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The current issue of *MEES* Special Reports focuses on Islamic banks, introducing the reader to the growth of these institutions and their performance during the current financial crisis.

Experts may disagree on the causes of the financial crisis that has led to an unprecedented number of private, institutional and sovereign bankruptcies since September 2008. However, many agree that the extent of its cross border ramifications is not easily quantified, and that consequently it is difficult to assess the timing of any recovery in the advanced economies. Meanwhile, the emerging and developing countries have not been spared the pain of the crisis, although their role in international trade and industry is relatively passive due to the presence of cultural, technological, managerial and financial barriers. Surprisingly, in the midst of the current turmoil Islamic banking, a renascent process of financial intermediation based on financial traditions that preceded European models, has caught the attention of regulators, international experts and financial institutions due to the considerable resilience it has displayed during the financial crisis. Conventional and Islamic intermediation share the same goal of providing necessary financial services to both surplus saving units and deficit saving units in their economies as well as internationally. But they diverge in the methodology and the principles they follow in order to achieve similar ends.

The articles and the Virtual Dialogue in this issue are presented in the hope of shedding light on certain factors relevant to Islamic banking, and include a comprehensive comparative table and a glossary of technical financial terms.

Islamic Banking: Institutional Development

By Walid Khadduri

Islamic banking has come a long way since its inception four decades ago. There are now around 267 Islamic financial institutions in 45 countries managing approximately \$262bn, with deposits of around \$201bn and an annual growth rate of 10-15%, as well as an annual net return to shareholders of approximately 12-14%. Moreover, Sukuk (bonds) issued annually by Islamic banks are estimated at \$39bn.

The terms of reference of Islamic banking do not allow dealing in derivatives, futures, and stocks. This is perhaps one of the main reasons why these banks have survived the financial crisis relatively unscathed, as will be explained later.

The growth of Islamic banking can be attributed to a number of factors: the resurgence of Islam in the Middle East; the huge financial liquidity generated by oil revenues in Middle Eastern countries; the successful results posted by most Islamic banks in recent years; and the fact that Islamic banking is a late comer to the scene as the product of the recommendation of the 1972 Islamic Foreign Ministers' Conference in Jiddah. This resulted in the establishment in 1975 of the Dubai Islamic Bank, which deals with individuals and the private sector, as well as in the establishment in 1977 of the Islamic Development Bank, which deals mainly with governments.

What is Islamic banking, and how does it differ from conventional banking? One of the main differences is the central role that interest plays in conventional banking and its absence in Islamic banking, since Islam considers interest (Riba) as a sin. In the Islamic system, capital deposited by clients is guaranteed, but no interest is paid. The banks can make loans, while borrowers obtain their loans through the banks and pay a fee for the services provided. Accordingly, Islamic banks are service providers whose main income is the fees they charge for the services they provide, which generate income for themselves and their depositors. Islamic banks have created the concept of participatory financing, in which the bank, using the funds entrusted to it by depositors, participates in an enterprise which becomes a partnership between the entrepreneur, the bank and the depositor. The bank's role is to act as an intermediary between the entrepreneur and the depositor.

Islamic banking has attracted considerable attention in Europe as well as in the Middle East and Asia. Among those showing an interest was the former Governor of the Bank of England, the late Eddie George, who was an active supporter of giving Muslims and others interested in alternative faith-based investment products access to such products provided they do not clash with the general principles of UK banking law and provisions. As early as 1996 Mr George said in this regard: "We see it as our task to provide a regime in which users of financial services can benefit from robust competition among financial firms. We certainly need to deepen our understanding of the developing principles and practices in this (Islamic finance) area. I believe that London is already a significant center for Islamic finance, and is well placed to expand its role as demand increases." Today the UK boasts six authorized Islamic financial institutions along with another two dozen institutions offering Islamic financial products and over 20 Sukuk listed on the London Stock Exchange. London is also the premier center for commodity Murabaha transactions through contracts traded on the London Metals Exchange. Perhaps, one of the most important steps undertaken by Mr George was his establishment of the Islamic Finance Advisory Group (IFAG) at the Bank of England.

