



“Your Lord is He who causes the ships to move onward for you across the sea, so that you may go in quest of His bounty: He is most merciful towards you. When danger threatens you at sea, you call upon Him, and forget all others you are used to invoke. But when He brings you safe to land, you turn away from Him. Man is ever ungrateful.”

[Al-Qur'an, Al-Isra: 66-67]



The Prophet (ﷺ) said, “A time will come when one will not care how one gains one's money, legally or illegally.”

[Sahih Bukhari: 2059]

Inside This Issue

❖ Beyond Integrative Approaches - Aalia	1
❖ Highlights of IFSB Report 2025	4
❖ What is Money -Ahmed	6
❖ Book Review: Economic Thinking in 19c	9
❖ Research Paper in Focus	12
❖ Reflections on Khutba-e-Hajjat-ul-Wida	14
❖ Market News	15
❖ Economic & Market Indicators	18
❖ Call for Papers	26

“Minds should be enlightened with science, and hearts need to be illumined with religion.”

Said Nursi

Beyond Integrative Approaches: Methodological Tensions in Islamic Economics

Aaliah Rafee

Introduction

Contemporary mainstream economics, with its physics-inspired mathematical formalism, has long been critiqued for its inability to predict crises or account for human complexity.

As Dr. Salman Ahmed Shaikh argues, the reductionism of DSGE models—which treat economies as closed, deterministic systems akin to celestial mechanics—fails to capture the moral, social, and spiritual

dimensions of human behaviour. Yet, Islamic Economics (IE), while positioning itself as a holistic alternative, often adopts the very tools of this neoclassical tradition: optimization models, equilibrium analysis, and econometric testing.

This raises a pressing dilemma: If mainstream economics' foundations are epistemologically flawed, can Islamic Economics truly transcend reductionism while borrowing its analytical toolkit?

This article interrogates this tension, proposing a path forward that balances pragmatism with epistemological fidelity.

1. Cracked Foundations? The Paradox of Borrowed Tools

Islamic Economics' critique of mainstream axioms—homo economicus, hyper-individualism, and value-neutral efficiency—is well-documented. Yet, its reliance on neoclassical tools like marginal utility analysis or econometric modelling risks replicating the very reductionism it rejects. For instance, econometric studies of halal consumer behaviour often reduce ethical choices to utility curves, inadvertently framing piety as a “preference” rather than a divine imperative. Similarly, game-theoretic models of zakat distribution, while useful for simulating cooperation, may tacitly normalize self-interest as a behavioural default.

This tension, however, need not be irreconcilable. As Dr. Shaikh clarifies, tools are “neutral” if divorced from their underlying vision. Econometrics, for example, can describe poverty trends in Muslim-majority regions without endorsing materialism, just as Bayesian statistics might quantify trust in mudarabah contracts without assuming moral relativism. The key lies in rigorous conceptual filtering: using tools descriptively (to analyse what is) while rejecting their normative assumptions (about what ought to be).

The challenge, however, is avoiding “conceptual smuggling.” When IE adopts terms like “scarcity” or “rationality,” it risks importing their neoclassical baggage—e.g., framing scarcity as an

ontological reality rather than a test from Allah SWT (“And He will provide for you from sources you could never imagine” [Quran 65:3]). Tools must thus be subordinated to IE's teleology: not efficiency for growth's sake, but justice as a divine mandate.

2. Distinctive Epistemology: Pluralism Over Purism

Islamic Economics' true distinctiveness lies not in rejecting mainstream tools, but in reorienting them toward maqasid al-Shari'ah (the higher objectives of Islamic law). For normative analysis (what ought to be), sui generis methodologies are essential.

Agent-Based Modelling (ABM), for instance, could simulate economies where agents adhere to Islamic constraints—prohibiting riba (interest), minimizing gharar (excessive uncertainty), and prioritizing redistributive mechanisms like zakat. Unlike DSGE models, ABM accommodates heterogeneous agents, moral learning, and systemic feedback—aligning with IE's vision of humans as morally accountable actors.

Critically, as Dr. Shaikh notes, tools need not be “perfectly holistic” to be valid. A model analysing sukuk (Islamic bonds) need not quantify spiritual rewards; it suffices that it avoids contradicting Islamic axioms (e.g., by excluding leverage). This pluralistic approach allows IE to engage mainstream economics without dilution.

Yet, pluralism has limits. The replication of conventional banking practices under “Islamic” labels—such as tawarruq-based loans that mimic interest—exposes the

dangers of tool-first thinking. Here, the problem is not the tool (contract structuring), but the absence of a maqasid-driven vision. As IE evolves, its test will be whether it can leverage tools like ABM or network analysis to redefine economic success—prioritizing stability, equity, and spiritual well-being over GDP growth.

3. Empirical Validation: Crisis Resilience as a Test Case

The 2008 financial crisis, which conventional models failed to predict, became a litmus test for alternative frameworks. Islamic finance, with its prohibition of speculative debt and asset-backed financing, weathered the storm comparatively well: Sharī'ah-compliant equity indices (e.g., Dow Jones Islamic Market) fell 30% less than conventional counterparts, while Islamic banks reported lower default rates due to risk-sharing (mudarabah) models.

Post-crisis studies, including IMF working papers, confirmed these institutions' systemic resilience—a vindication of IE's ethical constraints. However, this resilience stems not from tools, but from axioms. Conventional econometrics, for instance, may not fully explain why asset-backed financing stabilizes economies; it merely observes correlations.

IE's task is to foreground the why: the divine wisdom (hikmah) behind riba's prohibition, or the communal responsibility encoded in zakat. Empirical success thus becomes a bridge for normative argumentation—a way to demonstrate that ethical constraints are not just spiritually sound, but empirically robust.

Conclusion: Pragmatism and Ambition

Islamic Economics stands at a crossroads. To analyse what is, it must pragmatically adapt mainstream tools—provided they are stripped of reductionist assumptions. To articulate what ought to be, however, it must dare to innovate: developing tawhid-centric models that reflect humanity's role as Allah's stewards (khalifah).

This dual approach rejects both uncritical integration and isolationist purism. As Dr. Shaikh advocates, pluralistic methodology allows IE to engage the mainstream while retaining its soul. The goal is not to mimic physics-envying economics, but to redefine economics itself—as a science of human flourishing, anchored in divine guidance.

In the words of the Quran, “Do they not contemplate the Kingdom of the heavens and the earth?” (7:185). Islamic Economics, at its best, is this contemplation enacted—a discipline where tools serve truth, not the other way around.

References

- Askari, H., Iqbal, Z., & Mirakhor, A. (2014). *Introduction to Islamic Economics: Theory and Application*. John Wiley & Sons.
- Čihák, M., & Hesse, H. (2010). *Islamic Banks and Financial Stability: An Empirical Analysis* (IMF Working Paper No. 10/87). International Monetary Fund.
<https://www.imf.org/external/pubs/ft/wp/2008/wp0816.pdf>
- S&P Dow Jones Indices. (2009). *Dow Jones Islamic Market Indexes annual review*

<https://www.spglobal.com/spdji/en/documents/methodologies/methodology-dj-islamic-market-indices.pdf>

Shaikh, S. A. (2020). Influence of Physics in Contemporary Mainstream Economics.

Islamic Economics Project. Retrieved from:

<https://islamic-economics-project.com/2020/11/18/physics-in-economics/>

Highlights of the IFSB Report 2025

Muhammad Hammad

The Islamic Financial Services Industry (IFSI) entered 2025 with renewed growth momentum and broad-based expansion into new markets and across all three core sectors banking, capital markets, and insurance. Total IFSI assets rose significantly, with double-digit growth recorded in all three sectors, driven by the continuing dynamism of the Islamic banking sector, and a growing momentum in the non-bank segments of the industry.

The IFSI's growth trajectory reflects not only sustained demand but also the positive impact of regulatory reforms and increased market participation across jurisdictions.

Total IFSI assets reached USD 3.88 trillion, marking a significant 14.9% year-on-year (YoY) growth compared to 2023. This acceleration in asset growth outpaced the average rates of recent years. The growth momentum reflected accommodative global financial conditions in 2024 driven by lower interest rate expectations and easing inflation, which revived market sentiment and capital flows, alongside sustained demand for Islamic financial services, and increased market participation across key Islamic finance jurisdictions.

