



“On the earth are diverse tracts, adjoining one another: vineyards and cornfields and groves of palm, the single and the clustered. Their fruits are nourished by the same water; yet We make the taste of some excel that of others. In this also are signs for people who understand.”

[Al-Ra'D: 4]

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Narrated by ‘Adi bin Hatim who heard the Prophet (pbuh) saying:



“Save yourself from Hell-fire even by giving half a date-fruit in charity.” **[Sahih Bukhari, Book 24 on Zakat, Hadith No. 1417]**

“We are all the same, all the same, longing to find our way back; Back to the One, back to the only One.”

Muvlana Rumi

Research Note

Wage Differentials or Discrimination: Islamic Perspective

Salman Ahmed Shaikh

It is a fact that income inequality even in developed countries is high and has been increasing despite sustainable growth experienced in growing East Asian countries and also in Europe and North America in general.

One of the explanations often given for the presence of income inequality is that people have different skills and their productivity levels are different. Some people are ambitious and using their

innate abilities and opportunistic circumstances, they tend to acquire highly employable skills and are therefore worthy of relatively above average compensation. While, on the other hand, some people who do not have the above mentioned characteristics or circumstances, they may get relatively lesser compensation.

The promise of equal wage and standard of living in communism is very attractive

at its face value and especially to the masses which generally do not have highly employable and demanded skills, access to quality education and opportunistic circumstances. The argument that each person as a human being shall have equal rights and equal standard of living seems convincing.

However, it is a fact that people have different tolerance for risk, different innate abilities, different attitude towards progression in life and career, different levels of ambitions and as a result, they exert different levels of effort in acquiring education, skills set and as a result, their productivity levels are different.

The difference in characteristics highlighted above may not necessarily be a result of discrimination. Most of these could be controlled and shaped by individuals and their intertemporal choices. Equalizing everyone's compensation despite these differences would be unjustified.

Nevertheless, Islam addresses the problem of inequality of income and discriminatory access to resources in a different and direct way. We have seen that inequality of income can result into biased access to education, health and welfare services. It is possible that people with low income are unable to have access to quality education, quality health facilities, unable to invest in skill enhancement and human capital development and due to that, they may remain in a poverty trap and unable to get out of it in a free market economy.

With regards to discrimination, as per Islam, there shall be no discrimination based on gender, religion, region and

ethnicity. But, if people have different levels of productivity, then their wages can be different and determined in the labour market through demand and supply.

With regards to the inequality of income, we know that income inequality can result from wealth inequality when there is fixed return on loanable wealth in the form of interest. Interest based financial intermediation brings concentration of wealth eventually in every society by granting private right of fiat money creation to central bank and allowing fractional reserve system which gives right to private banks to create credit money.

This money capital can be loaned out and fixed interest can be earned on it. Hence, financial capitalists will be immune to losses to a large extent. But, the other factors of production cannot have that luxury as their compensation from the productive activity is either linked with provision of services (in the case of labour) or provision of assets (land or physical capital) that have intrinsic value, but they are scarce and they also lose 'use value' with the passage of time unlike the money capital.

Islam disallows interest based earnings and closes the door for systematic increase in inequality of income resulting from wealth inequality. People in an Islamic welfare state will benefit from the institution of Zakat and Waqf. Furthermore, 'Infaaq' (charitable giving) and disallowing interest based earnings and financing will also free up resources and generate circulation of wealth in the production process.

Hence, in a nutshell, Islam allows wage differentials based on productivity differences, but does not allow discrimination. Furthermore, if wage differentials are because of characteristics that require equitable distribution and access to resources, then, Islam has unique mechanisms that ensure equitable distribution of resources and opportunities.

IEP Forum on FSC Riba Verdict V

Participants

Mufti Dr. Wasie Fasih Butt

**Research Scholar & Member Shari'ah Board, Zarai Taraqqiati Bank Limited,
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Mufti Saad Ali Chippa

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Recently, Federal Shari'ah Court of Pakistan has given its judgement on the Riba case. The verdict reaffirmed the historic judgement on interest first given in 1991. But, the subsequent appeals process reopened the case. Concerns about jurisdiction further delayed the implementation of the historic judgement and delayed the case for several years. Now, finally, the verdict has come. The verdict has declared conventional banking interest to be Riba, which is prohibited in Islamic sources of knowledge categorically including Qur'an and Hadith. The judgement has also asked the government to transform the economic system on interest free basis within a period of 5 years to fulfil the constitutional requirement as well as completing the required implementation of the judgement.