Nonetheless, the former Governor of the Bank of England, like many other professionals, had some reservations about Islamic banking. He enumerated these reservations as follows in a speech which he delivered in 1999:

- The precise role of Shari'a boards in an Islamic financial institution is, at times, unclear. The regulator needs to ensure that credit decisions are taken by experienced bankers and that Shari'a boards confine themselves to the assessment of the acceptability or otherwise of financial products.
- There is also the question of classification and regulatory regime: are Islamic funds "capital certain," ie: are they deposit-taking banks which are 100% liable for those deposits? Or are they collective investment schemes which may, or may not, incur losses on behalf of their investors?
- In the absence of interest rates, there is intrinsically a greater burden on risk managers in Islamic institutions to ensure credit quality, as risk cannot be priced.

- The Bank for International Settlements (BIS) has stipulated that all banks should be subject to the same minimum capital requirements. Some regulators have argued that because the assets of Islamic institutions tend towards the long-term and the illiquid, there needs to be a greater safety margin in terms of capital adequacy. Others have said that, because Islamic Institutions are not obliged to repay funds in full, the capital adequacy requirements envisaged by the BIS are unnecessarily restrictive.
- The regulator needs to ensure that where conventional banks and Islamic houses are competing for the same type of business, such as leasing, the two should be subject to the same regulatory regime.

These reservations are gradually being dealt with by the countries that are actively promoting Islamic finance. Bahrain, which sees itself as a center of Islamic finance, established the International Islamic Financial Market (IIFM) in 2001. In

January 2002, the Bahrain Monetary Agency (BMA) issued new regulations for Islamic banks under the title "Prudential Information and Regulatory Framework for Islamic Banks" (available on bma.gov.bh). These regulations were drafted after consultation with the Basle Committee on Banking Supervision and the accounting firm Ernst & Young, as well as with many of the country's banks. Bahrain's Islamic banks' assets increased by 50% in 2008 to \$24.6bn.

During the current financial crisis, a number of Western voices have welcomed and even advocated the use of Islamic finance as an experimental alternative to conventional banking. The Vatican newspaper *Osservatore Romano* published an article in early March 2009 which suggested that banks should look at the rules of Islamic finance as a means to restore confidence amongst their clients at a time of global economic crisis. "The ethical principles on which Islamic finance is based may bring banks closer to their clients and to the true spirit which should mark every financial service." it said, adding that "Western banks could use tools such as the Islamic bonds, known as Sukuk, as collateral."

The French Senate in December 2008 considered ways to eliminate legal hurdles, mainly levies, on Islamic financial services and products in France and examined the potential for listing companies on the Paris stock exchange. French Finance Minister Christine Lagarde has announced France's intention to make Paris "the capital of Islamic finance." Elyes Jouini, professor of economics at the University of Paris has pointed out that one of the main obstacles to the growth of Islamic banking in the West is that "Islamic banking arouses fear because it is associated, wrongly, with religious fundamentalism, even with the financing of terrorism." However, the impact of the financial crisis has changed perspectives, both because of the need for funds from the oil-producing states – some of which are in the form of Islamic instruments – and because of the results achieved by Islamic banks during the crisis (see the Virtual Dialogue).

Interview

Prospects For Islamic Banking

By Mohammad Anas Zarka

The global expansion of Islamic banking is an obvious phenomenon. Can you explain what are the limitations on further growth of this non-traditional financial intermediation? What are the prospects for Islamic banking globally in light of the favorable Vatican statement - will its chances of competing with traditional banking be enhanced?

Islamic banking and finance is still of diminutive size internationally, compared with its older traditional sibling; and of minor size (about 20% by assets in 2008) even in the Gulf. So it will be some time before it reaches its potential market share, locally or globally. Its rate of growth is likely to accelerate because of the lessons being learnt from the present financial earthquake.

The Vatican newspaper article is best viewed as a welcome acknowledgement of the fact that Islamic finance principles are equally expressive of Jewish and Christian values. Islam reasserted the old prohibition of interest/usury and spelled out realistic alternatives. The time is probably ripe to establish a Muslim-Christian bank in the European Economic Community run by rules and offering financial products that are jointly acceptable.

In the absence of the compound interest rate mechanism, the main income source in traditional banking, what mechanisms employed by Islamic banking explain the consistent double digit profitability of Islamic banking in recent years?

Islamic finance provides commercial financing alternatives to interest, which are market driven and profit-generating. The most common are based on selling at a deferred price which is higher than the cash price. But they all must be based on real goods that are owned by the seller/financier, and the resulting debt may not be increased by rescheduling or rolling over.

Other than its prohibition under Islamic law, just as in the Christian tradition a few centuries ago, what in your opinion are the economic problems created by the fixed and compound interest rate mechanism?