Islamic Banking

Total Islamic banking assets recorded a YoY growth of 17.05%, exceeded the sector's long-term trend. Growth was further reinforced by regulatory reforms, market development and digitalization initiatives. The alignment between asset and financing growth suggests effective deployment of funds and balanced intermediation, while steady deposit growth points to continued customer confidence and a stable funding base. These growth trends also underscore the sector's capacity to maintain its growth momentum in an evolving economic environment.

17 domestic systemically significant markets where Islamic banking assets represent 15% or more of total domestic banking assets collectively accounted for over 92.9% of global Islamic banking assets. However, compounded annual growth rates (CAGR) over the past five years show that several smaller jurisdictions, particularly in SSA, ECA and some parts of MENA (excluding GCC) have recorded growth rates exceeding those of mature markets. At the same time, some established markets continue to post strong growth, further entrenching their systemic importance. These trends

suggest that Islamic banking is both deepening its penetration in traditional strongholds and gaining traction in new regions.

The global average leverage ratio of Islamic banks remained stable at around 10.7% during the reporting period well above the 3% regulatory minimum requirement. This reflects the sector's prudential balance sheet structure, shaped by limitations on debt trading, speculative instruments, and excessive leverage.

The global Islamic banking sector recorded higher profitability during the reporting period, with both Return on Assets (ROA) and Return on Equity (ROE) surpassing pre-pandemic levels and remaining above global banking averages.

During the reporting period, the global average non-performing financing (NPF) ratio declined slightly, remaining below pre-pandemic levels. This improvement reflected sustained financing growth, particularly in the household, real estate, and trade sectors, which continue to account for the largest share of Islamic banks' financing portfolios across most regions.

Islamic Insurance

Islamic insurance assets reached USD 54.4 billion by Q3 while Gross Written Contributions (GWC) reached USD 28.6 billion, marking 16.9% and 15.1% YoY growth respectively. These figures substantially outperform the broader insurance market's 3.20% premium growth. However, structural challenges persist, particularly the limited availability of Islamic financial instruments and concentration risks in

investment portfolios.

The GCC region dominated the global Islamic insurance market, accounting for 59.9% of the total GWC, supported by consolidation activity and comprehensive regulatory frameworks in major jurisdictions. MENA (excluding GCC) and EAP regions accounted for 19.3% and 17.0% of global GWC. SA and SSA regions are at earlier stages of market development, prioritizing regulatory framework enhancement and infrastructure building. ECA experienced the highest growth rate (47.5%), through the strengthening of the broader Islamic financial system, driven by increased demand and regulatory reforms.

Islamic Capital Markets

New Sukuk issuances rose by 25.6% to USD 230.4 billion, with total outstanding Sukuk surpassing USD 900 billion. Lower interest rate expectations, coupled with ample global liquidity and tighter credit spreads, created conducive financing conditions, encouraging issuers to tap the Sukuk market to meet refinancing needs and fund new projects. Governments and corporates in key Islamic finance jurisdictions increased Sukuk issuance to finance large-scale infrastructure and economic diversification initiatives.

Sovereign and quasi-sovereign issuers accounted for around 52.9% of total issuances. However, corporate Sukuk issuance grew by 21.2% to USD 87.7 billion, reflecting increased private sector participation and recognition of Sukuk as a viable alternative to conventional debt. Issuances by multilateral institutions, notably the Islamic Development Bank and the International Islamic Liquidity Management Corporation, also increased

to over USD 20 billion in 2024, driven by efforts to mobilize development funding and facilitate cross-border liquidity management. While these developments signal broader issuer participation, the market structure remains concentrated in key markets and sectors.

Foreign currency Sukuk accounted for 34% of total issuances, up from 26% in 2023. The growth was driven by issuers seeking to diversify their investor base, access international markets, and benefit from favorable global financing conditions. The increased use of foreign currencies signals greater integration of the Sukuk market with international capital markets.

However, it also introduces heightened exposure to foreign exchange risks and potential currency mismatches, particularly for issuers with revenues primarily in local currency. A sharp depreciation of the domestic currency could significantly increase debt servicing costs and strain fiscal or corporate balance sheets. It therefore warrants close monitoring and strengthened risk management to safeguard financial stability, particularly during periods of market stress.

Overall, Sukuk issuances were dominated

by the EAP region and the GCC, accounting for 51.2% and 42.1% of total issuances, respectively, while other regions contributed marginally. Sovereign Sukuk issuance was led by the EAP region, representing 51.4% of global sovereign Sukuk, reflecting use of Sukuk for public financing and monetary operations, particularly in Malaysia and Indonesia. The GCC followed with 42.2%, driven by increased fiscal needs and infrastructure funding.

Corporate Sukuk issuances increased in the GCC, which accounted for 57.5% of global corporate Sukuk, reflecting the region's growing private sector reliance on Sukuk as a financing tool amid economic diversification efforts. The EAP region contributed 34.3% to corporate Sukuk, while ECA accounted for 7.5%.

Participation from other regions remained limited across both issuer categories. These patterns underscore the concentration of Sukuk activity in a few core markets and the limited development of Sukuk markets in other jurisdictions, highlighting the need for broader geographical diversification to support the market's long-term depth and resilience.

What is Money **Muhammed Ahmed**

When we think of money, we picture banknotes, digits in our accounts, and the 'money' we use every day. But that is a huge misunderstanding – because the truth is, that's not really money.

Have we ever been taught in school or university what money actually is? It

seems like such a simple question with an obvious answer – right?

The fact is, most people, including Muslims, get it wrong. Seriously, ask your friends, your family – anyone. Chances are, they'll miss it. Why? Because we've

never been taught the real answer. And honestly, it might not be a coincidence.

So... what is money? Let's see what the Bank of England has to say:

“What counts as Money?” [\(source\)](#)

“The first role of money is to be a store of value- something that is expected to retain its value in a reasonably predictable way over time. Gold or silver that was mined hundreds of years ago would still be valuable today” [\(source\)](#) - So think of it as something that doesn't really get affected by inflation, and hence won't lose its value.

Money's second role is to be a unit of account. The thing that goods and services are priced in terms of. For example, the price of items you see on menus and tags. Pound is currency of the United Kingdom, but it could be a type of good instead. It could also be barter: ‘give me 5 goats if you want my new horse.’

Third, money must be a medium of exchange — and this means that it is regularly used to buy goods and services.

To call something "money," the Bank of England confirms, it must have:

- Store value
- Be a unit of account
- Act as a medium of exchange

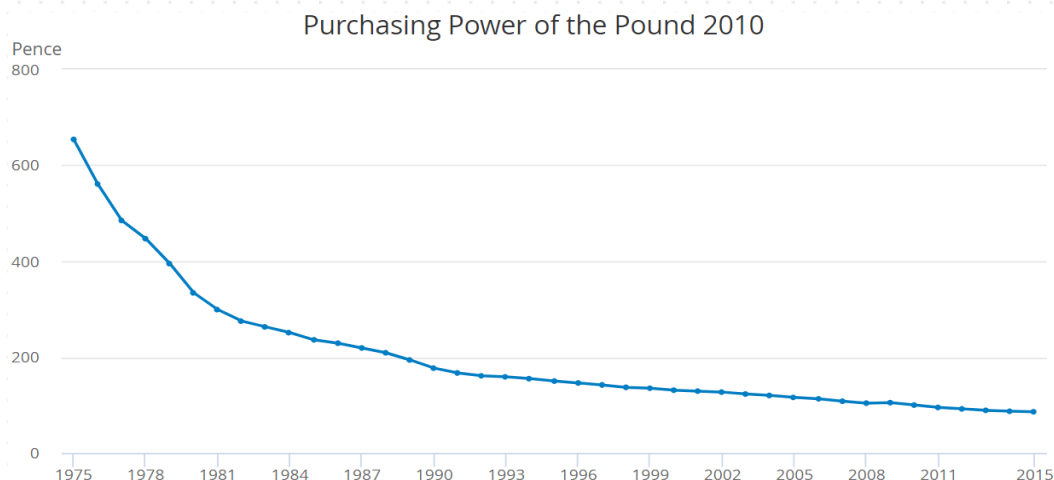
But here's the problem - does the “money” we use today actually store value? No. In fact, it loses value over time thanks to inflation and endless currency creation.

The Bank of England even admits: “Gold or silver that was mined hundreds of years ago would still be valuable today.”