Islamic Economics Project is making a humble effort to collect the views of Shari'ah scholars, regulators, practitioners, lawyers and academic experts to deliberate on the future course of action and generate ideas and debate on how to make this transformation possible.

In this regard, we got the chance to get reaction and response from Mufti Dr. Wasie Fasih Butt, Mufti Saad Ali Chippa and Muhammad Faisal Siddiqui. We hope that the views expressed and shared with relevant audience and stakeholders will generate practicable ideas and keep the momentum towards achieving the end

goal of an economy that is in compliance with Shari'ah and is able to utilize the instruments and institutions in the Islamic economic teachings.

Question: What is your take on the decision by Federal Shari'ah Court of Pakistan on Riba?

Mufti Dr. Wasie Fasih Butt Indeed, the decision is need of the hour. The decision is very detailed and well-articulated.

The draft of the judgement is well researched. The rigour of the research can be seen from the fact that in interpretation of a single verse, the judgement referred to around 100 commentaries of Qur'an and from different schools of thoughts.

All the nine or so apprehensions on position of bank interest being Riba had been dealt with in an objective and academic manner. Every apprehension is answered thoroughly in the light of Islamic sources of knowledge.

The third appreciable point about the judgement is that it has not carried out research in closed doors. It invited opinions and views of all stakeholders involved including academic experts, Islamic economists, religious scholars and people from banking industry.

No stakeholder could feel that it was neglected. It gave ample time and chance for the minority of people contesting the unanimous position of 'bank interest being Riba' to present their arguments. The judgement gives a clear and substantive rebuttal to the position that bank interest is not Riba. The judgement reaches the right conclusion that bank interest is Riba and hence prohibited.

Mufti Saad Ali Chippa: It is the right decision. Bank interest is Riba. The verdict on Riba by Federal Shari'at Court reaffirms this once again.

Faisal Siddiqui: It is a satisfactory decision, but what is important is implementation. It must lead to action and urgency. It should become binding on key regulators and institutions. The earlier experience of delaying tactics is still fresh in mind.

Unnecessary appeals process delayed the implementation of earlier verdict given in 1991 and upheld in 1999 after the appeals process. It is still feared that when the time for completing reforms becomes near, delaying tactics are going to be used again.

Regulators including government need to be confident about viability of the Islamic banking and finance system. No riba does not automatically mean that there cannot be any commercial finance in Islamic financial framework. With risk sharing and asset backed structures, it is possible to provide commercial financial services through risk sharing and asset investments.

Question of viability is irrelevant now. Islamic banks have shown to be profitable, liquid, solvent and manage credit risk in a better way than conventional. Even in a dual banking and financial system, Islamic banks are now 20% of the banking industry.

Question: Do you think that it is possible to implement the verdict on

transformation of economy on interest free basis in 5 years?

Mufti Dr. Wasie Fasih Butt: It is very much possible. The central bank in its public pronouncements has itself informed that Islamic banking has achieved phenomenal growth of 30% in just the last year. Even if market share of Islamic banking is 20% currently, what is important to see is the product variety and alternative for genuine financial needs.

Even before this judgement came out, the central bank had set target of 30% market share in its strategic plan for Islamic banking, which is to be achieved by 2025. SBP also wants Islamic banks to achieve the target of 10% and 8% share of its private sector financing to SMEs and Agriculture, respectively by 2025. After the FSC judgement, not only this goal should be pursued with more rigour. Rather, there is need for more concerted efforts to exceed this target.

Capturing the first 20% share of the market took nearly 20 years. However, with FSC judgement and provided that government along with stakeholders work keenly to achieve Islamization of financial system in future, taking the later quintiles of market share should not take as much time.

Islamic banking has solution for short term finance as well as long term finance for corporate sector. It has successfully subscribed all government issues of Sukuk till now with an appetite for more.

In many product segments, Islamic banking has surpassed conventional banking. For instance, in housing finance, Islamic banking now has more share at

around 60% than conventional banks. Similarly, in auto finance, Islamic banking has around one-third market share.

In mutual funds industry, Islamic mutual funds have almost one half share of the market. In some mutual fund categories, Islamic mutual funds are leading the market. Hence, it cannot be said that Islamic banks are lagging in product variety and innovation. There are some product segments in which Islamic banks are already market leaders.

