Moral Reflections on Economics
Vol 5, Issue 12, December 2025

"God created every creature from water. Some crawl upon their bellies, others walk on two legs, and others walk on four. God creates what He pleases. He has power over all things."

[Al-Qur'an, Al-Nur: 45]

A man came to the Prophet (pbuh) and asked, "O Allah's Messenger (pbuh)! Which charity is the most superior in reward?" He replied, "The charity which you practice while you are healthy, niggardly and afraid of poverty and wish to become wealthy. Do not delay it to the time of approaching death and then say, 'Give so much to such and such, and so much to such and such.' And it has already belonged to such and such (as it is too late)."

[Sahih Bukhari: 1419]

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"Mathematical models must by necessity build on so many conceptual simplifications that they are unable to capture the complexity of human relationships and the structure of social and economic life."

Agnar Sandmo
Economics Evolving: A History of Economic Thought

The Dual Structure of Islamic Economics: Economics of Religion and Religious Economics

Assoc. Prof. Dr. Mohd Nahar Mohd Arshad
Department of Economics
Kulliyyah of Economics and Management Sciences
International Islamic University Malaysia

Introduction

The economic study of religion encompasses two distinct areas: the economics of religion (EoR) and religious economics (RE). This distinction is crucial for understanding the role of Islamic economic research (IER).

The economics of religion, is descriptive in nature, focusing on existing realities. It employs modern economic tools to analyse religious behaviour and institutions, treating religion as a variable that influences socio-economic outcomes. In contrast, religious economics is more normative. It concerns ideal states. It utilizes theological principles to promote and criticize the economic policies.

Islamic economics is fundamentally a normative field, dedicated to the in-depth study of the normative principles outlined in the Qur'an and the Sunna (religious economics). In its empirical research, it probes into the economic behaviours and values of Muslims. As a result, it extensively utilizes economic tools to comprehend Muslim behaviour, integrating the economics of religion as one method of exploration.

In reconciling normative (what should be) and positive (what is) economics, the discipline also emphasizes facilitating the transition from the current state to an ideal one, aiming to transform 'what is' into 'what should be'. This agenda is central to Islamic economics, as it is to religious economics.

The origins of this dichotomy (EoR and RE) trace back to the very foundations of Western sociology. The integration of economic reasoning into the study of religion gained prominence with the German sociologist Max Weber.

In 1905, he published his seminal paper, The Protestant Ethic and the Spirit of Capitalism, where he argued that religious culture has a significant impact on economic outcomes. Weber identified specific theological concepts, such as 'The Calling' and Predestination, which create a psychological impetus to work diligently and achieve success. This drive inadvertently fostered the 'Spirit of Capitalism'. Essentially, Weber's work demonstrates how faith can influence markets and the economy, which runs counter to secular ideology.

After a period of dormancy, the field experienced a significant resurgence in the late 1990s, largely driven by the work of Laurence R. Iannaccone. His research firmly established the economics of religion as a rigorous discipline by applying rational choice theory to religious groups and analysing concepts such as free-riding and strict behavioural codes.

This era introduced sophisticated analytical tools, which, however, came with specific philosophical assumptions. These assumptions eventually led to significant friction when applied in Islamic contexts.

Epistemic Conflicts and the Instrument of Analysis

These historical developments present significant epistemic challenges for Muslim economists. A fundamental critique questions the very distinction between economics of religion and religious economics. Scholars contend that this distinction is rooted in a Western epistemic error, which embraces the dichotomy between 'positive' and 'normative' economics.

This division originates from European secularism and is further complicated by the fallacy of the Humean Guillotine (one cannot logically derive a moral imperative or prescriptive statement about what 'ought' to be done from a purely factual or descriptive statement about what 'is').

This concept holds no place in Islamic epistemology, where revelation offers the normative values that humanity must pursue for advancement. Facts and values are intertwined; one cannot grasp 'what is' without understanding 'what should be'. Yet, labelling Islamic economics simply as 'religious economics' diminishes the field, potentially portraying it as a religious study rather than a legitimate, rigorous scientific alternative.

However, this categorization sparks a crucial debate about whether Islamic economists can and should integrate Western classifications without compromising Islamic epistemology. This epistemic conflict manifests most acutely in the methodology of analysis.

For example, a central concept in the modern resurgence is the 'Religious Marketplace' model. This model applies market logic to faith. It views religious groups as firms and believers as customers. However, this approach faces severe criticism from diverse scholars. It reduces believers to consumers. It treats salvation as a product. This commodifies faith. It interprets acts of worship through rational choice along with cost-benefit analysis. This represents capitalist encroachment into the sacred sphere.

Islamic economists typically reject this model. This rejection creates a significant methodological dilemma. Scholars often reject the philosophy of the 'religious marketplace'. Yet, they often desire the analytical precision of the 'economics of religion'.

The mathematical tools of this field, such as utility maximization were built specifically for the marketplace model. This leads to the secular science paradox, where researchers must determine if they can separate the tools from their underlying ideology.

The struggle to define a sovereign methodology creates further confusion about the role of Islamic sciences. A significant confusion exists among Islamic economists regarding the nature of their discipline. For example, there is still an ongoing debate whether Islamic economics is a science or a doctrine. This confusion arises from the entanglement of descriptive and normative discourses.

This issue extends to the integration of usul al-fiqh. Some scholars argue that treating usul al-fiqh as an economic methodology creates a confusing hybrid. They assert that legal deduction differs fundamentally from social scientific analysis.

A counter-argument posits that usul al-fiqh offers a sovereign methodology. It incorporates concepts like maslahah (public interest) together with urf (custom). These are inherently sociological tools. Dismissing usul al-fiqh implies that only Western econometrics can explain the reality. This view reduces Islamic economics to a follower of secular trends. The challenge here is how to adapt legal tools for social science without losing their scientific precision.

The Limits of Materialism and the Empirical Imperative

Scholars must acknowledge that even the most rigorous economic analysis faces inherent boundaries when applied to Islam. Critiques of standard economic analysis often identify a deep materialist bias. Economic tools rely on observable data. They cannot measure metaphysical realities, such as barakah (divine blessing). For Muslim economists, the Unseen (al-ghayb) is the ultimate reality.

For example, the Qur'an states that Allah destroys riba (interest) and gives increase for sadaqah (charity) (Qur'an 2:276). It also promises that 'If you are grateful, I will surely increase you [in favour]' (Qur'an 14:7). These are absolute truths for believers. They exist beyond the scope of statistical validation. The inability of economic tools to measure barakah does not invalidate the concept. It instead highlights the deficiency of the tools. Therefore, one must recognize that empirical economics offers only a partial view of reality.

However, recognizing these spiritual limits does not absolve the researcher from the duty of rigorous observation. Selected empirical study remains necessary. This necessity arises from the pursuit of Truth (haqq). For example, scholars should measure the effectiveness of zakat in alleviating poverty. This helps refine policy implementation. It ensures that the divine command produces the intended justice in the material world.

Improving the economics of religion based on the methodology of Islamic economics is vital for the discipline's development and defence. For example, the study by Filipe Campante and David Yanagizawa-Drott, in 2015, argues that Ramadan fasting can reduce economic growth through temporary labour supply decline. Such findings present a challenge that Islamic economists must address with rigorous, principled scholarship.

This calls for creating independent Islamic indicators and developing a scientific framework rooted in faith values, rather than reacting to Western perspectives. The future of Islamic economics lies in a balanced methodology combining empirical precision with moral vision inspired by Islamic epistemology. Through this synthesis, Islamic economics can establish itself as a robust discipline ready to meet contemporary challenges and traditional aspirations.

Stabilizing Purchasing Power of Common Medium of Exchange

Hifz ur Rab

The acceptance of any commodity as a common medium of exchange makes it the most widely traded commodity and imparts stability to its purchasing power. So prevalent is its acceptance by the people that even a value-less, depreciating currency has come to seem like an acceptable measure of wealth.

However, the actions of the government and centres of economic power, such as the greedy capitalists, can significantly change the relative prices of goods.

The following example illustrates this: Let us consider the situation resulting from a decision by farmers to reduce the production of food grains to half. Since there does not exist any other competitive procedure for the production of food grains or their substitutes, and because food grains are essential goods for sustaining life, the prices of food grains, as well as those of other food products, will shoot up. Conversely, the prices of most other goods, including so-called superior goods and the products of activities based on the most modern and advanced technology, will crumble down.

The rate of return for most non-agricultural activities will fall to naught, while the rate of return for farming will soar high. The organized sector, assisted by interest-driven financing, keeps prices of its products and services high by controlling production and employment. Due to the confusion created by the illusion of consistently rising prices, commoners fail to respond effectively.