But notice what they don't say - they don't mention that pounds, dollars, or euros from a hundred years ago hold the same value today. Why? Because the truth is - they don't.

So can we really call pounds, euros, and dollars ‘money’ if they fail the basic test of holding value?

It's something worth thinking about. From 1975-2015, a total of 40 years, we have lost over 88% of our purchasing power:



[\(source\)](#)

The Bank of England [claims](#) that one of its main goals is to “safeguard the value of the currency” But how can that be true when the pound has lost over 88% of its purchasing power? If their job is to protect the value of our currency, it looks like they’re failing - badly. Would you trust someone to guard your house if 88% of it was gone?

The Bank of England [admitted](#) that “the medium of exchange needs to be a good store of value”. But let’s be real - how can our current pounds, euros, and dollars be called a “store of value” when they’ve lost over 88% of their purchasing power? If something isn’t a good store of value, can we really call it money?

The matter of the latter is that: the currencies we use today (dollars, euros, pounds, etc.) aren’t actually money. They’re what’s known as fiat currency - backed by nothing, but trust. So, the next time someone calls pounds or dollars ‘money’, they’re wrong.

And If someone tries to argue with you, here’s a simple response to them:

“Do you think that money should be a store of value?”

If they say yes, show them this fact which was given in the above Figure. Then explain how a currency that has lost over 88% of its value can be considered a good store of value? And if they say no, claiming money doesn’t need to be a store of value - well... they’re still wrong. Just point them to Bank of England quotes and the history of fiat currencies failing due to their poor store of value - it speaks for itself.

Saying fiat currency is “money” is like calling a shadow a real person. You need to differentiate between the two. Chinese Philosopher Confucius said:

“If names be not correct, language is not in accordance with the truth of things. If language be not in accordance with the truth of things, affairs cannot be carried on to success” - ([source](#))

If we are not getting our names and definitions right, we’re blinding ourselves from the truth. The more we misuse the word “money,” the further we drift from reality - like burying our heads in the sand. And when the truth becomes uncomfortable, we cling to ignorance as an excuse. But pretending not to see the problem doesn’t make it disappear - it just leaves us vulnerable.

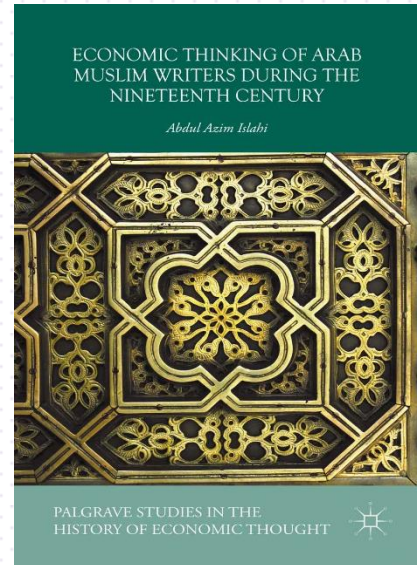


Book Review

Title: Economic Thinking of Arab Muslim Writers During the Nineteenth Century

Author: Abdul Azim Islahi

Publisher: Palgrave Macmillan



In this book, IDB Laureate Prof. Abdul Azim Islahi explores the state of Arab Muslim economic thinking in the 19th century. He investigates the works of nine distinguished Arab writers from various fields including economics, Islamic jurisprudence, political leadership and literati. The covered authors hail from Yemen, Egypt, Tunisia and Syria. Prof. Islahi shows that the intellectual, economic and Islamic awakening seen in the 19th century paved the way for the development of Islamic economics in the 20th century.

Prof. Islahi puts an effort to contextualize the views of these personalities with references to the political and economic conditions surrounding them. The noted thinkers reviewed in the book were moved by the poverty, underdevelopment of the Muslim world vis-à-vis Europe. They identified the positive causes of European growth which Muslims can also learn from. However, they appraise the institutions

on the critical lens as well to avoid the take-all or leave-all approach.

The authors highlight the negative effect of colonialism and double standards of Europe to keep the Muslim lands under colonial and imperial rule. They awakened the Muslims to avoid becoming laggards, isolated and mere consumers. Rather, they should also advance knowledge and sciences and do not feel shy in learning from the Western development experience. However, in doing that, they should not be uncritical to take everything European as acceptable, especially when it comes to interest based banking.

Given that, there is much to take from socio-economic innovations such as the joint stock companies, mutual insurance, bank-based payment systems. The authors provided positivist explanations of how these institutions and structure avoid the problem of moral hazard, information asymmetry and achieve

pooling of funds, risk diversification and efficiency.

All the authors highlight the importance of strong social infrastructure that hinges upon rule of law, good governance, merit and upholding justice. It promotes not only investment in human capital, but also investment in capital goods.

The authors understood the role of economic organization by using structures which minimize cost of intermediation, search, contract enforcement and which help in achieving scale, efficiency and economies of scale.

Some authors like Al-Shawkani provide basis for credit transactions by incorporating time value of goods in trade contracts. Some authors also mention the application of Salam and Istisna in modern industries. The authors are keen for reforms and application.

Ibn Abidin criticized oppressive taxes and inflation indexation on the pretext of change in the value of money. He discussed the application of Bai Istisna and conditions under which compensation for guarantee in mutual insurance would be admissible in Islamic economic framework. He argues that insurer in mutual insurance can take compensation for providing the service of protection.

Al-Tahtawi discusses the difference between productive and unproductive labour. It indirectly points towards the concept of productivity and human capital. It is also consistent with the discussion of wage determination on the basis of marginal product revenue from hiring additional labour.

He explains why competition is good for the market and economy. He exhibits clear understanding of the forces of demand and supply in the determination of wage. On distribution of income, he favours equality of opportunity as the basis of equity and equitable distribution rather than forcing equality in final outcome of distribution arbitrarily. He shows apprehension about taking interest-based banking as it is, but he is appreciative of some functions of banks, such as facilitating payments and financing of large-scale projects.

He emphasized on attempting to provide these functions using Islamic ways of business such as Bai Salam. He also sees no conceptual problem with the general idea behind mutual co-insurance.

Muhammad Abduh in his writings emphasize on the resource curse. Natural resources are important, but not a sufficient condition for sustainable growth. He emphasizes on technically and technologically equipped productive labour. He urges the rich people to contribute in employment creation, educational initiatives and poverty alleviation. He favours wealth circulation and emphasizes the role of organized charities vis-à-vis piecemeal charity for maximum and sustainable effect on livelihoods.

Muhammad Abduh stresses on the importance of entrepreneurship. He urges people to learn from Western experience and focus on industry and innovation rather than copying them in only maintaining a lavish lifestyle. Prof. Islahi thinks that there is unconfirmed opinion attributed to Muhammad Abduh that he was uncritical of interest. There is no direct and written evidence in support of

the view that Muhammad Abduh had a different opinion than the consensus view of Riba.

Khayr al-Din al-Tunisi stressed on learning from the West where there is scope and not having shyness because of ideological or nationalistic differences. He thinks that Maslaha is an important yardstick to decide about the contemporary issues. He is impressed by the benefits of joint stocks companies in achieving scale and pooling of funds for large-scale capital intensive businesses with risk sharing. He favours no barriers to entry and conducive business environment for the promotion of commerce and industry.

Bayram al-Khamis stressed on the importance of stability, peace, security and the existence of conducive environment in the form of institutions as organizations and institutions as rules to promote efficient intermediation, investment pooling, funds transfer, risk sharing and to safeguard private property.

Prof. Islahi tried to remove a misconception that there is any gap between the classical Islamic economic thought and the on-going development in the field of Islamic economics and finance. However, it seems that some authors are awed by the Western story of development and they focused more on catch up than treading our own path to development with indigenous institutions.

Finally, Prof. Islahi discusses the economic thinking of three other Arab literati, Ali Mubarak (1823-1893), Abd-Allah al-Nadim (1845-1896) and al-Sayyid Abd al-Rahman al-Kawakibi (1848-1902). Ali Mubarak, an engineer of irrigation and farming by profession in Egypt, identified the causes of Arab backwardness due to

the decline in the role of education and human resource development.