When it comes to transformation, we have successful stories of Faysal Bank which by the start of next year, will become a full-fledged Islamic bank with its branch network of over 630 branches.

We have many other episodes of Islamic banks acquiring the stakes of conventional banks, such as Meezan Bank taking over operations of Societe Generale and HSBC, Bank Islami taking over Citibank and KASB and Faysal Bank taking over stakes of Royal Bank of Scotland previously. Thus, transformation is very much possible. Such restructuring can help in boosting the market share in an expedited manner.

Lastly, on the demand side, Pakistan is one of those countries where financial exclusion due to religious reasons is one of the highest. The Knowledge, Attitudes and Practices (KAP) survey conducted by central bank in near past revealed that as many as 93% people regard bank interest as Riba. As many as 98% of the unbanked population in Pakistan regard bank interest as Riba and prohibited.

Majority of them would be willing to use Islamic banking if it is offered. Hence, promotion of Islamic banking is necessary for financial inclusion, raising the national

savings rate, enhancing capital formation and to put the economy on the path of sustainable economic growth.

Mufti Saad Ali Chippa: It is very much possible. In the domestic sector of the economy, it is quite possible to transform the economy on Riba-free basis. Some background work had already been done by Council of Islamic Ideology. Domestic institutions and their functions need to be evaluated to see where Riba comes in their operations and functions. Then, Islamic alternatives could be used to replace the Riba-based practices.

Previously, this exercise has been done for National Investment Trust, House Building Finance Corporation and some other institutions. Along the same line, process evaluation and need analysis shall be done under the guidance of qualified Shari'ah experts and then Shari'ah compliant solutions shall be introduced by Shari'ah experts.

Faisal Siddiqui: Yes, it is very much possible. Legal reforms should not take much time. Islamic banking is a practical reality. Islamic mutual funds and Takaful companies are a practical reality. Now, the government is also realizing the potential of Sukuk and using it in public finance.

Conversion of Shari'ah non-compliant institutions into Shari'ah compliant institutions would provide impetus to the reforms. In addition to the organic growth, it is important to work on well-defined targets simultaneously. Coordination and steering reforms is key. Impetus will come from the top regulators in every industry and business segment.

Question: What are the measures which can be taken to showcase the full potential of Islamic finance?

Mufti Dr. Wasie Fasih Butt: Transformation needs to be planned in a proper way. First, there is need for a roadmap. A National Action Plan is needed which can help set direction and targets. It will provide impetus to the transformation efforts. Until the goals are set, they are not going to be realized.

All stakeholders need to be engaged. The regulatory bodies of stakeholders need to give impetus to the transformation efforts. Coordination and strong leadership is necessary to build and sustain the momentum. Targets shall be set in coordination and consultation with relevant stakeholders to enhance engagement and ownership of the transformation process.

There is a strong role of media as well to make people aware about Islamic banking and clearing their misconceptions. Academia also has a role in creating sensitization about prohibition of Riba and also to train the required human resource to meet the industry demands of expansion.

Since Riba was also prohibited in a gradual way, the transformation has to be carried out in well planned, gradual and segmented way. Government institutions and State Owned Enterprises shall be discouraged and stopped from using interest based financing.

For public finance, government shall utilize Sukuk exclusively. It is encouraging to note that National Saving Schemes are also being transformed to comply with Shari'ah principles. It will help in boosting

savings. In spite of greater returns on these schemes as compared to returns on banking deposits, many retail investors used to avoid investing in interest-based National Saving Scheme instruments. When Shari'ah compliant option will be available, many financially excluded investors will come forward to invest in Shari'ah compliant saving and investment schemes.

Corporate sector shall also be educated and persuaded by chambers of commerce and industry and industry bodies to use Islamic modes of financing. In this regard, it is important to provide tax incentives and subsidies exclusive to those which opt for Islamic modes of financing.

Almost every conventional bank has an Islamic banking division. Hence, they are not going to lose business. They just need to sell the right product to retain the customers. Given that retail investors have 95% willingness to use Islamic banking while businesses have 73% willingness to use Islamic banking as per KAP study, there will be no commercial displacement.

Mufti Saad Ali Chippa: A task force or committee need to be set up comprising experts from the Shari'ah side, legal side, economics side, banking side and regulators side to come up with a workable road map with milestones and targets.

The policy recommendations shall be given from one platform by this task force to the government. The government in turn shall give due importance to these policy recommendations. Laws and policies including monetary policy, fiscal policy, public policy and economic

planning shall be reformed in the light of these recommendations.