All debts are not born equal. The main cause of worry is not mere debt (which may be also be generated in a Shari'a-compliant sale on credit), but rather interest-based debt, which has the pernicious property of growing independently of any corresponding generation of real wealth. This is not only unjust, but is a major cause of economic instability (the inverted pyramid phenomenon). Trading debts, also prohibited by Shari'a, exacerbate the problem by giving financiers an incentive to extend financing imprudently and then pass the debt on to others. Shari'a prohibits any increase on debt after its creation, thus encouraging creditors to finance only those expected to pay on time.

What are the obstacles facing a further expansion of Islamic banking?

The original challenge of proving its commercial viability has been reasonably met by Islamic banking and finance. Now it must :

- (a) Guard against erosion of its Shari'a credibility, by avoiding cutting corners;
- (b) Innovate in welfare-enhancing products for the common people and the poor, rather than for the wealthy, as has been the case so far. This cannot be achieved without supportive infrastructure and positive public policy, especially on the part of monetary authorities.

Islamic finance is not only about using certain contractual forms in financing. It is ultimately about providing financing to all members of society in a manner that is just and efficient and encourages growth.

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Analyses

Islamic Banking: Comparative Analysis

By Saleh S Jallad

Islam to most Muslims is a complete eco-system in which both the spiritual and the material wellbeing of the individual and the community are intertwined. Over the centuries, the development of an Islamic economic paradigm based on free market principles has been one of the major contributors to Islam's ability to transcend geographic, political and ethnic barriers.

Recognizing the potentially devastating impact of human frailties on the community if individual materialistic drives are not voluntarily checked, Islam introduced certain Shari'a stipulations that ensure a minimum level of economic justice for all strata of the Islamic community. The prime cause of social and economic instability specified in the Qur'an is Riba, (usury), usually translated as interest (and generally similar to the concept adopted by the Christian Church until a few centuries ago).

Other important prohibitions and guidelines were also introduced in order to protect the welfare of the community without endangering the role and rights of risk takers. It was realized that ethical standards sanctioned by Shari'a could create an automatic equilibrium between economic and social justice and therefore maintain stability within the system.

Financial transactions based on physical ownership by sellers and buyers survived in the Islamic world until recently, particularly in remote areas which were neglected by the conventional banking system. Likewise the conventional banking system was not immune from borrowing traditional Islamic financial and economic instruments. The English word cheque comes to mind. It is derived from the Arabic word Sukk, (plural Sukuk) which represents a contract between two rational parties.

Inherent in both the conventional and Islamic banking systems is the concept of financial intermediation. The objective in both is to activate the economic system by transferring money from savings-surplus units to savings-deficit units, including households, businesses and governments. Both have over time developed ethical norms stemming from each system's particular history and ethical postulates. As time passed and the material and spiritual environment evolved, both experienced ethical changes and adaptations. Conventional banking transactions modeled on the capitalistic ideology that incorporates interest as central to its success currently dominate economic life worldwide. Nevertheless unlike Islamic banking, the conventional banking system is insulated from its depositors; depositors relinquish their right to manage their property and transfer that right to the banking institutions. Conventional banking institutions accumulate their own wealth by the exclusive management of their depositors' money, fundamentally as a commodity that earns a return due to the time factor. Its profits accrue solely to its shareholders while its losses are at the expense of the depositors. This system is almost exclusively based on the criterion of economic efficiency and is recognized and strongly supported by governments, the industry, the public, universities and civic institutions across the globe. The Islamic banking system has the opposite characteristics, as shown in Exhibit 1.

It is axiomatic that as the ethical stabilizing mechanism weakened, the interest rate system grew stronger. This development was most conspicuous in the Islamic world, at least until the beginning of the last quarter of the 20th century, at the time of the first oil price increase. However it escalated sharply after the 9/11 attacks on the World Trade Center. The ensuing wave of Islamophobia that permeated the laws and regulations of many countries produced a revisionist reaction in the Islamic world. The search for safer alternatives led to the rediscovery of Islam's dormant economic paradigm and the rise of Islamic banking as an alternative to conventional banking.

The ethical norms incorporated in the Islamic financial system that govern financial and economic transactions include inter alia freedom of contract; freedom from Riba; freedom from Al-Gharar (excessive risk); freedom from unearned income (gambling); freedom from price controls and manipulation; the right to transact at fair price; the right to equal and accurate information; freedom from Dharar (detriment); and mutual cooperation and solidarity.

