

ISLAMIC FINANCE

WHAT IS IT?

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

*In the Name of God, Most
Compassionate, Most Merciful*

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IS Islamic finance

Interest-free finance?

Participatory finance?

Ethical finance?

What does Islamic
finance bring about?

What is new in Islamic
finance?

The new of Islamic finance is
simple (and very innocent!)
but far reaching:

Get real life contracts from
commercial laws and plug
them in the heart of banking
and financial intermediation

The Immediate implication of
this innovation is:

Finance can only be channeled
through:

**Sale contracts,
Lease contracts, and
Sharing contracts**

These three channels of finance translate into four axiomatic principles:

- 1. Earning by owning,**
- 2. Realism,**
- 3. Financial assets are mere representation,**
- 4. Moral commitment.**

**Implications
of
Axiomatic Principles**

- 1. Exclude objects that do not produce real wealth: Debts, virtual assets, etc.**
- 2. Exclude transactions that do not produce real wealth: Zero-sum transactions, gambling, speculative contracts, pure cash activities where goods are not intended,**
- 3. Plug in an intrinsic moral screen, with scientific rationale) of weighing benefit and harm,**

4. **Stick always to the real economy, and integrate finance with wealth creating activities,**
5. **Eliminate all non-productive activities,**
6. **Adhere to economic justice:
Earning by ownership,**
7. **Can lean on partners,**
8. **Integrate market discipline: more performance more deposits,**

- 9. Do not pull out resources from real market, rather send them back to real market,**
- 10. Implant a standard of hard earning in finance, no easy buck by just clicking,**
- 11. It is necessarily developmental,**
- 12. Bear ownership risk; if you earn you should bear ownership risk, fairness!**
- 13. Environment and society friendly,**
- 14. Bring the finance sector back to basic role.**

**Islamic finance is a
universal finance for
all humanity**

IT IS HUMAN FINANCE

It is not for Muslims alone

It is a paradigm for:

**REAL-ECONOMY
FINANCE**

**With: Human dignity
Human rationale
Developmental vision
and Realistic approach**

شكرا لك

Thank you