Faisal Siddiqui: It is important to move away from dual banking system. Conventional banking sponsors may think that there will be loss of business, but if they look at their own Islamic banking portfolios, they have done well by and large.

First of all, the mind-set needs to change. If a particular product or service is considered illegal, hardly anybody would feel that there is a loss in not having a market for it. Now, everybody must realize that bank interest is Riba in the light of Islamic principles and now also a crime and illegal in the eyes of law of the land.

Conventional banks may have this apprehension that if dual banking system goes away, they will be able to generate returns, but with limited product structures than before.

Even besides Islamization of banking and finance, there is need for more real-economy centric intermediation. From economics standpoint as well, banks in Pakistan are complacent and reluctant to provide access to finance to the private sector. Regulators need to bear in mind that Islamic banking offers a potential to bridge the missing link and foster real-economy based intermediation.

Question: What are the important obstacles that can be encountered along the way of transformation process?

Mufti Dr. Wasie Fasih Butt: Political instability, policy inconsistency and more pressure on sovereign indebtedness at external front may trigger complacency

and put attention away from the goal of transformation of financial and economic system on Riba free basis in the next 5 years.

Therefore, it is important to come up with National Action Plan and also activate regulatory bodies to steer changes in their respective circle of influence.

Mufti Saad Ali Chippa: Without planning, strong advocacy of reforms by the stakeholders and committed efforts by the regulators, things may not move quickly.

World Bank and IMF may not feel it urgent or even necessary to follow the Federal Shari'at Court Verdict. After sometime, the government may also lose sight of the goal amidst political and economic crisis.

That is why, to begin with, commercial banking needs to be Islamized first. It is the most important part of the financial system and is now increasingly owned by domestic sponsors.

The major sponsors of banks and central bank need to Islamize commercial and central banking. Once domestic financial system achieves successful transition, it will provide a strong case and evidence for how Islamic banking and finance solutions can be utilized in contemporary economies.

Faisal Siddiqui: Political will and change of mind-set is key from those who are involved in conventional banking and who are patronising it or providing it a cover so far. If the mind-set is to delay reforms and to take every step while expecting similar results as in conventional banking, then things may get delayed.

Conventional banks want to take best of both worlds. They may not like to give up easy parking facility to invest their liquidity in T-bills, money market instruments and derivatives. They are used to getting risk-less returns on money lending which does not necessitate link with real economy and real assets. They offer Islamic banking as well where the depositors are less elastic to return on deposits. Therefore, it is important that mind-set shall change and the regulators shall provide impetus to the reforms process by setting clear targets.

Another major hurdle is public finance. By and large, our government takes on fresh debts to retire earlier debts and to service the previous debts. Islamic finance has solutions, but there are some specific conditions which need to be fulfilled.

Currently, in the sale and leaseback structure, government is able to meet the needs. But, going forward, if the appetite for financing by government keeps on increasing, then there might not be found enough real assets which are not already made part of other transactions and structures. Ideally, it would be better to avoid going towards asset-light and Tawarruq based transactions.

Furthermore, Islamic banking principles and ethos do not promote carrying forward debt without making productive use of it. So, the long term solution for public finance is not creating more and more avenues to generate finance, but to create fiscal discipline, austerity, professional management of State Owned Enterprises and increasing the role of private sector to contain losses and fiscal bleeding.

Of course, in external financing, things get more difficult. First, the financier may not have any sensitivity to use Riba-free modes of financing and may not have knowledge of them as well. However, this should not be taken as an excuse. Rather, the work shall start on conversion of retail banking, reform of national saving schemes, replacing bonds with Sukuk in public finance and binding government

run institutions to convert their debt into Islamic structures of financing.

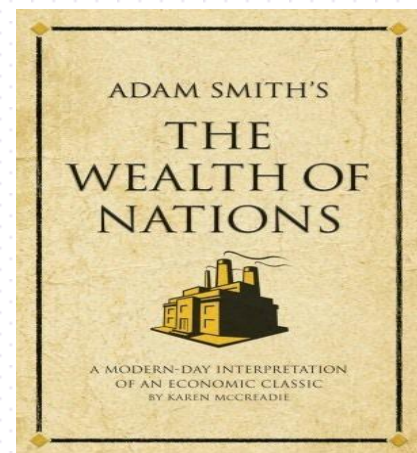
Gradually and with simultaneous work, we may get nearer to the target. But, change of mind-set, political will, regulatory impetus and coordination holds key.