Thus, there is a relative increase in the price level of products and services from the organized sector with respect to the unorganized sector. This severely harms the interests of those connected with the unorganized sector, mainly the commoners, but they fail to act together to correct this massive injustice. Furthermore, they fail to register effective participation in the market to correct this market failure.

Conversely, it is also possible to ensure that the prices of some goods, especially those that constitute a good measure of wealth, can be made highly stable to ensure they discharge the measure of wealth function satisfactorily. Viewed in this perspective, gold and silver, which constitute the best-known measures of wealth, may be made to behave as almost ideal measures of wealth/value.

Shari'ah restricts certain uses of gold and silver and prohibits the cutting or melting of coins. Another simple stipulation that strengthens the stability of the prices of these metals is the enforcement of a 2.5% tax (Zakat) on the quantity withheld, provided the quantity withheld exceeds some minimum limit (Nisab) that is exempt from Zakat. This stipulation will reduce hoarding and ensure a stable supply.

The exemption below the limit (Nisab) will ensure that people are free to hold the currency required to meet their necessities and needs. However, the precious metals like gold and silver are subject to Zakat. Thus, anyone holding these metals in idle state will suffer an annual loss of 2.5% (in every lunar year). This increases circulation of wealth and tends to ensure an adequate supply of the medium of exchange. Thus, Naqdain (gold and silver coins) constituted an ideal measure of wealth in Qarn Awwal.

The remaining four commodities mentioned in Hadith-e-Riba have a much lower stability of purchasing power. These were not used as a unit of account, except in transactions (Muamalat) related to any of these, for example, for Qard Hasan (interest-free loan), where the quantity borrowed equalled the quantity payable to clear the loan.

The system of interest continues to cheat the masses while pretending to show utmost concern for price stability. The reality is that it has forced the governments to adopt free floats—that is, it has adopted monetary depreciation as a tool to sustain itself—disregarding its grossly anti-human, anti-social, and anti-environmental consequences.

Price Measurement/Discovery by Market

Let us discuss the process of price discovery by the market and how the surplus produced by economic activities is distributed among various factors of production. Prices determine the entitlements of these factors.

The market determines (or discovers) prices using data: on one side is the quantity of the common medium of exchange, and on the other is the quantity of goods and services that people exchange as per their preference.

Assimilation and integration of data produced by trillions of such transactions, occurring over days, months, and years across millions of markets, lead to the determination of price based on people's economic choices in economic exchange.

Errors in measurement on either side will corrupt this process and will have a similar effect on the failure to determine just prices. Short-term variation in the purchasing power of the medium of exchange will make data too complex to lead to any consistent price. Even significant long-term variation will create massive complexity, making it impossible for commoners to make informed decisions based on their preference.

Furthermore, a free and open market is also an important requirement for determining prices correctly. The determination of an efficient price by the market is a very important function of the common medium of exchange, as there is no other mechanism for the just determination of price. Efficient price determination is essential for maintaining economic balances and enabling justice in exchange. The price determined by the market distributes the surplus produced among the factors of production.

Moreover, this framework ensures that the rate of return relates to the utility of the enterprise for the economy, and that the profit motive acts as an efficient driver of investment. A small error in price has a large effect on economic justice, rate of return, and wealth distribution. Efficient market operation, economic growth, and justice are possible only when the market determines just/efficient prices. Clearly, the highest level of stability of the purchasing power of the common medium of exchange is an essential requirement of justice.

Following Hadith shows that corrupt market practices used to manipulate prices may be a serious crime and even lead to Riba, which is the worst crime.

(i) From Abdullah Ibn Abi Awfa: Prophet (P.B.U.H.) is reported to have said that a Najish (one who serves as an agent to bid up prices in an auction) is a cursed taker of Ar-Riba. (It is quoted on the authority of Tabarini's Al-Kabir.)

(ii) From Anas Ibn Malik: The Prophet (P.B.U.H.) said that deceiving a Mustarsal (an unknown entrant to the market) is Ar-Riba. (On the authority of Sunan Al-Bahaqi.)

Shari'ah prescribes special provisions for gold and silver—metals that are natural measures of value—to strengthen the stability of their purchasing power. These provisions include maintaining the quantity of noble metal content of the coins and measures that lead to an increase in their availability to serve as a medium of exchange.

Thus, Shari'ah has instituted special measures to provide for an adequate supply of gold and silver-based money, as these measures lead to price stability, justice, and economic wellbeing. We have seen that just measurement and right accounting for wealth are essential conditions for economic justice. This shows that ensuring price stability may be included among the wisdom (Hikmah) leading to the banning of Riba. Shari'ah relies on market prices, provides for the Mustahib to keep the market free and fair, and bans price manipulation.

Key Highlights of Islamic Finance Development Report 2025

Muhammad Hammad

Introduction

The Islamic Finance Development Indicator (IFDI) offers a holistic assessment of the Islamic finance industry, moving beyond traditional metrics like asset size and performance to include crucial aspects like governance, awareness, and education.

As a composite weighted index, the IFDI measures industry development across sectors, highlighting disparities and trends that broader data might miss. Released annually, it provides a comprehensive global view, aligning with Islamic principles and promoting accountability among stakeholders.

Catalysing Sustainable Finance

Islamic finance principles align with sustainable finance goals, promoting environmental stewardship and responsible resource management. Shari'ah-compliant instruments like green Sukuk are driving investment in renewable energy and climate resilience.

IFDI 2025 Results

The 2025 Islamic Finance Development Indicator (IFDI) assessed 140 countries, with the global average score declining to 11 due to new entrants scoring low in most indicators. The top 10 countries remained unchanged, led by Malaysia and the UAE, which excelled across all five indicators. Notable shifts include Bangladesh dropping out of the top 10 due to Islamic banking sector challenges, while Tanzania showed promise with Sukuk issuance and sector growth.

Global Overview of the Islamic Finance Industry

The Islamic finance industry is poised for a new phase of growth as it approaches its 50-year milestone in 2025, with assets reaching $5.98 trillion in 2024, a 21% year-on-year growth.

Originating in the 1960s and formalized with Dubai Islamic Bank in 1975, the industry is led by Iran, Saudi Arabia, and Malaysia, accounting for 72% of global assets, with Islamic banking dominating 72% of the market. Key drivers include a large underbanked Muslim population, rising OIC wealth, government support, and innovation in FinTech and sustainable finance.

Looking ahead, the industry is projected to reach $9.7 trillion by 2029, driven by cross-border connectivity, regulatory advancements, and national strategies. Countries like the UAE, Philippines, and Türkiye have launched dedicated roadmaps to boost Islamic finance.

With increasing consolidation, competition, and innovation, Islamic finance is becoming mainstream, appealing to ethical investors globally. Non-OIC countries are emerging as players, with 84 nations now involved, focusing on Islamic funds and FinTech, aligning with ESG principles.

Islamic Banking

Islamic banking is expanding rapidly in sub-Saharan Africa, with 104 Islamic banks and windows operating in 28 countries, driven by proactive central banks in Uganda, and elsewhere. Conventional banks like FNB and Coris Bank are launching Islamic windows, tapping into niche markets. Globally, Islamic banking windows account for 48% of Islamic banks, but only 14% of assets ($619.9 billion), with mixed recognition across countries like Qatar, Bangladesh, and Kazakhstan.

To address liquidity challenges, central banks are introducing Shari'ah-compliant tools, like the UK's Alternative Liquidity Facility and the UAE's Sukuk. The International Islamic Liquidity Management Institute (IILM) issues tradable, asset-backed Sukuk, targeting $20-22 billion in 2025, with a 17% CAGR.

To deepen Islamic finance, IILM plans to expand issuers, enhance secondary market liquidity, harmonize regulations, and innovate tools, reinforcing its role as a global standard for Islamic liquidity management.

Takaful

New markets, including Uganda, Kyrgyzstan, Australia, and the Philippines, are introducing Takaful, with regulatory approvals and partnerships in place. Meanwhile, GCC's Takaful sector sees consolidation driven by regulatory pressures and weak profitability, with mergers announced in Saudi Arabia and acquisitions in Bahrain. Though, some deals have failed to materialize due to valuation and control issues. It has prompted warnings of potential regulatory intervention from agencies like Standard & Poor's.

Sukuk

The global Sukuk market crossed a milestone, surpassing $1 trillion in outstanding value in 2024, driven by an 11% rise in issuance to $254.3 billion, led by Saudi Arabia's $75.3 billion in issuances. Governments accounted for 58% of issuance, addressing fiscal deficits and refinancing needs, with $105 billion of Sukuk maturing in 2025. The GCC, particularly Saudi Arabia, fuelled growth amid economic uncertainty, leveraging Sukuk as a mainstream funding tool.

Controversy surrounds AAOIFI's draft Shari'ah Standard No. 62, proposing stricter ownership transfer rules for Sukuk assets, sparking industry debate, especially in the UAE. Concerns over operational complexities led to revisions, delaying implementation to 2026. This pause offers scope for adjustments, balancing Shari'ah compliance with market practicality, and ensuring that Sukuk remains a viable investment option.

