utilizing questionnaires, attitude surveys, World Bank microenterprise surveys, IMF financial access surveys, panel data, balance sheets and financial markets data, and game theory experiments. Statistical techniques vary from relatively standard regression analysis through to co-integration, frequency domain (spectral) methods, wavelet and dynamic copula models.

The hypotheses put forward for testing are too numerous to summarize in a few words. Suffice to say that each of the 30 chapters contains at least one hypothesis, including, by way of illustration, the impact of religion on economic behaviour, the role of culture and legal traditions on financial development, the determinants of access to microfinance, the impact of *zakat* (charity tax) on poverty and human development, stability and performance of Islamic banks in various countries and regions, the hedging and performance characteristics of Islamic investment funds, and predicting financial distress in *sukuk* (Islamic bonds) markets.

In all, this volume encapsulates a fascinating and diverse collection of studies, to which the brief summary above does not do justice, and I am very pleased to be invited to prepare this foreword to the handbook. Most certainly, the volume demonstrates that

Professor Hassan is a most worthy recipient of the 2016 Islamic Development Bank Prize in Islamic Banking and Finance.

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