

IS ISLAMIC FINANCE ISLAMIC? LET'S EVALUATE

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Abstract

In this modern era, the re-vibration of Islamic finance began shortly after the 2nd world war, but the execution came in force in 1963. The progress had ever since significantly been realized by global recognition and utmost appreciation with successful track records both in Muslim and non-Muslim environments. Thus, the world of today witnesses almost 400 Islamic financial and Takaful institutions worldwide with an indicative total asset size of USD 1.631 trillions by a growth rate estimated to be around 20.4 % p.a. (GIFR-2013). While the Halal investment in the selected sectors (*Energy, Food & Agriculture, Electronics, Travel & Transportation, Metals, Chemical & Allied, Plastics / Rubber, Textiles & related, Infrastructure & Construction, and Health Products & Services*) among the OIC countries representing a GDP in 2013 of USD 6.7 trillion are projected to grow 2015-19 at a higher rate (5.4%) than rest of the world (3.6%) or BRIC nations (3.9%). Achievement in the Corporate Governance of Islamic finance Globally is indeed with an able alternative satisfactory outcome (*Shari'ah Compliance Report 2014 by Ethica Institute of Islamic Finance*). Despite the above phenomena, the legitimacy of Islamic finance is still debatable in groups. Such debate had indeed been resulted from mixed understanding by adapting rigidity, passivity, flexibility and rationality as to principles and or practicality thus, creates an ethical question on the dignity of Islamic finance, is Islamic finance Islamic? Thus, it is timely to evaluate and waive the ongoing confusion so to create a way forward for the Islamic finance with its dynamism.

The paper therefore, aims to focus by justifying the fact that, Islamic Finance as Practiced today is undoubtedly Islamic, justifiable under the broad Principles & Ethics of *Shari'ah*. Exceptionally some issues are still debatable, ought to be resolved by applying the doctrine of Graduality with some notable targets namely; increase quality based empirical research culture on the corporate and debated issues with right (*Shari'ah*) justification by considering the socio-economic niche and needs. Copy, paste and or name simply does not represent the true *Shari'ah* standard and Divine objective (*Maqasid al-Shari'ah*), unless one is with result orientated within the *Shari'ah* ambit. Regulators and industrialists shall work in hands in design a blue-print strategic action plan to create the Islamic financial platform as an able alternative to the modern ones by standardizing a globally acceptable model within the *Shari'ah* ambit as to its principles, policies, strategies, products and services. Ongoing debates with confusion may be resolved by appreciating the spirit of unity, wisdom, sharing, mutual respect and tolerance aiming at standardization of Islamic finance for the common benefit.

Keywords: Finance, Shari'ah, Integration, Evaluation, Standard, Niche