Islamic Funds

Despite a 37% growth in 2024, Sukuk funds remain a small part of the global Islamic fund market, valued at $15.3 billion (9% of total assets). Most Sukuk funds are in Malaysia, and investors' buy-and-hold approach leads to low liquidity, high trading costs, and elevated fees for passive funds. Sukuk's price stability, driven by GCC issuers, has not translated into market vibrancy.

New Islamic ETF launches in South Africa, Kazakhstan, Hong Kong, and Saudi Arabia signal growing cross-border interest. Hong Kong's Saudi Sukuk ETF reflects initiatives with a promise to internationalize Islamic finance, boost accessibility, and diversify Shari'ah-compliant investment options beyond core markets.

Islamic Finance Sustainability Landscape in 2024

The ESG Sukuk market has achieved a significant milestone, surpassing $50 billion in outstanding value in 2024, driven by a 14.7% increase in global issuances to $15.4 billion. GCC-based institutions, particularly banks, led the growth, accounting for 52% of total issuance. This expansion is bolstered by governments in the region, including Oman, Qatar, and Saudi Arabia, establishing sovereign sustainability frameworks to support green projects and meet rising investor demand for ESG-compliant instruments.

Malaysia's Islamic banks have made notable strides in sustainable finance, with Bank Islam exceeding its 2025 green financing target of MYR 4 billion, achieving MYR 4.8 billion. The bank aims to grow its sustainable finance portfolio to MYR 28 billion by 2025, supporting sectors like renewable energy and SMEs. This demonstrates Islamic finance's versatility in addressing climate goals, aligning with Malaysia's National Energy Transition Roadmap (NETR) for net-zero emissions by 2050.

The integration of Islamic finance into global climate solutions is further evidenced by its expansion into voluntary carbon markets. Shari'ah-compliant platforms like XTCC and RVCMC have emerged, facilitating carbon credit trades and supporting projects in Malaysia, Pakistan, and Ethiopia.

To sustain growth, countries like the Maldives and Hong Kong are prioritizing talent development through scholarships, awareness campaigns, and immigration incentives, reflecting a growing institutional commitment to embed Islamic finance in regional and global economic strategies.

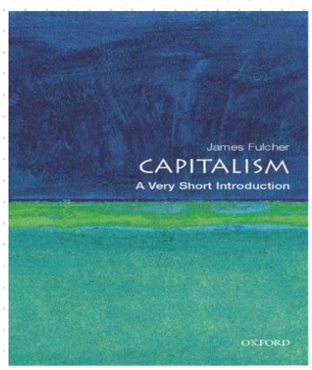
Book Review

Title: Capitalism: A Very Brief Introduction

Author: James Fulcher

Reviewer: Aisha Wani

Publisher: Oxford



'Capitalism, a Very Short Introduction' by James Fulcher is a 2015 Oxford publication. In Chapter 1, the book broadly introduces the origins of present-day capitalism by going as far back as the 1600s to cover Merchant Capitalism. Then, it discusses the capitalist production and finally, the emergence of the current-day financial capitalism.

It explains in Chapter 4 that capitalism in different countries evolved differently, citing examples of the United States of America, Japan and Sweden. It further elucidates that though all run under capitalist economies and each introduced 'welfare capitalism' to solve problems which emerged from the unbridled pursuit of self-interested behaviour, these meant different things to each country.

The common point is the realization that market forces need to operate under greater freedom. Despite this, the variations of capitalism practice did not converge to one all-conquering capitalism, as there is plenty of evidence to show national distinctiveness.

Chapter 5 in the book expounds on a potent question, one which most would agree to in the affirmative, "Has capitalism gone global?" Contrary to common intuition, capitalism became widespread as soon as it came into existence. People in the 15th and 16th century who piloted the routes from Europe to other continents and back were the initiators of global trade.

Though we know of much earlier travel routes through history, the book documents these developments as introduction of capitalism formally.

Travel back in the day was hazardous and slow to say the least. Things were then expedited gradually and then exponentially through the emergence of the communications revolution in the 19th century.

The steam-powered transportation followed. The invention of the telegraph and finally the telephone modernized communication over distance. These developments culminated in an organized global economy.

Manufacturing, telework, tourism, agriculture and currency all became internationally inter-connected. Despite all this, the author argues that while economies have become internationally connected, capitalism in its essence has not really gone global.

Capitalism is defined by the Cambridge dictionary as, 'An economic and political system in which property, business, and industry are controlled by private owners rather than by the state, with the purpose of making a profit.' Following this definition, not every country can be considered 'capitalist'.

The expansion of countries' growth happened not necessarily by market-based competition. Rather, it happened by exploiting the weak economic policies of underdeveloped nations during and after colonization.

By definition, then, even if economies have become global, striving to thrive under a profit-maximization model, it is happening at the cost of countries that are continuously forced to export their resources which implies that those countries are not essentially capitalist, or are outright failing under the model. "The flow of money and investment is so unevenly spread across the globe that it is more than a little misleading to describe it as 'global'." (Fulcher, 2015)

In addition, all transnational corporations while seeming to be global, are based in specific nation-states somewhere, where their profits are repatriated and where most of their assets lie. These transnational corporations exploit the infrastructure, institutions and power of their home-countries to assist their operations in host countries. Though, they bring in employment, the author argues that they exploit cheap labour, drive out local competitors and ultimately channel the profits back home. This raises the first criticism of capitalism, its exploitative tendency.

The famous ‘Paperclip maximiser theory’ proposed by Nick Bostrom in 2023 can be used to analogize the inevitable reliance on exploitation that comes about through the capitalist model. The thought experiment suggests giving an AI the simple and harmless command of making as many paperclips as possible. Eventually, it would destroy humanity (humans, infrastructure and perhaps even itself) by turning all matter into paperclips. It illustrates how pure goal-driven intelligence without ethical limits can lead to disastrous outcomes.

As expected, the author notes that crises are an implicit characteristic of capitalism, which has been demonstrated ever since the 1970s. Global production increased rapidly, but global demand could not keep pace, leading to bursts of growth bubbles. Debts also, cannot expand indefinitely, especially if people decide to cut spending and borrowing.

The inflated bubbles we celebrate are mere shallow fair-weather friends. The author references the Enron and WorldCom scandals saying that they threaten the normative basis of capitalism, as though this is an anomalous event.

“The true capitalist is motivated by the amoral accumulation of money and this frequently drives particular individuals to bend or break the rules.” (Fulcher, 2015)

Lastly, while criticizing its many features, James notes the astonishing capacity for the resumption of growth when the crisis has passed. Positing that due to lack of viable alternatives and the collapse of state-socialist economies at the end of 1980s, capitalism is an undefeated force and those that desire reform must do so from within it. Despite its many problematic features, he thinks that this is the best possible system humanity has come up with and if supplemented by ethical policies, it has capacity for good.

The author seems to have done a remarkable job at maintaining a neutral analysis and still ending with a realist stance.

To begin with, presenting Capitalism or Socialism as the only two possible ways is a false dichotomy that resides in the Western tradition. Introducing an Islamic approach to it would be an approach of Wasatiyyah i.e. the middle way as the ideal approach.

In principle, the positives that have been demonstrated from the practices of capitalism and socialism can be incorporated, but only those which are genuinely compatible with Islam’s doctrine. Primarily because those practices lie not exclusively in the doctrines of capitalism or socialism, but in the nature of man.

Integration is not adoption of knowledge. It is embedding what is useful from any and every sphere, but within an acceptable paradigm and system of governance. For instance, when we purchase something, we do not think that we are practicing capitalism or socialism, but only that we need to fulfil our needs or wants.

Expounding further, while Islam encourages cooperation, it also encourages competition, which is a fact grossly overlooked in Islamic economics. Islam urges 'kasb' which requires efforts in improving skills, productivity, innovation and invention. Pursuit of these goals happen in society and economy and often in a zero-sum situation for the direct parties involved. However, society often benefits from such competition if it remains within the ethical and fair limits.

However, Islamic economics believes that those that are able to achieve growth in income and welfare, they are expected to take care of those that have not been able to achieve improvement in their living standard.

Ultimately, all resources belong to Allah, what we practice on earth is just a redistribution of those resources. Thus, on the spirit of socialism, there is possibility of taking inspiration to implement an equitable (not equal) redistribution of resources such that the concentration of wealth is mitigated.

Furthermore, unprecedented growth through inflation is avoided in Islamic finance because it pegs financing to the real assets. Ideally, provision of finance to the SMEs and microenterprises shall check monopolies.