This alternative to conventional banking has had a surprisingly positive impact on a wide range of economic entities worldwide. During the past four decades Islamic banking registered an outstanding rate of growth geographically, structurally and financially. Today 267 Islamic banks operate in 45 countries and manage more than \$262bn in assets, with an average annual rate of growth 12%. Their deposit base has reached \$201bn at an average annual rate of growth of 23%, with profits averaging 11% annually. It is worth noting that 300 conventional banks, including many international banks, offer Islamic products. It is also expected that within the next 10 years Islamic banking will be managing around 50% of deposits of the Islamic world as confidence in such financial intermediaries grows.

The recent financial and banking crisis has given further impetus to the search for safer alternatives, particularly as various financial data confirm the validity of two conclusions which favor Islamic banking. The first is that Islamic banks have suffered much less damage than conventional banks. The second is the general feeling that conventional banks embody a grave economic injustice, since they are perceived as institutions that manage to privatize profits while globalizing losses. Depositors in Islamic banking, unlike their counterparts in conventional banking, are considered as owners (Rab Mal) and therefore share the profits and losses of financial operations with the institution. The avoidance of excessive risk and the prohibition of debt trading reduce the inherent potential financial impact of catastrophes. Moreover, Islamic banking is open to non-Muslims as well, while considerable numbers of Muslims may opt not to transact with conventional banking institutions, particularly where such an option exists.

It is interesting to note that the swift development of Islamic banking has taken place despite numerous obstacles such as: low public awareness of the modus operandi of Islamic banking; the absence of qualified professional staff; a lack of focused programs at universities; and Shari'a experts who approve transactions with inadequate knowledge of modern economics.

On the other hand, although Islamic banking institutions are making tremendous efforts, they have yet to establish a range of products and services that can cover the majority of the requirements of the savings-deficit segments of the economy. Consequently conventional and Islamic banking institutions complement each other in the process of

intermediation and activation of the economy. Exhibit 2 shows a range of products that have been made available with different degrees of success.

Exhibit 1 - Comparison Between Conventional And Islamic Banking

No	Factors	Conventional Banking	Islamic Banking
1	Origin	Individualistic; materialistic behavior towards increasing wealth based on exploiting money.	An Islamic canonical order Shari'a pursuing the elimination of usury and other violations in financial transactions.
2	Concept	Perform financial activities and monetary transactions by accepting deposits from the public and extend credit facilities, on interest basis.	A financial firm that accepts deposits from the public and engages in intermediation activities on the principles of "Al-Kharaj bid-Daman", Revenue is based on liability; "Al-Ghunm through Al-Ghurm" profit is a function of risk within the stipulation of Shari'a, "Canons".
3	Role	Neutral financial. Intermediaries between borrowers (lenders) and investors	Not neutral but active intermediaries; they can invest, sell, buy, and enter in partnership with third parties for their account.
4	Money	A commodity available for sale or lease	Not a commodity but only a medium of exchange.
5	Mechanism	Lending and retrieving money	Principles of Al-Kharaj bid-Daman; Al-Ghunm through the Al-Ghurm.
6	Basis	Lending against an interest return; that is time related	Based on productive activities supported by the calculus of profit and loss.
7	Funds: Sources and Uses	Borrowing and lending; increasing liabilities to generate assets; interest related, restricted by economic efficiency	Murabahah, Musharakah, Mudarabah, Istisna', Salam, Ijara, Tawarruq, Leasing, Direct Investment restricted by Shari'a.
8	Clients	Depositors (lenders) and borrowers both on interest basis; leasing of safe boxes and other services.	Owner of Qard Hasan "benevolent loan"; sharing the liability; The investor is an owner; Buyer-Seller in all permissible projects; partner.
9	Permissibles	Industrial, non-financial ownership of commodities with the objective of trading. Short term limited ownership is permissible in cases of repayment of the financial debt. Purchasing shares in other companies is allowed; percentages are set by the regulatory agency.	Ownership of goods for trading; invest in industry; invest in real estate; transact in shares of commercial companies within the canons of the Shari'a.
10	Own Resources	Issuing own shares is permissible.	Not permissible due to interest rate implications.
11	External Resources	Deposits and borrowing on interest basis.	No Lending or Borrowing; Mudarabah is the basic functional transaction. No interest.
12	Debt Trading	Permissible.	Not permissible.
13	Client relationship	Restrictions based exclusively on economic criteria	Restriction based on economic as well as canonical criteria.
14	Basic Operations	Acceptance of deposits and lending on interest basis.	Owner of wealth and therefore can enter into own investment with other investors or depositors who also are considered owners "Rab Mal".
15	Client Driven	High network clients.	Saving behavior is deferral of immediate consumption to the future, therefore Islamic Banks solicit funds from all strata of the community, the wealthy as well as the rest of the community.
16	Equity Trading	The higher the equity of the commercial bank, the greater is its ability to increase its financial liability and therefore generate more assets, utilizing an interest rate arbitrage to increase its wealth.	No interest implications, just invest in permissible activities.
17	Profit	Solely to the commercial bank realized fundamentally from the difference in interest between borrowed and lent monies.	Generated by partnership in the cycle of sharing in the liabilities and related risks.
18	Loss	The depositors solely bear the risk of loss regardless of the underlying causes.	Shared with depositors: Islamic Banking acts as an owner also (Rab-Mal) like the depositors.