Book Review

Title: Adam Smith's The Wealth of Nations: A Modern-day Interpretation

Editors: Karen McCreadie

Publisher: Infinite Ideas



Adam Smith's The Wealth of Nations: A Modern-day Interpretation by Karen McCreadie is a short but incisive attempt to explain the relevance of economic concepts identified and explained by Adam Smith almost two and half centuries ago. Adam Smith's "The Wealth of Nations" was the first comprehensive treatment of political economy. Karen McCreadie illustrates the timeless nature of Smith's insights by bringing them to life through 21st century examples.

The idea of division of labour has resulted in enormous increase in productivity, especially in manufacturing industries. The idea which Adam Smith put forward

from keenly observing operations in a pins making factory during the early years of industrial revolution has withstood the test of time and is still prominently visible in the productivity explosion in knowledge economies of 21st century. However, it is pertinent to point out that the idea of division of labour was discussed by Ibn-e-Khudun, a great Muslim sociologist and historian many centuries earlier than Adam Smith.

Smith's second major idea of efficient allocative prowess of market forces also has had success against outright command economies in Western economic history. Given the pre-requisite conditions,

market mechanism has proven to allocate resources much better than through government intervention in private goods and services.

The adoption of market principles by countries like China and Russia in the 1980s and 1990s respectively vindicate Adam Smith and his fervour for market mechanism. Adam Smith writes that the baker's bread is obtained by the society at a cheaper cost not because the baker is benevolent, but because making and selling that bread enables the baker to purchase things in which he himself is not good at producing at a lower cost.

However, the baker himself does not exist out of nowhere. His ability to bake is also not naturally existing or gifted. It requires learning and that learning of arts and skills has an opportunity cost, both explicit and implicit. The explicit cost is the cost of education which can be very high in professions like engineering and medicine. The implicit cost is the time lost in earning which is not available for wage based work.

Indeed, the empirical evidence from Africa, South Asia and Latin America highlights that poverty and hunger along with infant mortality results in loss of human lives and the diminishing capability to work in others who survive. What if a person does not possess any skills which the firms in the labour market demand? That is where; the role of public support programs and social support institutions becomes vital.

Adam Smith pays little emphasis on the role of ethics in economic organization. Colonization, slavery, decimation of traditional societies and native population seem to have been overlooked by the

great author. What if the poor people cannot afford food even if they principally produce it from their own hard work, toil and labour? Food and Agriculture Organization estimates that food per capita availability has increased since the 1970s, but still a billion people suffer from hunger. That is where; the distributional apathy of unfettered market mechanism becomes all the more prominent.

Following the idol of self-pursuit and greed in basic necessities has inevitably resulted in few countries dumping their crops as waste to keep prices high. It is striking, but perhaps inevitable that such an ethically neutral approach results in pharmaceutical companies complaining about lower prices in essential medicines or the bottling companies of essential water arguing for complete privatization. Does animal instincts of pleasure-pain, greed and self-interest the only driving force behind economic actions?

The under-provision of public goods, negative externality costs, over-exploitation of common property resources and increased use of environmental resources beyond their regeneration capacity are inevitable results of this uni-centric approach.

In the aftermath of financial crisis of 2007-09, the hugely expensive bailouts from public money highlight the incentive and agency problem where greed can undermine the need for shared responsibility and socially desirable choices and outcomes. Unfettered market mechanism has also come short in arresting the rising income and wealth inequalities.

Wealth inequality partly results from and is worsened by the institution of usury and

no broad based wealth tax. Islamic economic framework suggests a broad based wealth levy in the form of Zakat and prohibits Riba. This ensures that wealth accumulation can only result from labour income or putting wealth as equity investments in entrepreneurial projects.

This can ensure a-cyclical redistribution without putting liquidity out of equity financial investments. Hence, these principles and institutions can enable to fill the ethical void towards a more equitable world and enable us to have shared prosperity.



Research Paper in Focus

Paper Title: Common conceptual flaws in realizing Maqasid al-Shari'ah vis-à-vis Islamic Finance

Author: Ameen Ahmed Abdullah Qasem Al-Nahari, Abu Talib Mohammad Monawer, Luqman Bin Haji Abdullah, Abdul Karim Bin Ali and Noor Naemah Binti Abdul Rahman.

Publisher: ISRA International Journal of Islamic Finance, Vol. 14 No. 2, 2022.