The current inflationary model we are using hurts the savers and future generations. While one may assume, that resorting to real assets as currency may slow down growth, one needs to be careful to first define what real growth is. Technological advancements and fancy infrastructure are not priorities for which men need to be exploited and suffer from hunger and extreme poverty. Within the resources given to man, if he is not hasty, he can achieve more of the same, but at an environmentally-friendly and socially responsible pace. Else, overexploitation will leave the world in a worse state than it is right now.

This artificial growth and convenience culture is essentially detrimental to our health, social structures and even our existence. It then follows that the end goal, becomes not profit maximization, but earning a halal, well-deserved profit. Earning money for the sake of maximizing it is pointless, but earning it to provide for development of humanity has barakah.

Research Paper in Focus

Paper Title: Utility Maximization, Morality, and Religion

Author: Jonathan E. Leightner

Publisher: Journal of Economic Issues, 39(2), 375 – 381.

Jonathan E. Leightner's paper, "Utility Maximization, Morality, and Religion", provides a detailed, academic critique of the utility maximization theory as the foundation of neoclassical economics by highlighting its fundamental conflict with the core tenets of moral philosophy and religion. The central argument is that the neoclassical model, despite its purported universal explanatory power, is amoral because it accepts all goals without judgment, thus failing to provide a basis for ethical choices.

The utility maximization theory assumes that all choices are made solely to maximize the chooser's own utility, happiness, or pleasure, which is achieved by realizing their personal goals. Because the theory accepts the entire 'gamut' of goals—from 'complete self-indulgence to saving others'—it claims to explain all human behaviour. To maintain this universal applicability, neoclassical economists intentionally refuse to judge between different sets of goals.

Leightner argues that this self-centred approach places the chooser's utility as primary; an individual will only take actions that increase the utility of others if, and only if, that action simultaneously increases their own utility. The author notes that it is theoretically impossible for everyone to have a utility function where everyone else's utility is weighted equally to their own, as this would be "infinitely recursive".

The paper contrasts this self-centred economic model with moral philosophy. Egalitarian ethical theories which include Utilitarianism, Rawls's theory of justice, Situation Ethics (Joseph Fletcher), and Kantian ethics (Categorical Imperative), all require that, as a necessary condition for morality, one must treat the welfare of others the same as or equally to one's own welfare.

Kantian Ethics is highlighted as logically inconsistent with utility maximization. The Categorical imperative requires treating people 'only as ends, and never as means'. Utility theory, however, implies that any benevolent act, such as giving money to a homeless person, is merely a means to increase the giver's own utility.

Kant's categorical imperative states that one should follow the rules that could be willed as universal laws and respect other's dignity as an end, rather than merely as a means to an end. In contrast, in the neoclassical economics, Warm-glow explains consistent philanthropy in spite of government's social spending, but it does not provide explanation for pure altruism and violates Kant's categorical imperative.

The author pre-emptively addresses the defence that Pareto optimality—the notion of taking actions that increase someone's utility without decreasing another's—is economics' answer to morality.

Leightner dismisses this as inadequate, arguing that a normative economic framework based only on Pareto criteria would be morally silent on inherently repugnant issues such as slavery, child prostitution, and child abuse, because correcting these situations would necessarily reduce the perpetrator's utility. Furthermore, Pareto optimality cannot judge between different income distributions, a fundamental flaw for an ethical framework.

Author writes that when we call utility maximization 'normal' and 'rational', our students hear an endorsement of utility maximization (our culture associates 'normal' and 'rational' with 'good'). By implying that utility maximization is good, our students hear a moral obligation. Then when we refuse to judge between possible goals, our students hear the implied message that any goal is 'OK'. Goals to help others are not better or worse than goals that involve complete self-indulgence.

Author gives an example that if I do not add a moral code to utility maximization, then I cannot punish the criminal. Punishing a criminal reduces his utility and, thus, is a movement away from a potentially Pareto optimal solution. If morality is not added to utility maximization, then there is no reason for anyone to feel guilty or to repent. If the only criterion is that I have to judge acts as whether or not they maximize utility, then all acts that I actually choose were the 'best' choices at the time.

Ultimately, the paper calls for economics instructors to add a short qualification when teaching utility maximization. This qualification must explicitly state that the theory is self-centred and 'blindly accepts without judging' all goals, whereas morality, according to philosophers, requires judging goals as good or bad and placing others' welfare on the same level as one's own. Without a moral code, the author concludes, there is no basis for judging right and wrong, and figures like Mother Theresa and Hitler are rendered 'indistinguishable'. The solution requires acknowledging the need for both economic efficiency and moral philosophy.

Author contends that people do think outside their utility functions when they rationally decide what goals to include in their utility functions, allowing them to change their goals over time. People possess the ability to empathize with others. Therefore, the author envisions that we need both economists and moral philosophers to create a just and efficient world. We also need to tell our students that they need to carefully choose what goals to include in their utility functions so that they can be moral and productive citizens.

Reflections on Meaning of Life and Faith

A question that always strikes a person in every age is the purpose and meaning of life. This is also a question which is outside the domain of science. When some scientists not believing in God relate their atheistic philosophical viewpoint with evolutionary biology, they are making a philosophical conjecture. It is not the domain of science or any scientific theory to discuss 'will' and 'purpose' behind material cause and effect relation. Science is concerned with the recipe (how), not the purpose (why).

Religion explains that this universe had a beginning and it was created. After a long period of time, humans inhabited the planet earth in this universe. Humans were created and given this life by the Creator in order to test who among them live a virtuous and ethical life.

During this life, there will be temptations to achieve short term material benefit, but unethical conduct will make humans deserve punishment in life hereafter. In contrast, virtuous actions of justice, fairness, generosity, kindness, cooperation and sacrifice will deserve deterministic rewards in life hereafter. Since this life is a trial, one cannot get deterministic rewards in this life.

But, every intentional act will get deterministic justice in life hereafter. That is the basic essence and message of religion. It does not matter whether life on this earth came to exist by whichever material process. Religion informs about the 'will', the source and the purpose behind creation of humans.

A reflective human mind would look at the COVID-19 pandemic and will be reminded that this life will end one day for him from one or the other material cause. But, it does not matter whether it will be due to any disease or accident. However, his life and life of others is not meaningless.

Doctors and nurses who are fighting hard to save lives of COVID-19 patients might lose their own in the process. But, if they believe in the life hereafter, then their virtuous acts will earn them rewards in the life hereafter which will begin for never ending again.

Unlucky patients who die from this pandemic and those who die from other reasons may have been denied what they deserved in this life. Those who got killed, robbed, denied justice and discriminated against will get deterministic justice and rewards in life hereafter if they had lived virtuous lives given their circumstances in this life.

The lucky ones who survive this pandemic will also die one day. If they had helped the ones who were ill, who were hungry, who were deprived, who were unfortunate and who needed help, then their acts of kindness, generosity, sacrifice and devotion will transcend this world and will give those people rewards in life hereafter which will begin for never ending again.

A reflective mind will keep in mind the scientific and historical evidence that death is as much a fact as is life. The belief in life hereafter completes the cause and effect puzzle even in moral sphere of life. In life hereafter, everyone will get deterministic reward for intentional acts in this life based on the ability and freedom in the circumstances which one faced in this life, no matter whether rich or poor, white or black, male or female, strong or weak and elite or commoner. That makes life of everyone meaningful rather than a constant struggle of survival in one form of matter to the other form of matter where survival instinct is the only moral code.

Conscience is there in all humans and it gives us clear idea of good and evil. Call to conscience brings sacrifice and selfless choices. But, the life ends for many people without them getting fair reward or punishment.

Oneness of God gives us an anchor to see us as part of a universal clan of creatures. All life forms do not create or control breath in themselves or others. We inhabit universe collectively and are equal in sharing it.

Consciousness is there in animal life. Beyond animal instincts, humans also have inherent recognition of good and evil in their conscience. Belief in deterministic justice and rewards in afterlife fulfils our aspiration to have true and fair reward for every small act of goodness and evil in afterlife. Every moment of a nurse and that of a cured or dead patient is not meaningless if one believes and prepare for afterlife by achieving excellence in morals.

Imam Ghazali wrote that wealth is useful till we die, relatives till we are put in grave and only good deeds will be the currency on judgement day. If we have good deeds to take in next life, then we can have everlasting happiness that is not infected and affected by any Corona Virus.