He emphasized the role of learning sciences and advancing technologically. He criticized idleness and unproductive use of available resources in lavish consumption. He also raised voice for labour rights and looking after their human capital development rather than treating them under exploitative relationship as in bonded labour structures. His views on the government's role in the development of agriculture and banking system show how clear he was in understanding the exploitative aspects of interest based money lending and borrowing. In this context, he was also critical of speculative stock market activities that had been started by the Europeans in these Arab countries.

Al-Nadim identified the primary and secondary factors for economic development. He criticized that colonial powers maintained authoritative rule in the colonial lands without sharing power. He mentions that while Western countries promoted human capital development, technological advancements and education, the rulers in Muslim lands engaged in conspicuous consumption and exploitation of general public.

Western countries did not challenge or correct the hegemonic power and instead they painted the people in East as primitive and regarded them as consumers for Western products and unskilled labour to be used in production to sow, to farm and labour in industries.

Al-Kawakibi, an honorary member of the Education and Finance Committee during Ottoman rule in 1879, played an important role in the establishment of the

Chambers of Commerce. He was very critical of the colonial capitalistic model prevailing in the region with its unjust and inequitable distribution and usurious exploitation of the poor. He criticized unfair distribution and irrational expenditures adding to the fiscal woes of the government. He opposed the interest-based financial institutions while on the other hand, he emphasized the economic significance of Zakat and Kaffarat Maliyyah (financial penalties).

All in all, the book is a good attempt to showcase the economic thinking of the intelligentsia in the Arab region in the

nineteenth century. While many of the ideas are concurrently developed in West, the Muslim scholarship was not ignorant or laggard.

Their underdevelopment and subjugation under the colonial and imperial rule may have delayed the reforms, but the ideas were not coming suddenly after the independence of several Muslim nation states in mid-twentieth century.

Research Paper in Focus

Paper Title: Comprehending Human Economic Behavior Through a Multicultural Lens: Examining the Concepts of Homo Economicus and Islamicus

Author: Setiawan bin Lahuri and Sultan Nanta Setia Dien Labolo

Publisher: Kawanua International Journal of Multicultural Studies, 4(2), 106-117.

The concepts of homo economicus and homo islamicus have very different intellectual roots in viewing the nature of human economic behaviour.

First, homo economicus, which is rooted in Western economic thought, assumes that humans act rationally with the main goal of maximizing their individual interests and material satisfaction. He is assumed to always choose the option that is most advantageous for himself without caring about its impact on others. This is different from homo islamicus who is guided by the framework of Islamic values, such as justice, common welfare, and balance. Homo islamicus places

collective benefit above individual interests. He always considers the social dimension and the welfare of the wider people in all of his economic actions.

Second, in the production system, homo economicus is solely profit-oriented by increasing efficiency and maximizing its own profits. He tends to exploit natural resources and labour in order to minimize production costs as low as possible in order to pursue maximum profitability. Meanwhile, homo islamicus views that the production system should not ignore the values of justice and social responsibility. For him, the production process must be carried out ethically by paying attention

to the rights and welfare of workers and environmental sustainability.

Third, in the consumption system, homo economicus is only driven to fulfil his individual desires and satisfaction alone. He tends to consume goods and services excessively for the sake of prestige and status without caring about the social conditions around him. This is different from homo islamicus which encourages moderate, thrifty consumption patterns and still considers the needs of many people. For him, consumption is not just the fulfilment of individual desire, but also has a social dimension and moral obligation towards others.

Fourth, homo economicus views the distribution system solely as a tool to increase efficiency and individual profits. He ignores aspects of equity and social justice in distribution. Meanwhile for homo islamicus, distribution must be carried out in a fair and equitable manner in order to reduce inequality between community groups. Distribution is not just a matter of business efficiency, but also an important instrument for achieving common prosperity.

Fifth, analysis through the utility curve also shows fundamental differences in the orientation of these two concepts. Homo economicus solely wants to maximize individual satisfaction, as reflected in its ever-increasing total and marginal utility curves.

Meanwhile, homo islamicus continues to pursue individual utility but with moderate limits for the benefit of the collective, as reflected in its gentler utility curves. Although originating from very different intellectual backgrounds, the two concepts of homo economicus and

homo islamicus can actually complement each other in providing a more comprehensive and multidimensional understanding of the nature of human economic behaviour.

The homo economicus concept was formally developed in the works of neoclassical economists such as William Stanley Jevons, Leon Walras and Vilfredo Pareto. They employed mathematical optimization models with assumptions of stable and consistent preferences to explain consumer rational decision making aimed at maximizing utility (satisfaction), and producers maximizing profits.

Author states that the validity of the homo economicus model has been challenged by substantial empirical evidence showing that human beings are not entirely rational in their economic decision making, and are prone to cognitive biases and sociological factors. Herbert Simon proposed the concept of “bounded rationality” to describe the limitations of human rationality. The behavioural economics movement also sought to incorporate psychological insights into economic analysis, to construct more realistic models of human behaviour.

The validity of the homo islamicus model has also been questioned for being overly idealistic and not necessarily reflecting the actual behaviour of Muslim economic agents, who are profoundly shaped by the modern social context.

Homo economicus concept is characterized by the assumption that everyone will always act to maximize his/her personal gain, driven by selfish interests and preferences.

Authors note that substantial empirical evidence indicates that people do not always act solely based on narrow material self-interest, but are also influenced by factors such as altruism, justice, and reciprocity norms.

Highlighting the morally-neutral behaviour of homo economicus, authors give the example of illegal gold mining in Africa that uses underage child labourers with low wages and very poor working conditions, or textile factories in Bangladesh that force their workers to work overtime for hours in unfit

conditions just to meet production targets.

In contrast, author explains that homo islamicus is moderate, thrifty and considers the interests of the wider consumption patterns. He sets aside some income for alms or endowments whose benefits can be felt by the wider community.

Reflections from Last Hajj Sermon of Prophet Muhammad (pbuh)

Prophet Muhammad (pbuh) delivered His last sermon (known as Khutba-e-hajjatul-Wida) on the ninth of Dhul Hijjah in 10th year after Hijrah (migration from Makkah to Madinah). The sermon was delivered in the valley of mount Arafat.

It was the best example of eloquence, brevity, conciseness and the content of the message emphasized upon justice and equality. The message in the sermon was delivered more than fourteen centuries ago and is an essence of the true message and philosophy of Islamic faith.

In this brief write-up, we try to highlight few of the precious points of the sermon which are still the guiding light for any society, even though the message was delivered a millennium and a half ago.

Following passage describes the importance of social equality in Islam:

“O’ ye people! Allah says: ‘We created you from one male and one female and made you into tribes and nations, so that you can know one another. Verily in the sight of Allah, the most honoured among you is the one who is most God-fearing. There is no superiority for an Arab over a non-Arab and for a non-Arab over an Arab or for the white over the black or for the black over the white except in God-consciousness.’”

Prophet Muhammad (pbuh) denounced interest taking and eliminated this evil which is one of the major causes of social and economic inequality.

Prophet Muhammad (pbuh) said:

“All interest and usurious dues accruing from the times of ignorance stand wiped out. And the first amount of interest that I remit is that which Abbas ibn Abd-al

Muttalib had to receive. Verily, it is remitted entirely.”

Describing the importance of private property rights, Prophet Muhammad (pbuh) said:

“O’ people! Verily your blood, your property and your honour are as sacred and inviolable as the sacred inviolability of this day of yours, this month of yours and this very town (of yours). Verily, you will soon meet your Lord and you will be held answerable for your actions.”

Describing the women rights in Islam, Prophet Muhammad (pbuh) said:

“O People, it is true that you have certain rights with regard to your women, but they also have rights over you. If they abide by your rights, then to them belongs the right to be fed and clothed in kindness. Do treat your women well and

be kind to them, for they are your partners and committed helpers.”

Describing the concept of Muslim brotherhood, Prophet Muhammad (pbuh) taught:

“O’ People! Every Muslim is the brother of every other Muslim, and all the Muslims form one brotherhood. And your subordinates; see that you feed them with such food as you eat yourselves, and clothe them with the clothes that you yourselves wear.”

Thus, it can be appreciated that Islamic viewpoint on social equality, brotherhood, individual liberty and mutual cooperation is a guiding light for humanity as reflected from this last public sermon by Prophet Muhammad (pbuh) which He gave to us fourteen centuries ago.