This paper discusses the application of Maqasid-e-Shari'ah in Islamic finance discourses and attempts to clarify some misconceptions.

Maqasid-e-Shari'ah is sometimes used to urge action towards social finance and achieving the socio-economic goals and distributive justice in Islamic finance. Idealist scholars favouring equity based modes of financing build their argument through the need for achieving distributive justice, which is part of Maqasid-e-Shari'ah.

However, sometimes, the practitioners also defend the use of second best alternatives in Islamic finance by arguing through the same lens of Maqasid-e-Shari'ah. They argue that Islamic financial products serve an important financial need and as long as minimum conditions of compliance are fulfilled, even the second best transaction structures shall be allowed.

Authors argue that some Islamic financial institutions maintained the legality of forms, abiding by provisions according to Imam Shafai's view. Yet, they overlooked the legality of the substance by neglecting the conditions set by Imam Shafai. As a result, Tawarruq and Bai Inah based structures have taken major focus in corporate finance and now even consumer finance. Following this line of argument, many Sukuk are now structured in asset-light forms.

The paper contends that both Maqasid and Ahkam are interconnected, and none can be achieved without the other. Authors contend that the Maqasid are derived through induction of Ahkam of Shari'ah, while Ahkam are understood in the light of Maqasid. However, it must be understood that Ahkam are principally derived from Adillah Shari'ah. Extension based on Ijtihad-bil-Qiyas still has to be

directly linked with Nusus-e-Shari'ah (Qur'an and Sunnah).

Authors give a good example of how to apply Maqasid and Ahkam in product development. If a financial institution wants to develop a product based on the objective of "Taysir" (ease/facilitation), then, it should observe the Ahkam focussing on Taysir and the Ahkam concerning the contracts that develop a particular product, including all procedures to check whether the Ahkam allow it.

If the Ahkam favour the legality of this product, it will be a Maqasid-based product. However, the adoption of Maqasid or the Maqasid itself will be fallacious and alien to the Shari'ah if it proves otherwise. In addition, if any product is developed based on the fallacious Maqasid, the product will never satisfy the Maqasid al-Shari'ah nor the purpose of the product.

Authors also clarify the close connection between the terms Maqasid and Maslaha. The Maqasid (objectives) refer to underlying purposes behind the provisions of Shari'ah intended by the Lawgiver, whereas Maslaha denotes preservation of the goals. The function of Maqasid and

Masalih is analogous; they are different only in perspectives; hence, they are sometimes used interchangeably.

One of the most important point in the paper is that financial products are related to the Hajiyyaat and Tahsiniyyaat not Daruriyyaat. Authors argue that Islamic financial services may fall under Hajiyyaat if they become the sole means of fulfilling one's need, or they may fall under Tahsiniyyaat.

The critics of Islamic banking in Muslim world including in Pakistan also have this reservation that Islamic finance is using Hiyal in matters which do not fall under Daruriyyaat. In Pakistan, for instance, Islamic banking is mainly an urban phenomenon catering in large part to the corporates and well-to-do individuals whereas the share of agriculture and SMEs in total financing mix is just about 3%. This meagre share of financing too is offered at a relatively above average cost of finance and by utilizing debt based modes of financing which are priced using conventional interbank rates.

In last, the paper also recommends formulating a framework of actualizing Maqasid-e-Shari'ah in Islamic finance.

Reflections on Problem of Evil

Some people argue that why Allah despite being most merciful, does not end suffering and evil. Charles Darwin also had problem with understanding why there is evil. We know Allah by His attributes, which are informed to us by the divine scriptures. Even if one does not believe in the divine scriptures, one has to refer to

the scriptures to understand the religious viewpoint.

Allah is merciful as well as just and He is consistent in His attributes. The hardships people go through in this world are not necessarily a punishment in response to disobedience only. The blessings that we

enjoy in this world are also not necessarily in response to virtuous actions alone. The endowment inequality in this world is a way to test thankfulness and patience in us. The test concerns the choices we make with free will and Allah will reward the quality of actions and sincerity of intentions in afterlife.

The sufferings which some people go through in this world are in some cases a result of morally indifferent behaviour. Lack of social justice, unequal opportunities, extractive socio-economic institutions, socio-political injustice and outright wars have resulted in loss of millions of lives in the modern scientific age.