Market News

- Islamic Finance offers a $5.5 trillion opportunity to unlock new markets and capital (Zawya, Nov 04).
- Standard Chartered Highlights Corporate Knowledge Gap in Islamic Finance (Hubbis Nov 05).
- Uzbekistan prepares legal foundation for Islamic Finance system (Kun.uz, Nov 11).
- Meta Bright's Expo Gaya secures RM 31.82 million financing to drive Sabah infrastructure growth (Focus Malaysia, Nov 29).
- Malaysia ranks second in Islamic banking market share growth from 2000-2024 — Stan Chart (The Edge Malaysia, Nov 26).
- MCB Islamic Bank launches "SUBUK" – a major leap in digital banking (Profit by Pakistan Today, Nov 14).
- Islamic banking emerges as mainstream financial segment, global assets to hit $7.5 trillion by 2028: report (Profit by Pakistan Today, Nov 06).
- Al Baraka Islamic launches special campaign for credit cardholders in conjunction with Jewellery Arabia 2025 (Zawya, Nov 25).
- Nasdaq Dubai welcomes $500 million Sukuk listing by Sharjah Islamic Bank (Economy Middle East, Nov 28).
- Islamic Treasury Sukuk auction for November 2025 attracts bids worth AED 5.48 billion (Zawya, Nov 28).
- Pakistan can raise $14 billion in climate resilience funds via Green Sukuk annually — government adviser (Arab News PK, Nov 29).
- Turkish state oil firm plans $4 billion Sukuk debt sale | Daily Sabah (Daily Sabah Nov 18).
- Saudi Arabia raises $1.5 billion in November Sukuk issuance: NDMC (Arab News, Nov 19).
- UAE completes November 2025 Islamic T-Sukuk auction with $299.5 million issued, five times oversubscription (Economy Middle East, Nov 28).
- Saudi Cable plans to issue SAR 300 million Sukuk (Aurqam, Nov 26).
- Cenomi Centers tightens $500 million Sukuk by 25 basis points (Global Capital, Nov 25).

- ❖ Oman issues $1 billion sovereign Sukuk as demand surges past fourfold (Economy Middle East, Nov 26).
- ❖ Egypt launches EGP 200 billion sovereign Sukuk programme for local market (Daily News Egypt, Nov 04).
- ❖ Saudi Arabia opens November 'Sah' Sukuk offering with 4.71% return (Arab News, Nov 02).
- ❖ Sharjah Sukuk takes GCC sovereign issuance for 2025 to nearly $50 billion (Global Capital, Nov 18).
- ❖ Alinma Bank completes $500 million Tier 2 Sukuk issuance (Aurqam, Nov 05).
- ❖ GCC Sukuk outstanding volume climbs 12.7% to $1.1 trillion by Q3: Fitch Ratings (Arab News 17).
- ❖ AEON Bank rolls out Zurich Takaful protection from RM 5 a month (Fintech News Malaysia, Nov 25).
- ❖ AIA PUBLIC TAKAFUL launches Penyala Harapan scholarship program to empower purpose-driven youth (Bernama, Nov 19).
- ❖ Malaysia rejects proposal to create non-Muslim equivalent of Zakat fund (ShiaWaves, Nov 24).
- ❖ Dubai Eyes Fintech, Islamic Finance as Growth opportunities for Malaysian companies (Bernama, Nov 26).
- ❖ After a months-long deadlock, the Bengal government accepts the Centre's new Waqf law (The Indian Express, Nov 29).
- ❖ Waqf board moves HC against Shimla mosque demolition orders (Madhyamam, Nov 29).

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

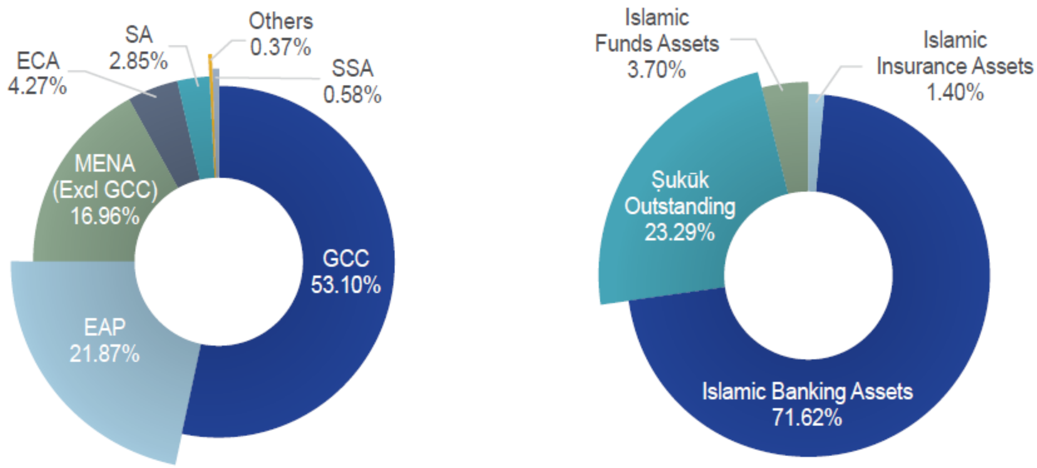


Chart 1.1: Global IFSI Total Asset Size (USD in Trillion) (2020 - 2024)

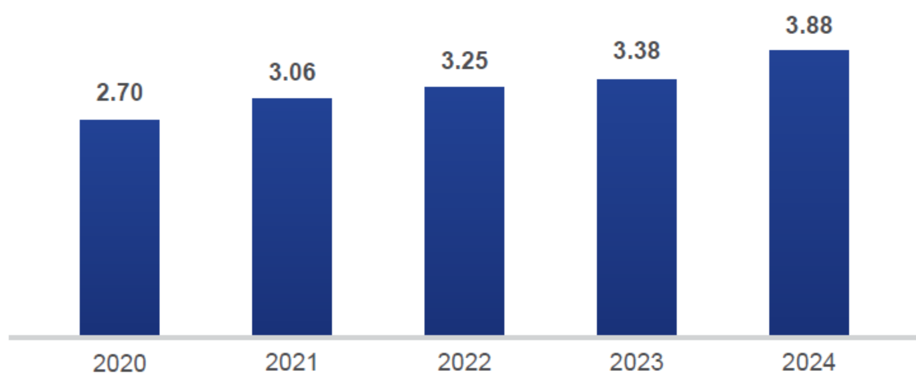
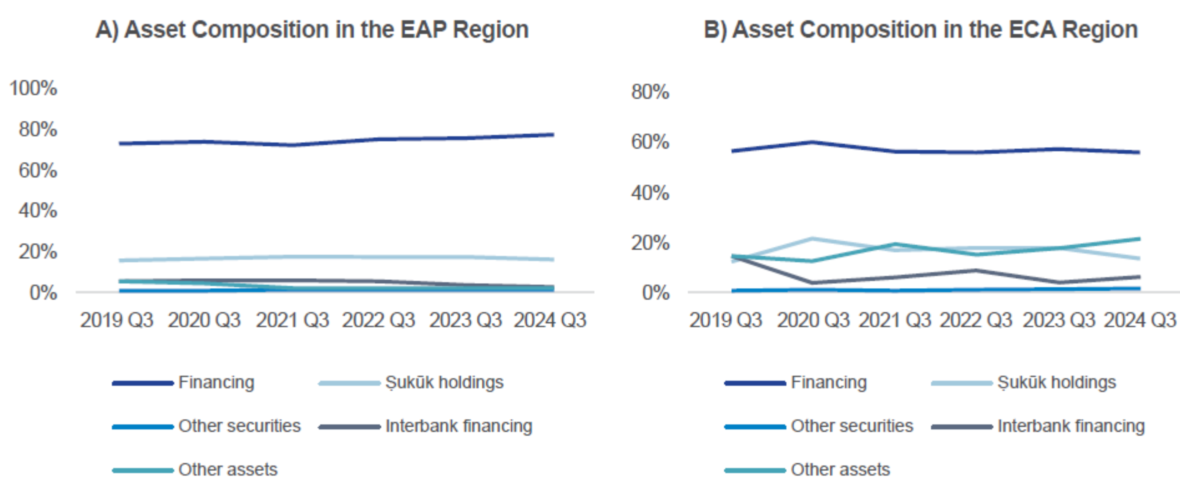
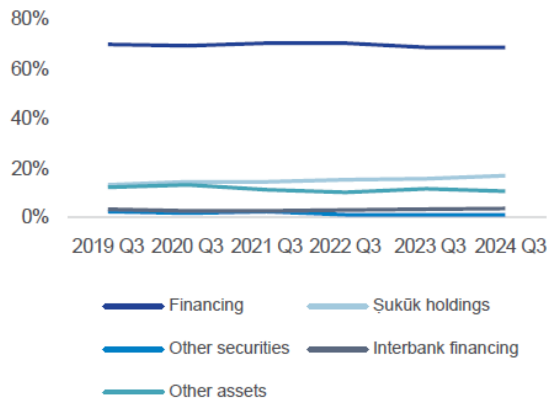