Market News

- ❖ Islamic Finance Market poised towards USD 12.5 Trillion by 2033 (Market.us Scoop, May 05).
- ❖ Standard Chartered Report: Global Islamic Finance assets to surpass US\$ 7.5 trillion by 2028 (Business Recorder, May 21).
- ❖ Qatar’s Islamic Finance assets soar to \$190.6 billion in 2024, dominating 97 percent of the market (Economy Middle East, May 07).
- ❖ UAE Islamic banks’ assets cross Dh1-trillion mark in 2024 (Khaleej Times, May 25).
- ❖ Suez Canal Bank completes \$114 million in Sharia-compliant Sukuk issuances (ZAWYA, May 12).
- ❖ UAE’s new Islamic Finance strategy aims to boost the Sukuk industry: Fitch (Gulf News, May 08).

- ❖ A minimum of Tk10,000 can be invested in the 6th government Sukuk (The Business Standard, May 12).
- ❖ Pakistan to issue Rs 30 billion Green Sukuk on May 16 for sustainable projects (Profit by Pakistan Today, May 13).
- ❖ UAE developer Sobha Realty prices \$500 million 3-year Sukuk (ZAWYA, May 13).
- ❖ Sharjah Islamic Bank launches \$500 million perpetual non-call 6-year AT1 Sukuk (ZAWYA, May 28).
- ❖ First green Sukuk bids top Rs 161 billion, issue raised to Rs 31.98 billion (Profit by Pakistan Today, May 30).
- ❖ Pakistan Government picks Rs 160.85 billion through Sukuk auction via PSX against a target of Rs 250 billion (Mettis Global, May 30).
- ❖ Pakistan launches first Green Sukuk worth Rs 30 billion to fund new energy projects (Profit by Pakistan Today, May 16).
- ❖ Pakistan Government purchases Rs 78 billion Ijara Sukuk on Bai Mijjal basis (Mettis Global, May 27).
- ❖ Nigeria: FG's \$188 million Sukuk attracts over \$1.3 billion in record-breaking subscription (ZAWYA, May 29).
- ❖ Abu Dhabi's Mubadala Sells \$1 billion in 10-year Sukuk (Reuters, May 29).
- ❖ Government buying back Rs 71 billion worth of securities via Bai Muajjal Sukuk (Mettis Global, May 22).
- ❖ Saudi Arabia surpasses \$ 1 billion Sukuk milestone with May issuance (Arab News PK, May 20).
- ❖ Saudi Arabia's Bank Albilad raises \$650 million in debut USD AT1 Sukuk (Salaam Gateway, May 20).
- ❖ UAE: Islamic Treasury Sukuk Auction for May 2025 attracts bids worth \$1.89 billion (ZAWYA, May 22).
- ❖ FG's ₦300bn Sukuk Draws ₦2.2 trillion in Bids, Underscoring Soaring Investor Confidence (TV360 Nigeria, May 29).
- ❖ ADNOC completes \$1.5 billion debut International Sukuk issuance (ZAWYA, May 06).

- ❖ Saudi Aramco could tap debt markets again after US\$5 billion bond sale (The Business Times, May 30).
 - ❖ Several protests formed human chains in Hyderabad, demanding the withdrawal of the Waqf Amendment Act (Telangana Today, May 26).
 - ❖ Kerala decides to oppose Waqf (Amendment) Act in Supreme Court (The Hindu, May 11).
 - ❖ Supreme Court issues notice to Centre, states on plea challenging 1995 Waqf Act (India.Com, May 27).
 - ❖ Waqf Act: Petitioners refute Centre's '116% property rise' claim (Hindustan Times, May 04).
 - ❖ ADIB to showcase Islamic Fintech innovation at Dubai Fintech Summit 2025 (ZAWYA, May 13).
 - ❖ KWAP in talks to invest up to US\$15 Million in Dubai-Based Islamic Digibank Fasset (Fintech News Malaysia, May 27).
-

Economic and Financial Indicators

Islamic Banking Statistics 2025

Country	CAR	Gross NPF	ROA	ROE	Net Profit Margin	Cost to Income
Bahrain	19.5	0.8	0.8	10.2	37.3	54.1
Bangladesh	21.2	1.2	0.5	11.1	34.4	54.8
Brunei	19.1	1.8	2.0	15.3	69.7	30.3
Egypt	18.62	2.98	3.50	40.58	63.70	18.56
Indonesia	25.51	2.14	2.65	19.25	36.34	63.66
Jordan	19.4	2.0	1.5	16.9	51.4	48.6
Kuwait	17.7	1.9	1.6	11.9	56.3	41.3
Malaysia	17.7	1.5	1.1	14.3	38.9	41.2
Morocco	20.0	0.3	-1.5	-17.3	-63.3	159.6
Nigeria	10.26	5.11	2.54	88.57	32.11	62.8
Oman	15.6	3.2	1.2	8.8	36.4	56.8
Pakistan	24.9	4.6	5.3	78.4	62.9	36.1
Palestine	15.2	6.3	-0.1	-0.7	-1.4	68.4
Qatar	20.7	3.8	1.5	13.6	26.2	8.8
Saudi Arabia	19.6	0.9	2.39	18.0	62.6	37.4
Sudan	8.60	4.68	3.01	34.1	37.5	50.0
Turkey	18.5	9.8	3.4	42.9	41.6	42.6
UAE	18.3	4.9	2.4	18.7	39.7	56.8

Source: IFSB Data

Chart 1.2: Regional and Sectoral Distribution of Global IFSI Assets

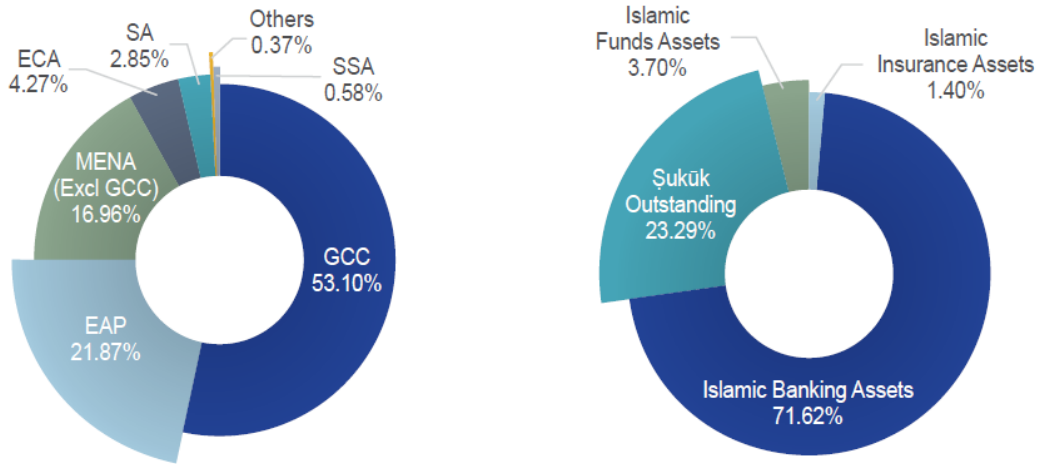


Chart 1.1: Global IFSI Total Asset Size (USD in Trillion) (2020 - 2024)