Religion compels pro-social behaviour to avoid sufferings as far as possible and even if the sufferings do occur without human interventions, then religion urges moral action to help the needy and exemplify self-less spirit in dealing with catastrophes. If we leave the faith altogether, then science alone cannot provide any solace and meaning to the people who live their lives in unfair circumstances and who die in vain unjustly.

Furthermore, it is often asked that sometimes we see people dying in accidents even in holy places. In addition to that, people including children often do not have normal capabilities to enjoy life to the fullest and even to exercise free will. The answer from the faith viewpoint is that those who are not able to exercise free will are not going to be held accountable for something in which they did not have an opportunity to exercise free will.

Approximately, more than 150,000 human beings die every day (Source: <https://www.worldometers.info>).

Natural catastrophes just bring isolated deaths together at one point in time and space. These events act as a reminder of death and fragility of life. It provides a chance for reflection and introspection. These circumstances sometimes test compassion in those who remain unscathed.

If life in this cosmos happened by chance and will end for no other consequences beyond this life, then this life ends both for the rich and for the poor, for the outlaws and for the victims of injustice and for the honest as well as the dishonest. A faith-based worldview which has been outlined above makes the life of everyone meaningful as well as accords due justice to everyone.

In addition to that, a question is sometimes raised that if Allah knows and has power over all things, then why He does not stop the evil actions before they cause suffering. In reflecting on this, it is important to understand how the faith-based worldview explains life in this world.

Human life in this world is a trial in which if we remain faithful and morally conscious individuals in carrying out all normal duties of life, then we will be rewarded in life hereafter. If we do otherwise and live immoral lives, then we will not escape divine justice in the afterlife. Since the trial nature of this life requires the exercise of free will, that is why, Allah does not intervene to provide absolute justice in this world.

However, faith-based teachings in Qur'an and reduces despair of worldly urge and compel moral and pro-social misfortunes and temptation towards behaviour. The knowledge of perfect unrestrained material pleasures. accountability boosts hope and aspiration

Market News

- ❖ FRA agrees to issue 'Mudarabah Sukuk' worth EGP 2bn (Daily News Egypt, Sep 21).
- ❖ Profitability of Islamic banks will recover to pre-pandemic levels: Moody's (Pakistan Observer, Sep 16).
- ❖ Global Sukuk issuance projected to reach \$257 billion by 2027 (Zawya, Sep 16).
- ❖ Saudi National Bank raises \$880 million in riyal-denominated Sukuk (Zawya, Sep 15).
- ❖ Pakistani Government Set to Issue Ijarah Sukuk Worth PKR 1.5 Trillion in Financial Year 2022-2023 (Islamic Markets, Sep 12).
- ❖ Islamic Development Bank approves \$1.12 billion in development financing for nine member countries (Zawya, Sep 11).
- ❖ Global Sukuk issuance seen at \$185 billion in 2022 (Pakistan Observer, Sep 9).
- ❖ Sukuk Documentation Adapts to AAOIFI Standards; Impact Untested (Fitch Ratings, Sep 7).
- ❖ Zakat Fund provides over QR 14 million aid in August (The Peninsula Qatar, Sep 6).
- ❖ Malaysia to host Global Islamic Finance Forum 2022 in October (Pakistan Observer, Sep 2).
- ❖ Egypt's FRA issues first licence for Islamic microfinance activity (Pakistan Observer, Sep 2).
- ❖ Faysal Bank expected to get Islamic banking licence in Dec 2022 (Express Tribune, Aug 31).
- ❖ CII Chairman for paying Zakat in advance to help flood-affected people (Urdu Point, Aug 29).
- ❖ UNHCR gets \$23.6 million Zakat funds (Dawn, Aug 25).
- ❖ Volume of Islamic banking in Egyptian market reached \$23.38 billion by end of June (Zawya, Aug 24).
- ❖ Microfinance borrowers cross 8 million mark in Pakistan with gross loan portfolio at Rs 355 billion (Dawn, August 19).