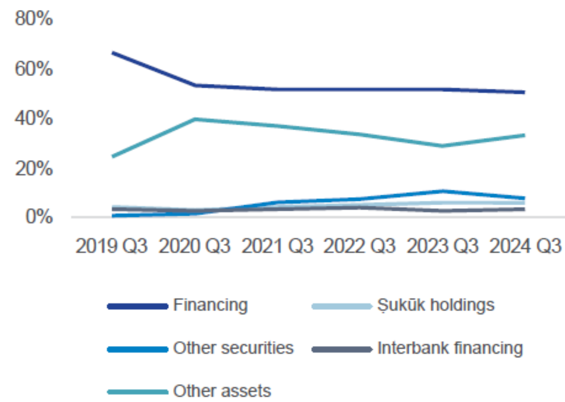
Chart 1.1.2: Regional Islamic Banks' Asset Composition



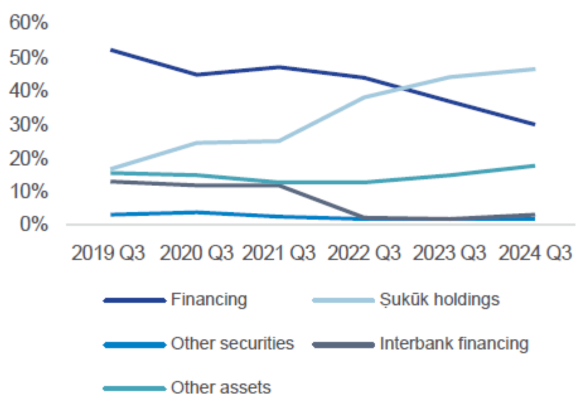
C) Asset Composition in the GCC Region



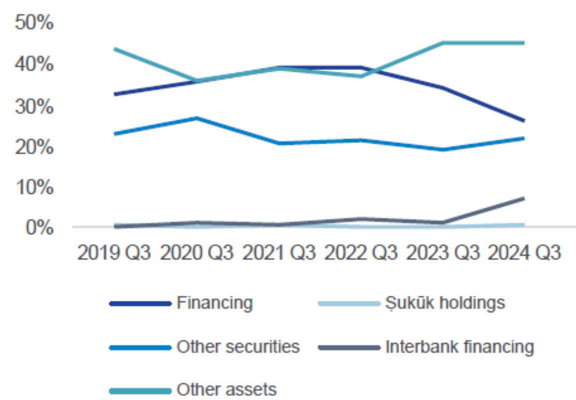
D) Asset Composition in the MENA (Excl. GCC) Region