No	Factors (Cont'd)	Conventional Banking	Islamic Banking
19	Risk Evaluation	More weight is given to guarantees than capital, collateral, capacity, character and condition.	Character takes precedence.
20	Supervision	By shareholders general assembly; internal auditors and the monetary authority.	Additionally, there are Shari'a supervision and Shari'a audit.
21	Customer Default	No grace period is provided for. Must pay penalties and be sued.	If customer has no prior record of delinquency then an extension for repayment of rent is granted without any additional charges. If wealthy but has a record then the court will decide.
22	Zakat Fund	A major fund imposed by Shari'a for social use does not exist in commercial banking.	A pillar in the role of Islamic Banking.
23	Shari'a Objectives	They do not exist in commercial banking.	Determinants in Islamic Banking.
24	Legal Framework	Supportive and conducive.	Very weak and not coordinated.
25	Professional Force	Developed; collaboration with academic institutions is strong.	Not available; has not enough support from the academic institutions. Central Bank is the source.
26	Public Recognition/ Awareness	Well developed.	Very weak and rudimentary.
27	Central Bank Support	Strong as the interest rate is an acceptable and imperative tool.	Does not exist due to interest rate policy.
28	Financial Markets	Open venue to banks, no obstacles.	Canonical obstacles.
29	Correspondent Banks	Interest rate basis, strong relationships.	Awkward due to interest rate policies.
30	Current Account	A deposit that is subsequently lent to borrowers; token interest rates are offered sometimes; token giveaways and promotional items are provided.	Benevolent loan" Qard Hasan" no interest or return.
31	Saving Accounts	Allowed as they are part of the financial capital accumulation.	Not permissible as they are partners in profit and loss.
32	Letters of Credit	Exist.	Exist but with canonical directives.
33	Documentary (L/C)	Exist.	Exist but with canonical directives.
34	Bills of Transfer	Exist.	Exist.
35	Travelers Cheques	Exist.	Exist.
36	Sales Bills	Exist.	Exist.
37	Safe Box	Exist.	Exist.
38	Cross Boarder facilities	Exist.	Exist.
39	Risk Sharing	Does not Exist.	Exist.
40	Direct Investment	Does not Exist.	Exist.
41	Subscription, Sale and Custodians of Shares	Exist.	Exist for companies that deal with permissible trading.
42	Distribution of Shares Profits	Exist.	Exist for companies that deal with permissible trading.
43	Transactions in Commercial Bills	Exist.	Exist.
44	Discounting Commercial Bills	Exist.	Not permissible.
45	Foreign Exchange Transactions	Exist.	Exist with strict condition of physical and immediate delivery.
46	Overdraft	Exist.	Not permissible.
47	Credit Cards	Exist.	Exist but with canonical directives.
48	Debit Cards	Exist.	Exist.

Source: Islamic Financial Services/Islamic Economics Research Center, King Abdulaziz University-Jiddah, Saudi Arabia.
Dr Fouad Matraji.
Dr Saleh Jallad.