Economic and Financial Indicators

Country	Accounts per 1,000	Branches per 100,000	Made Digital Payment (15+)
Afghanistan	183.2873	1.873467	3.758688
Algeria		5.234082	15.57134
Azerbaijan		10.65551	10.38825
Bangladesh	848.8737	8.99943	30.13482
Benin	289.3159	3.944042	24.99182
Bosnia		30.00754	32.43354
Brunei	1597.985	17.59665	
Burkina Faso	181.7878	3.077681	
Cameroon	132.4905	2.198234	24.50193
Chad	39.16031	0.8372249	17.31542
Comoros	138.2131	3.677837	
Côte d'Ivoire	262.3083	5.017025	35.38916
Djibouti	249.6939	9.430787	
Egypt	541.6275	6.643889	5.879028
Guinea	94.4688	2.713877	15.89238
Guinea-Bissau	147.1171	3.779755	
Indonesia		15.64347	26.75816
Iran		31.09178	79.39326
Iraq		3.940266	11.11954
Jordan		14.39355	13.63393
Kazakhstan		2.4911	
Kuwait	1263.351	13.57731	62.69357
Kyrgyz	677.5778	7.961824	26.62285
Lebanon	531.6356	21.65582	27.14049
Libya		11.36352	20.763
Malaysia	708.4097	10.07823	60.09536
Maldives	986.1326	13.87445	
Mali	174.703	4.961936	27.3454
Mauritania	177.3158	11.35844	9.929184
Morocco		24.64004	8.721697
Mozambique		4.102234	29.60112
Niger	58.33402	1.633575	10.41395
Nigeria	1013.713	4.301913	23.72397
Oman		14.59352	23.72397
Pakistan	375.8857	10.40813	14.31714
Qatar	773.1009	9.440046	
Saudi Arabia	1153.198	8.160072	57.46933
Senegal	223.9915	5.764881	34.67197
Sierra Leone			13.14729
Sudan		3.365739	
Suriname	1477.419	11.53175	
Tajikistan	804.4125	22.89177	36.95707
Togo	230.932	5.452187	27.02046
Tunisia	1068.701	22.07556	19.09397
Turkey	1593.941	16.09939	54.20828
UAE	1080.401	9.528348	
Uganda	290.3955	2.575554	51.26559

Uzbekistan	809.05	39.98301	31.6945
Yemen	113.3225	1.622611	

Source: Global Financial Development Database 2020

Islamic Banking Statistics Up to Q1-2022

Country	CAR	Gross NPF	ROA	ROE	Net Profit Margin	Cost to Income
Bahrain	19.1	5.6	0.3	2.9	38.8	59.5
Bangladesh (2021Q4)	12.8	3.9	0.9	20.4	33.5	54.8
Brunei	18.6	3.8	0.2	1.9	15.9	89.7
Egypt	21.92	3.49	2.73	34.0	62.5	29.97
Indonesia (2021Q4)	25.7	2.6	1.7	13.6	20.0	80.0
Iraq	149.8	32.2	0.5	0.9	19.1	74.8
Jordan (2021Q4)	21.5	1.9	1.7	18.3	54.4	45.6
Kuwait (2021Q4)	18.6	1.5	1.6	17.0	33.8	29.9
Malaysia	18.0	1.4	1.1	16.3	38.7	34.8
Morocco (2021Q1)	20.0	0.3	-1.5	-17.3	-63.3	159.6
Nigeria	17.3	6.3	2.2	31.1	28.8	60.2
Oman	16.3	2.47	0.9	6.5	28.5	52.5
Pakistan	16.1	3.6	2.3	44.8	48.9	53.0
Palestine	15.7	3.3	1.0	13.0	27.9	62.2
Qatar	19.1	1.8	1.5	16.2	40.1	13.3
Saudi Arabia	20.2	1.0	2.51	33.4	58.9	41.0
Sudan	9.3	4.4	1.5	25.8	61.6	38.2
Turkey	20.6	2.5	3.5	52.6	40.9	22.6
UAE	18.0	6.8	1.7	13.0	45.2	44.3

Source: IFSB Data

Call for Papers

Special Issue "Islamic Finance Performance during Pandemic and Future Agenda"
MDPI International Journal of Financial Studies
https://www.mdpi.com/journal/ijfs/special_issues/Islamic_Finance_Performance

Emerald Journal of Islamic Accounting and Business Research
Corporate Governance in Islamic Banking & Finance, Special Issue
<https://www.emeraldgrouppublishing.com/calls-for-papers/corporate-governance-islamic-banking-finance>

6th World Islamic Economics and Finance Conference (WIEFC 2023)
Minhaj University Lahore, Pakistan, 28 and 29 January 2023
<https://submit.confbay.com/conf/wiefc2023>

The 12-th Foundation of Islamic Finance Conference 2022 (12-th FIFC 2022)
1st - 2nd October 2022 (Web-based) and
8th - 9th October 2022 (Face-to-face in Istanbul, Turkey)
https://submit.confbay.com/conf/12-th_fifc_2022

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