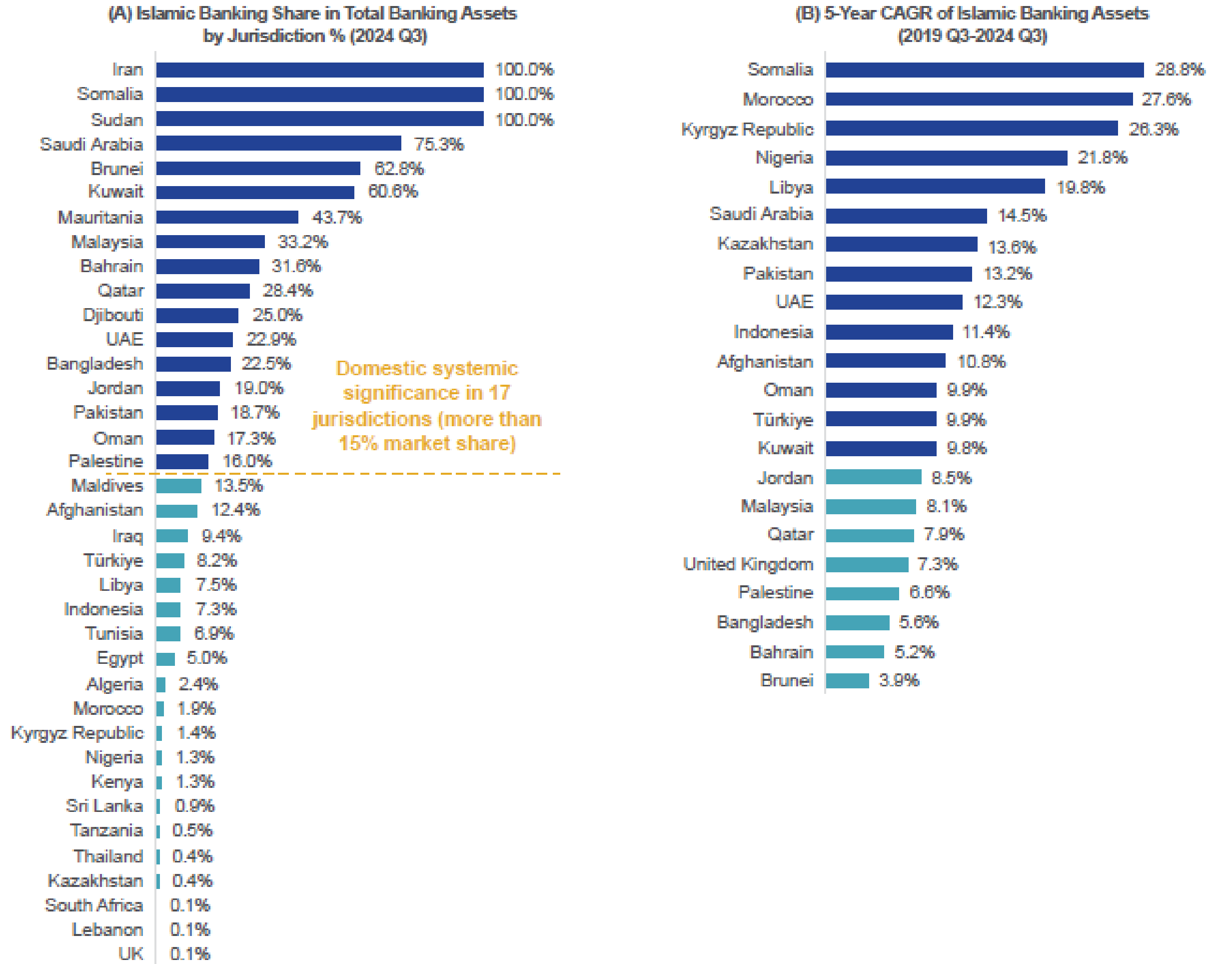


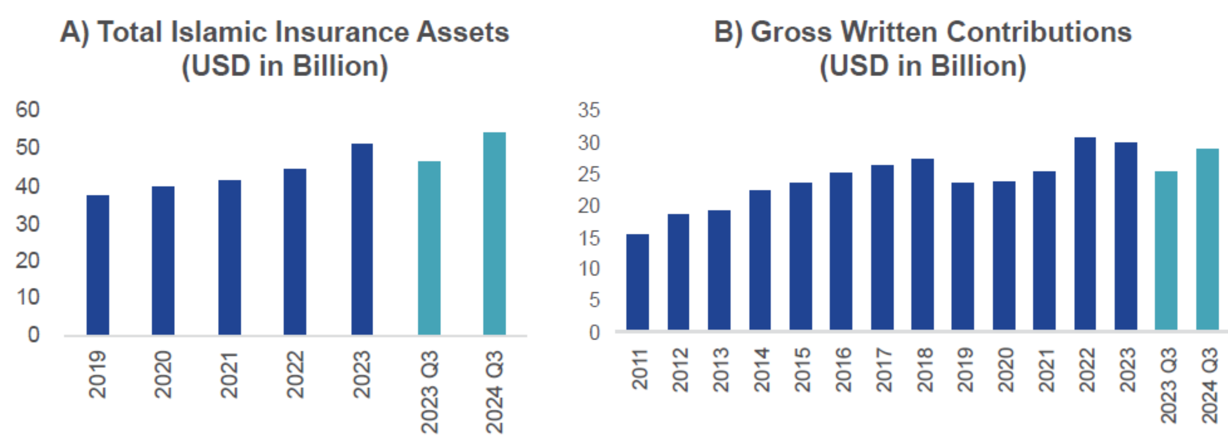
E) Asset Composition in the SA Region

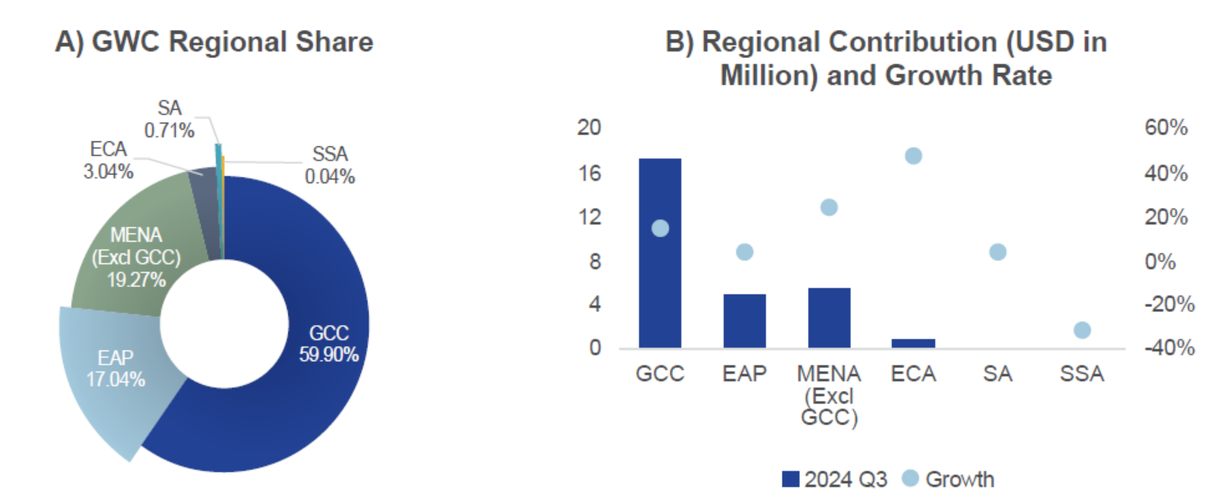


F) Asset Composition in the SSA Region

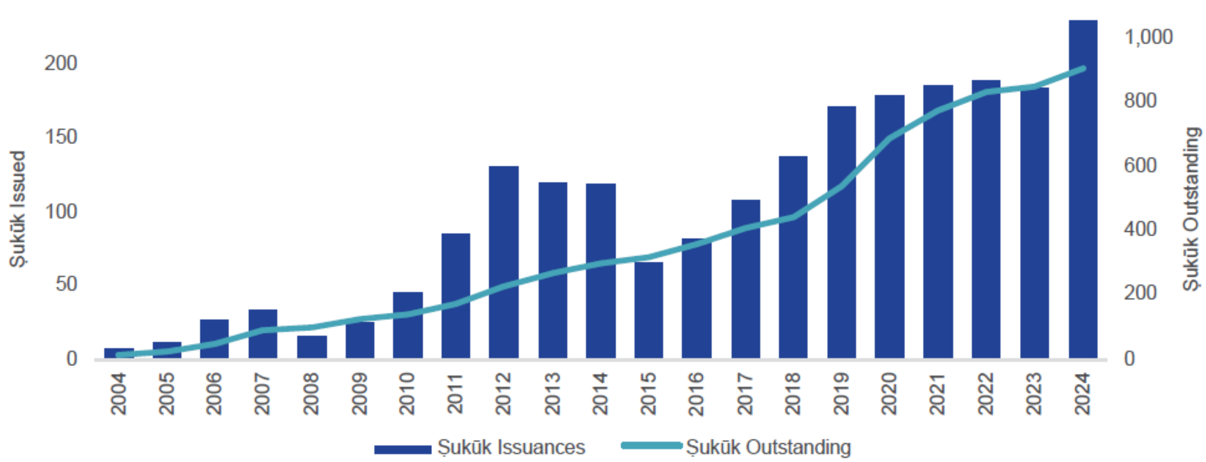


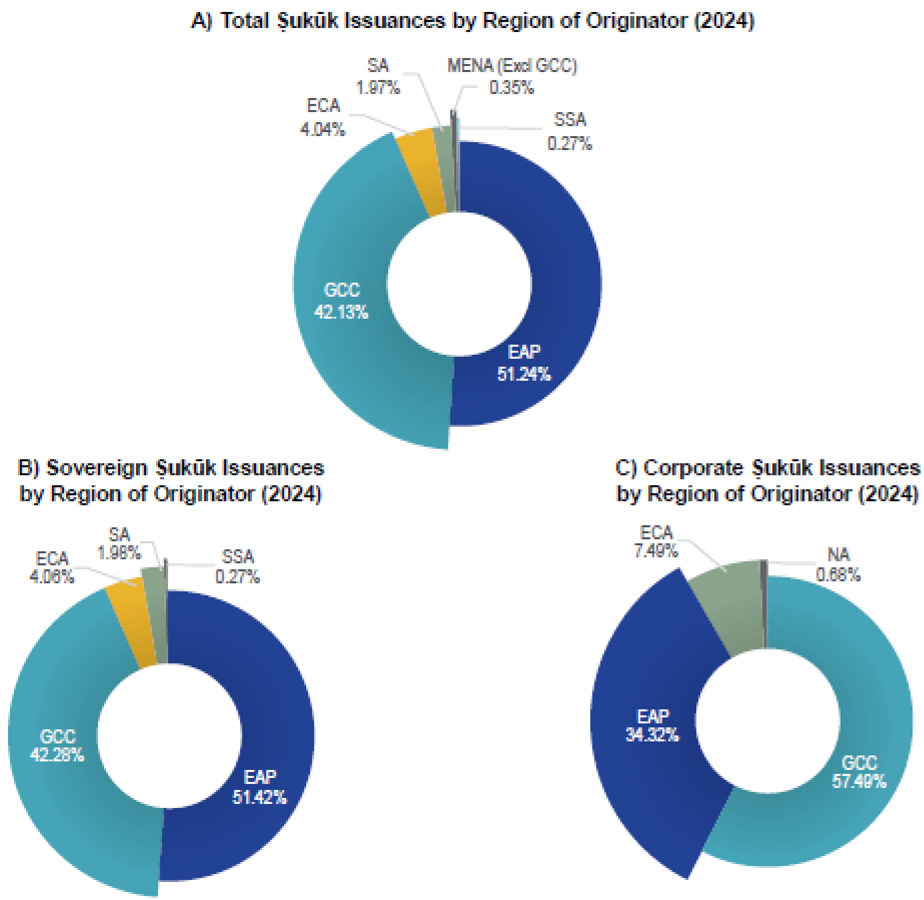

(A) Islamic Banking Share in Total Banking Assets by Jurisdiction % (2024 Q3)
Iran 100.0%
Somalia 100.0%
Sudan 100.0%
Saudi Arabia 75.3%
Brunei 62.8%
Kuwait 60.6%
Mauritania 43.7%
Malaysia 33.2%
Bahrain 31.6%
Qatar 28.4%
Djibouti 25.0%
UAE 22.9%
Bangladesh 22.5%
Jordan 19.0%
Pakistan 18.7%
Oman 17.3%
Palestine 16.0%
Maldives 13.5%
Afghanistan 12.4%
Iraq 9.4%
Türkiye 8.2%
Libya 7.5%
Indonesia 7.3%
Tunisia 6.9%
Egypt 5.0%
Algeria 2.4%
Morocco 1.9%
Kyrgyz Republic 1.4%
Nigeria 1.3%
Kenya 1.3%
Sri Lanka 0.9%
Tanzania 0.5%
Thailand 0.4%
Kazakhstan 0.4%
South Africa 0.1%
Lebanon 0.1%
UK 0.1%
Domestic systemic significance in 17 jurisdictions (more than 15% market share)
(B) 5-Year CAGR of Islamic Banking Assets (2019 Q3-2024 Q3)
Somalia 28.8%
Morocco 27.6%
Kyrgyz Republic 26.3%
Nigeria 21.8%
Libya 19.8%
Saudi Arabia 14.5%
Kazakhstan 13.6%
Pakistan 13.2%
UAE 12.3%
Indonesia 11.4%
Afghanistan 10.8%
Oman 9.9%
Türkiye 9.9%
Kuwait 9.8%
Jordan 8.5%
Malaysia 8.1%
Qatar 7.9%
United Kingdom 7.3%
Palestine 6.6%
Bangladesh 5.6%
Bahrain 5.2%
Brunei 3.9%

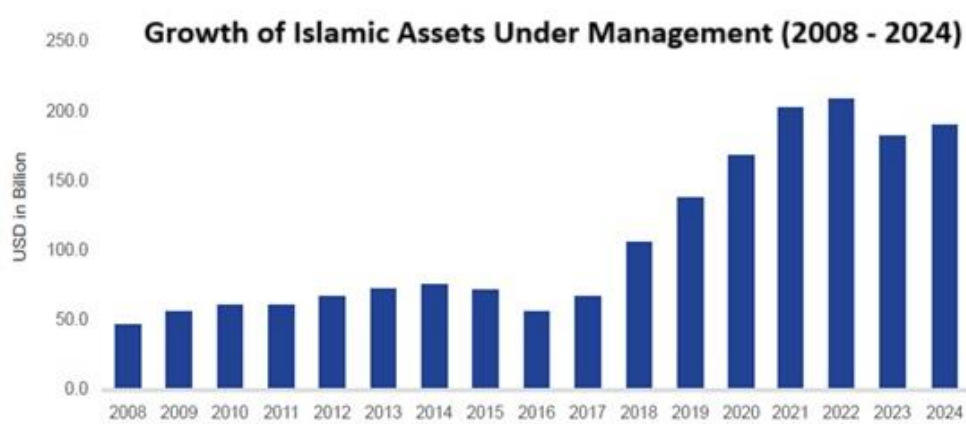

A) Total Islamic Insurance Assets (USD in Billion)
60
50
40
30
20
10
0
2019
2020
2021
2022
2023
2023 Q3
2024 Q3
B) Gross Written Contributions (USD in Billion)
35
30
25
20
15
10
5
0
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2023 Q3
2024 Q3