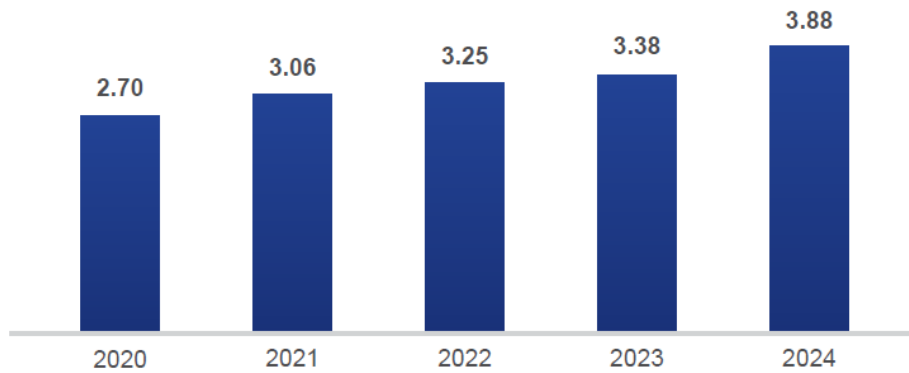
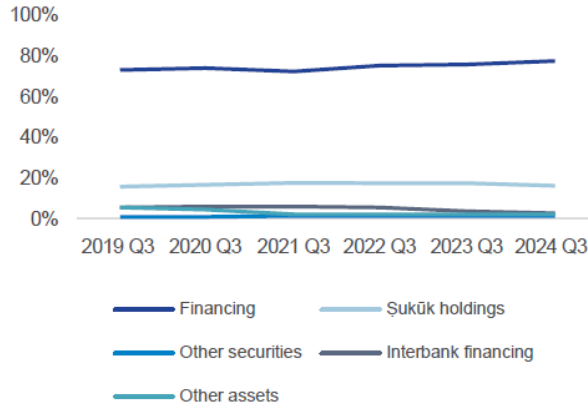
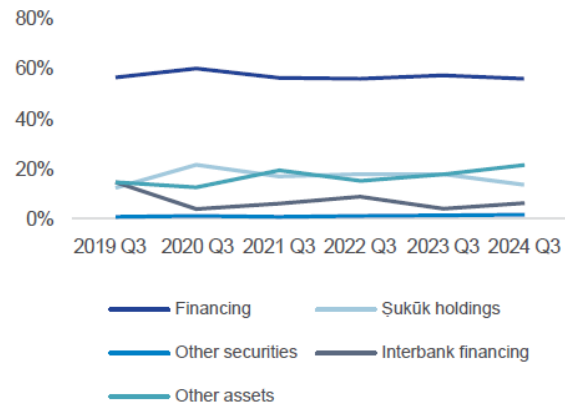


Chart 1.1.2: Regional Islamic Banks' Asset Composition

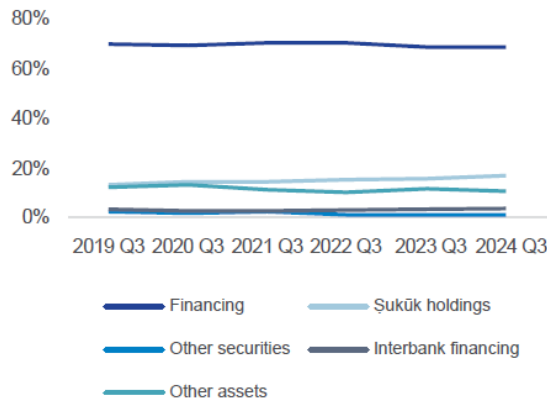
A) Asset Composition in the EAP Region



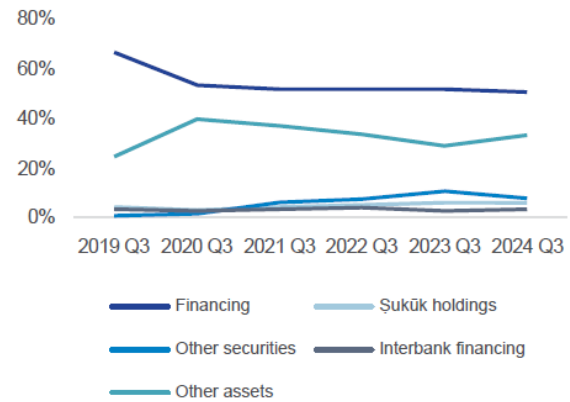
B) Asset Composition in the ECA Region



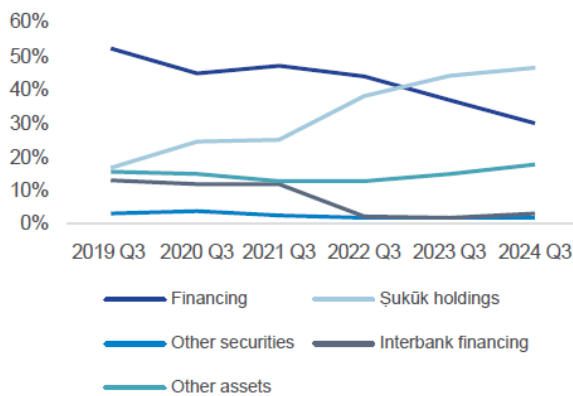
C) Asset Composition in the GCC Region



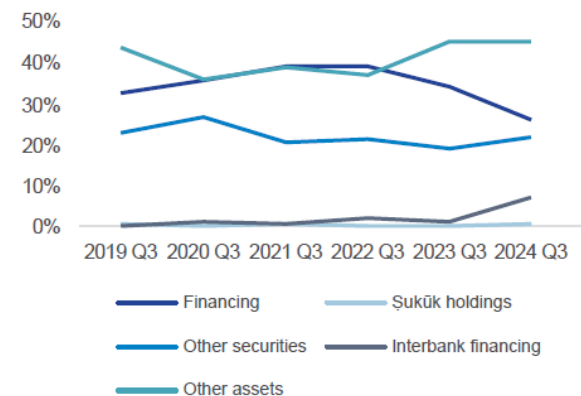
D) Asset Composition in the MENA (Excl. GCC) Region

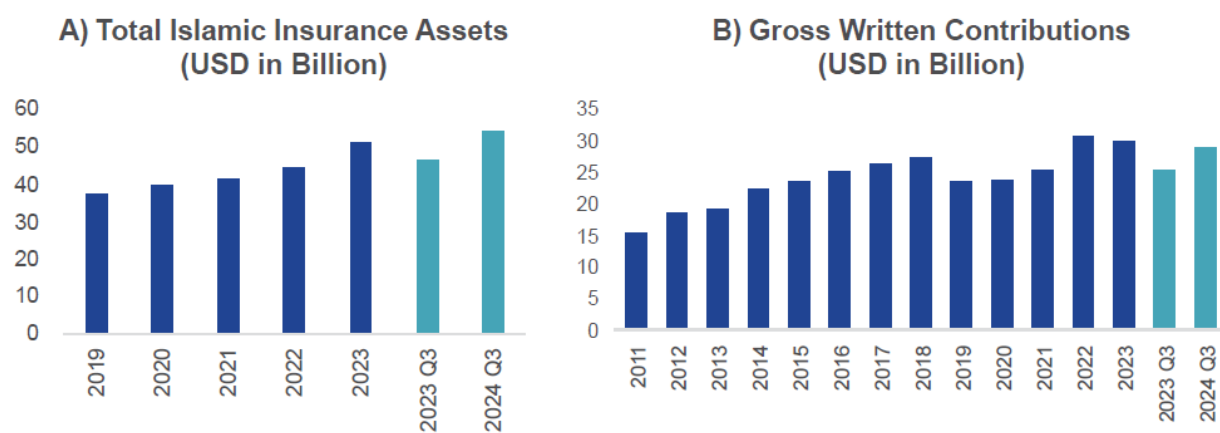
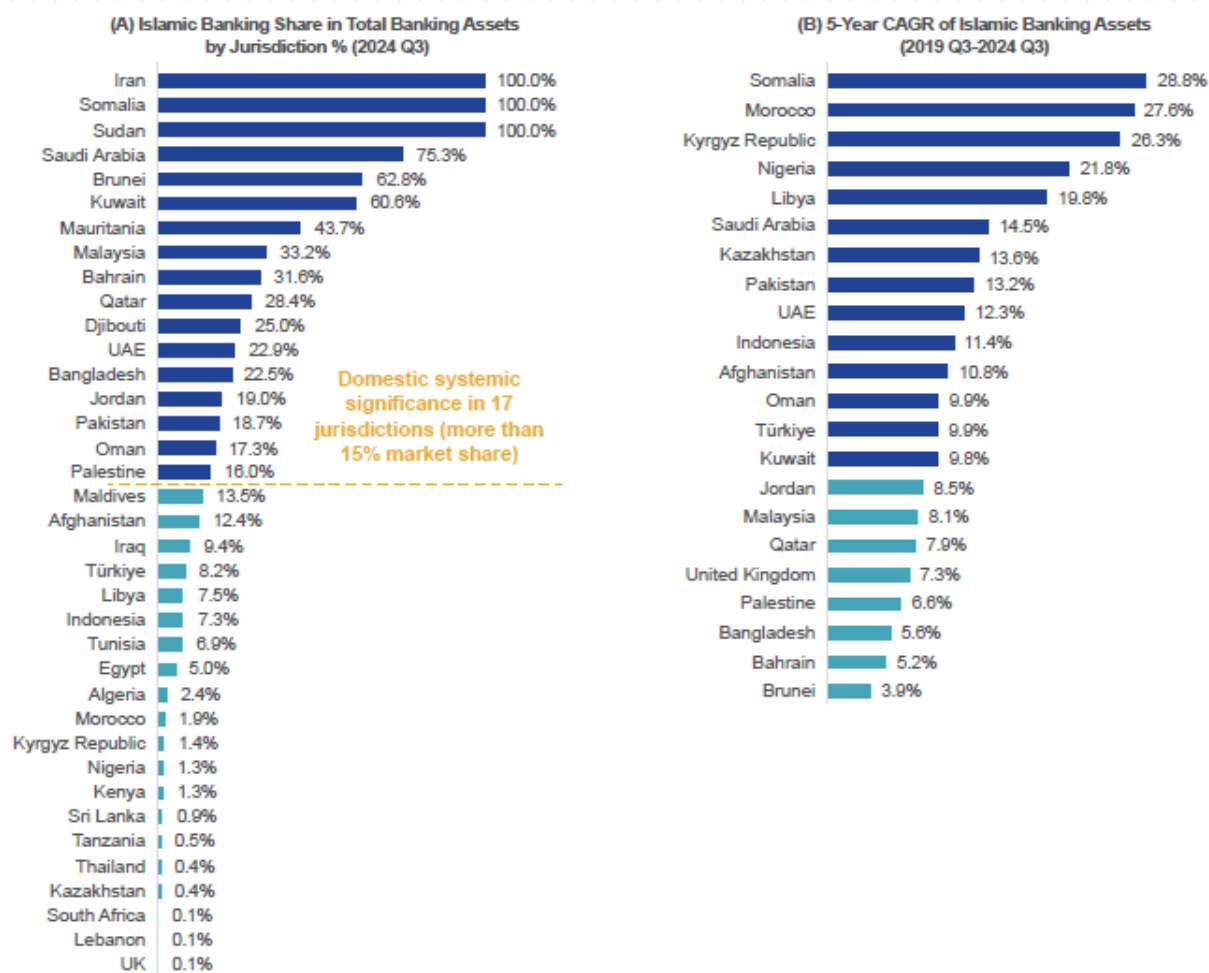