Exhibit 2- Islamic Financial Services

Products/ Services	Underlying Contract(s)
Deposit Services	
Current Deposit	Wadia ' a Wad Dhamana/Qard Hasan
Savings Deposit	Wadia ' a Wad Dhamana/Mudaraba
General Investment Deposit	Mudarabah
Special Investment Deposit	Mudarabah
Retail / Consumer Banking	
Housing & Property Finance	BBA/ Ijra wa Iqtina/ Diminishing Musharakah
Hire Purchase	Ijra Thumma Al-Baya '
Share Financing	BBA/ Mudarabah/Musharakah
Working Capital Financing	Murabahah/Baya ' Al-Einah/Tawarruq
Credit Card	Baya ' Al- ' Ayna/ Tawarruq
Charge Card	Qard Hasan
Corporate Banking/ Trade Finance	
Project Financing	Mudaraba/Musharaka/BBA/Istisna/Ijara
Letter of Credit	Musharakah/Wakalah/ Murabahah
Venture Capital	Diminishing Mudarabah/ Musharakah
Financing Syndication	Musharakah + Murabahah/Istisna/Ijra
Revolving Financing	Baya ' Al- ' Ayna
Short-term Cash Advance	Baya ' Al- ' Ayna /Tawarruq
Working capital finance	Murabahah/Salam/Istijrar
Letter of Credit	Murabahah
Letter of Guarantee	Kafala+ ' Ujr
Leasing	Ijara
Export/ Import Finance	Musharakah/Salam/Murabahah
Work-in-Progress, Construction Finance	Istisna '
Bill Discounting	Baya ' al-Dayn
Underwriting, Advisory services	' Ujr
Treasury/ Money Market Investment Products	
Sell & Buy-Back Agreements	Baya ' Al- ' Ayna
Islamic Bonds	Mudarabah/Musharakah+BBA/Istisna ' /Ijra
Government Investment Issues	Qard Hasan/ Salam/Mudarabah
Other Products & Services	
Stock- Broking services	Murabahah/Wakalah/Joala
Funds Transfer (Domestic & Foreign)	Wakalah/Joala
Safe-Keeping & Collection(Negotiable Instruments)	Wakalah/Joala
Factoring	Wakalah/Joala/Baya ' al-Dayn
Administration of Property, Estates and Wills	Wakalah
Hiring of strong Boxes	Amana/Wakalah
Demand Draft, Traveller's Cheques	' Ujr/Joala
ATM Service, Standing Instruction, Telebanking	' Ujr

Source: Islamic Financial Services/Islamic Economics Research Center, King Abdulaziz University, Jiddah, Saudi Arabia.

Glossary Of Common Islamic Financial Terms

By Saleh S Jallad

Amana	Deposit in the trust account, guaranteed deposit.
Al-Maisir	Unearned income (gambling, absence of relevant information)
Al-Qimar	Gambling (unearned income, pure speculation, absence of relevant information)
Al-Shufa 'a	Pre-emptive right
Baya' Bi al-'Ayn	Object of material value, property, capital asset, repurchase
Baya' Bi al-Dayn (BBD)	Bill discounting
Baya' Bi Thaman Ajil (BBA)	Sale where payment of price is deferred to a future date
Daman	Guarantee, liability
Faqih	Expert or scholar in Islamic jurisprudence
Fiqh	Law (based on Islamic precepts)
Gharar	Excessive risk, liability
Ghish	Deceit, concealment of vital market information including price information
Ghubn	Unethical transaction, unfair price
Ghunm	Profit
Hadith	Sayings of the Prophet
Hawalah	Transfer instrument
Hiyal	Legal ways of circumventing Islamic precepts
Ihtikar	Monopoly
Ijara	Leasing, letting on lease, renting
Ist'ijar	Rent, lease, tenure, recurring sale
Istisna'	Manufacturing, fabrication, production
Jahalah	Misrepresentation, lack of transparency, ambiguity
Kafalah	Guarantee
Kharaj	Revenue
Maslaha Mursalah	Unrestricted public interest
Mudarabah	Silent partnership, limited partnership, trustee partnership
Mudarib	Entrepreneur
Murabahah	Resale with specified gain, resale with an advance
Musharakah	Joint venture, co-partnership, collaboration, participation
Najash	Bidding up prices by creating artificial demand without taking delivery of product in question
Qard Hasan	Benevolent loan (no interest on the deposited or lent amount)
Qur'an	Holy book of Islam

Rabb al-Mal	Depositor, owner of the wealth
Riba	Usury, interest
Salam	Deferred facility sale
Shari'a	Contract (based on Islamic precepts)
Sukuk	Legal instrument/ document, contract, deed, check
Sunna	Traditions of the Prophet
Takaful	Insurance
Tawarruq	Tripartite sale
Wakalah	Agency
Wadi'ah	Deposit in trust