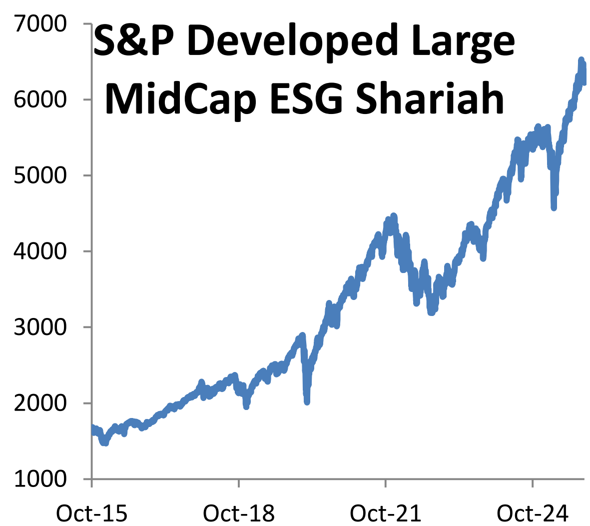
(2004-2024) (USD in Billion)

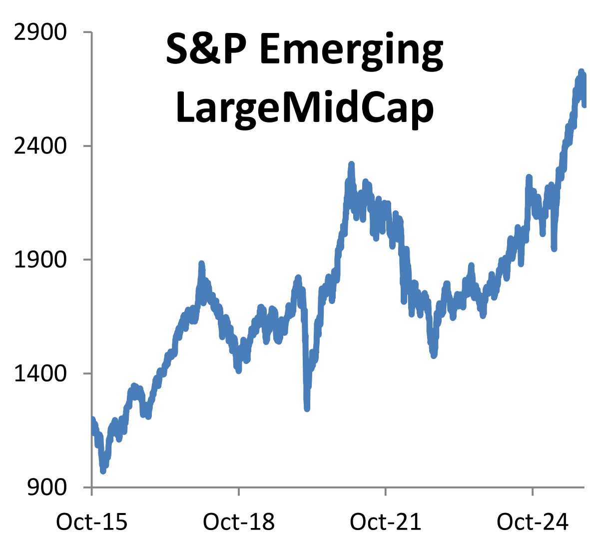


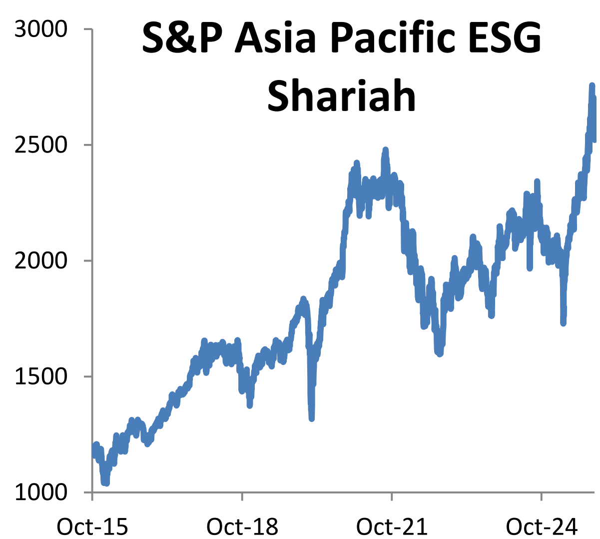

A) Total Şukūk Issuances by Region of Originator (2024)
SA 1.97%
MENA (Excl GCC) 0.35%
ECA 4.04%
SSA 0.27%
GCC 42.13%
EAP 51.24%
B) Sovereign Şukūk Issuances by Region of Originator (2024)
SA 1.98%
ECA 4.06%
SSA 0.27%
GCC 42.28%
EAP 51.42%
C) Corporate Şukūk Issuances by Region of Originator (2024)
ECA 7.49%
NA 0.68%
EAP 34.32%
GCC 57.49%


Growth of Islamic Assets Under Management (2008 - 2024)
USD in Billion
250.0
200.0
150.0
100.0
50.0
0.0
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

SUKUK Investments (Source: SP Dow Jones)







Global Economic Perspectives

COUNTRY	GDP Growth (%)					
	2025	2026	2027	2028	2029	2030
Albania	3.4	3.6	3.5	3.5	3.5	3.5
Algeria	3.4	2.9	2.7	2.7	2.5	2.5
Azerbaijan	3.0	2.5	2.5	2.5	2.5	2.5
Bahrain	2.9	3.3	3.3	3.1	3.2	3.2
Bangladesh	3.8	4.9	5.7	5.8	6.7	6.5
Benin	7.0	6.7	6.6	6.5	6.0	6.0
Bosnia and Herzegovina	2.4	2.7	3.0	3.0	3.0	3.0
Brunei Darussalam	1.8	2.4	2.6	2.9	3.1	2.9
Burkina Faso	4.0	4.8	4.7	4.7	4.7	4.7
Chad	3.3	3.6	3.4	3.7	4.0	4.1
Comoros	3.8	4.0	4.3	4.3	3.8	3.8
Djibouti	6.0	6.0	6.0	5.5	5.5	5.5
Egypt	4.3	4.5	4.7	4.9	5.1	5.3
Gambia	6.0	5.1	5.0	5.0	5.0	5.0
Guinea	7.2	10.5	10.7	10.8	11.3	7.8
Guinea-Bissau	5.1	5.0	5.0	4.5	4.5	4.2
Indonesia	4.9	4.9	5.0	5.0	5.1	5.1
Iran	0.6	1.1	1.6	2.0	2.0	2.0
Iraq	0.5	3.6	3.6	3.9	4.1	4.1
Jordan	2.7	2.9	3.0	3.0	3.0	3.0
Kazakhstan	5.9	4.8	4.2	3.0	3.4	3.4
Kuwait	2.6	3.9	2.3	2.3	2.2	2.3
Kyrgyz Republic	8.0	5.3	5.8	5.3	5.3	5.3
Libya	15.6	4.2	2.3	1.8	1.9	2.2
Malaysia	4.5	4.0	4.0	4.0	4.0	4.0
Maldives	4.8	4.5	4.1	4.0	4.0	4.0
Mauritania	4.0	4.3	4.4	5.6	4.6	3.0
Morocco	4.4	4.2	4.0	4.0	3.9	3.8
Niger	6.6	6.7	6.5	6.0	6.0	6.0
Nigeria	3.9	4.2	4.0	4.0	4.0	4.0
Oman	2.9	4.0	3.7	4.1	3.8	3.6
Pakistan	2.7	3.6	4.1	4.5	4.5	4.5
Qatar	2.9	6.1	7.8	3.5	1.6	3.4
Saudi Arabia	4.0	4.0	3.3	3.3	3.3	3.3
Senegal	6.0	3.3	3.3	3.8	4.1	4.6
Sudan	3.2	9.5	14.9	9.3	6.5	5.5
Tajikistan	7.5	5.5	4.8	4.5	4.5	4.5
Tunisia	2.5	2.1	1.6	1.4	1.4	1.4
Turkey	3.5	3.7	3.7	3.8	3.8	3.8
Turkmenistan	2.3	2.3	2.3	2.3	2.3	2.3
United Arab Emirates	4.8	5.0	4.7	4.4	4.3	3.9
Uzbekistan	6.8	6.0	5.7	5.7	5.7	5.7
Yemen	-1.5	N.A	6.0	5.5	5.0	5.0

Source: World Bank Global Economic Perspectives, October 2025

Call for Papers

Circular Intellectual Capital: Rethinking Intangibles for a Regenerative & Sustainable Economy
Journal of Intellectual Capital
https://www.emeraldgrouppublishing.com/calls-for-papers/circular-intellectual-capital-rethinking-intangibles-a-regenerative-and

Call for Chapters: Green and Islamic Finance Between Ethics and Image: Toward a Genuine Sustainability Governance
https://www.igi-global.com/publish/call-for-papers/call-details/9208

Journal of International Economics and Management
https://www.emeraldgrouppublishing.com/journal/jiem/conference-digital-transformation-social-impacts-and-esg-performance

International Conference on Sustainable Development 20264 & 5 November 2025
9 to 10 September 2026 at Roma Eventi – Pontifical Gregorian University, Rome, Italy.
https://circulareconomy.europa.eu/platform/en/news-and-events/all-news/international-conference-sustainable-development-2026-call-papers

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- Research Articles
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