E) Asset Composition in the SA Region

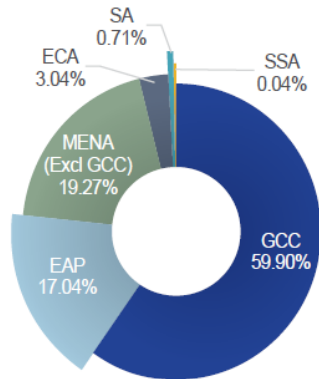


F) Asset Composition in the SSA Region

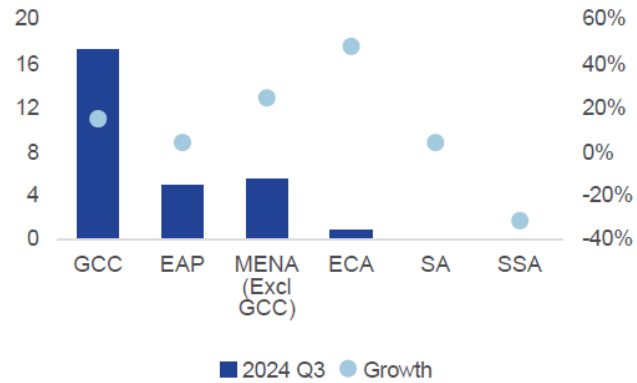




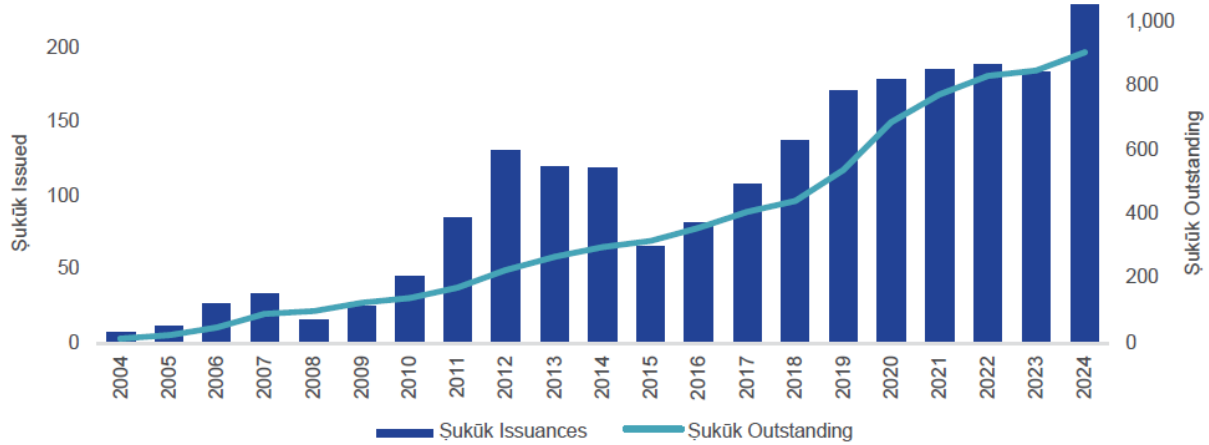
A) GWC Regional Share



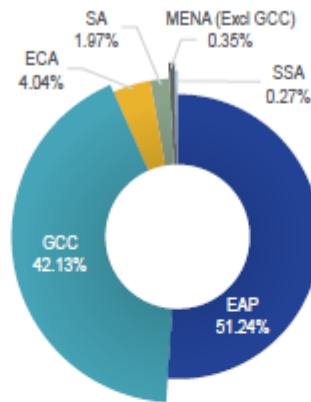
B) Regional Contribution (USD in Million) and Growth Rate



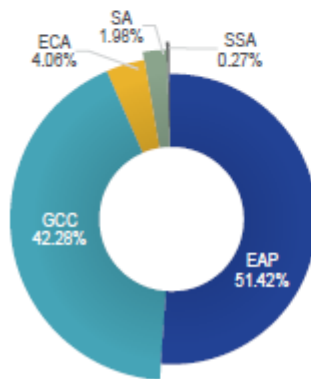
(2004-2024) (USD in Billion)



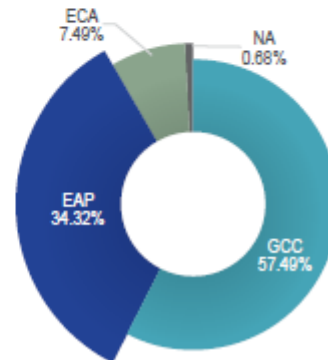
A) Total Şukūk Issuances by Region of Originator (2024)



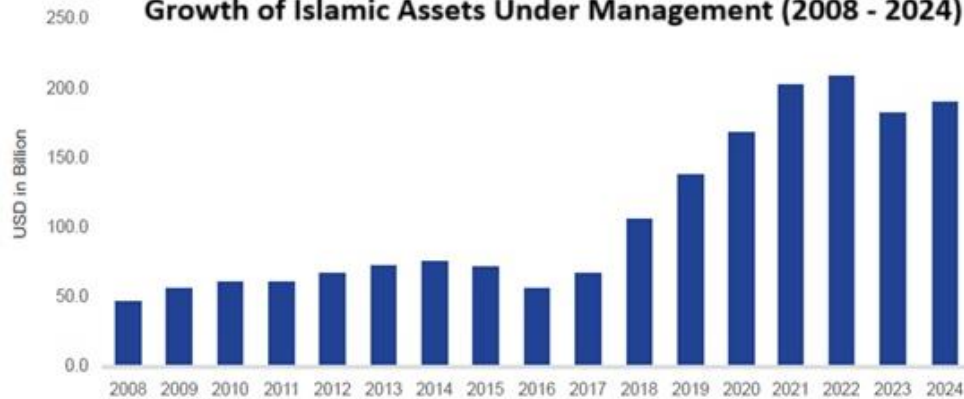
B) Sovereign Şukūk Issuances by Region of Originator (2024)



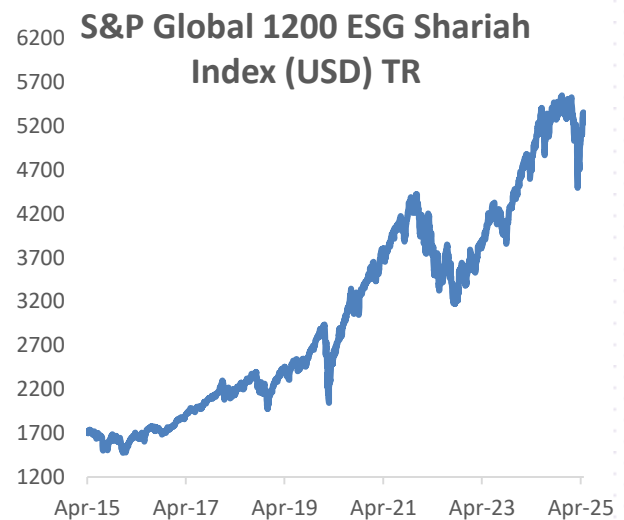
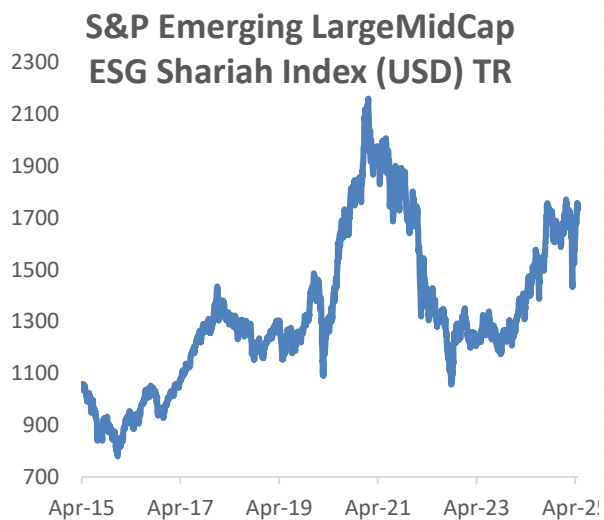
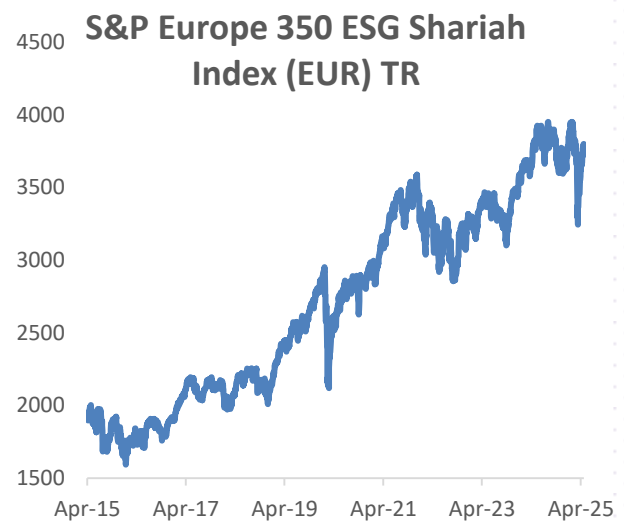
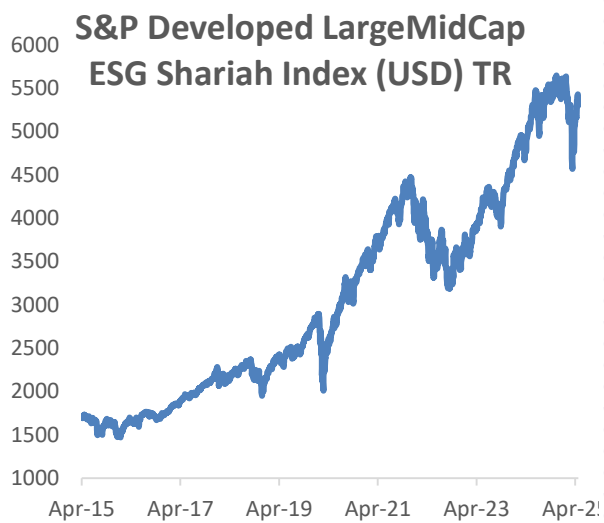
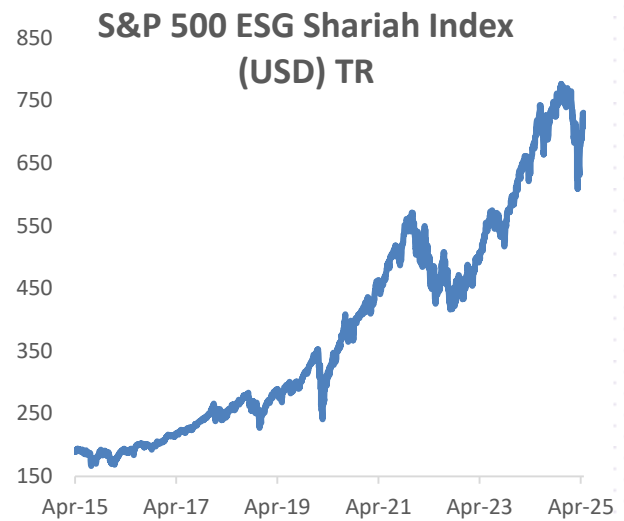
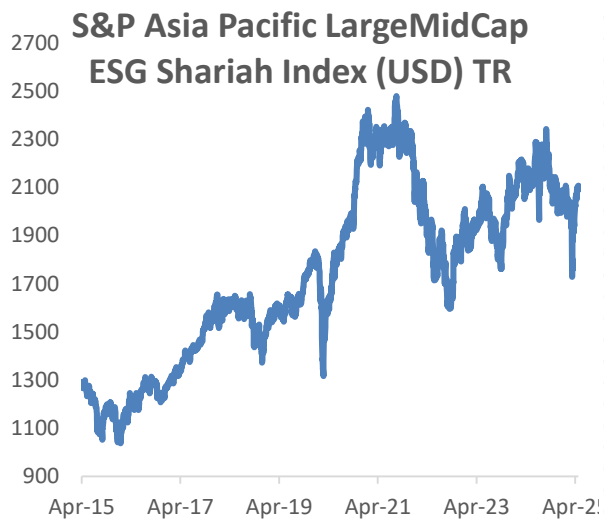
C) Corporate Şukūk Issuances by Region of Originator (2024)



Growth of Islamic Assets Under Management (2008 - 2024)



SUKUK Investments (Source: SP Dow Jones)



Global Economic Perspectives

Projections of Growth in Selected Countries & Regions		
	2025	2026
Egypt	3.6	4.1
India	6.5	6.5
Indonesia	5.1	5.1
Iran	3.1	2.8
Kazakhstan	5.5	4.1
Malaysia	4.7	4.4
Nigeria	3.2	3.0
Pakistan	3.0	4.0
Saudi Arabia	3.3	4.1
Turkiye	2.6	3.2
Advanced Economies	1.9	1.8
Emerging Market and Developing Economies	4.2	4.3
Middle East and Central Asia	3.6	3.9
Sub-Saharan Africa	4.2	4.2
European Union	1.4	1.7

Source: World Bank Global Economic Perspectives, June 2024

Call for Papers

Hybrid Conference on Islamic Law and Finance

Durham University, 24 - 25 July, 2025

<https://www.durham.ac.uk/business/news-and-events/events/2025/07/hybrid-conference-on-islamic-law-and-finance/>

3rd International Conference on Islamic and Halal Economic Studies (ICIHES 2025)

4 & 5 November 2025

Marriot Hotel, Yogyakarta, Indonesia

Annual Conference of the British Association for Islamic Studies

Old Divinity School, St John's College, University of Cambridge

<https://www.brais.ac.uk/conferences>

Other Resources on Islamic Economics Project Portal

- | | |
|-----------------------------------|---|
| ❖ Research Articles | ❖ Book Reviews |
| ❖ Research Presentations | ❖ Frequently Asked Questions |
| ❖ Islamic Finance Calculators | ❖ Topical Bibliographies |
| ❖ Course Outlines | ❖ Islamic Finance Education Providers |
| ❖ Academic Resources | ❖ Researchers Database in Islamic Economics |
| ❖ Data Resources Links | ❖ Call for Papers |
| ❖ Islamic Economics Journals List | ❖ Glossary of Islamic Finance |
| ❖ Qur'an and Hadith on Economics | ❖ Video Library |



islamicproject@gmail.com

www.islamicproject.com

www.facebook.com/IEProject

pk.linkedin.com/company/islamic-economics-project

<https://twitter.com/iepresearch>