

ICISEF 2021

ABSTRACTS BOOK

International Conference on Islamic Economics and Finance (ICISEF)

21-24 September, 2021, Sakarya / Turkey

Organizers



Honorary Committee

Prof. Dr. Fatih Savaşan, Rector of Sakarya University

Prof. Dato' Dr. Mohd Azmi Omar, President, CEO, International Centre for Education in Islamic Finance (INCEIF)

Congress Chairs

Prof. Dr. Mehmet Asutay, Director of MSc Islamic Finance Programme and Durham Centre for Islamic Economics and Finance, Durham University

Asst. Prof. Dr. Hakan Aslan, Director of Research Center for Islamic Economics and Finance, Sakarya University

Assoc. Prof. Dr. Mohamed Eskandar Shah, Associate Dean of INCEIF

Organizing Committee

Prof. Dr. Fatih Yardımcıoğlu, Sakarya University, Turkey

Prof. Dr. Mehmet Asutay, Durham University, UK

Prof. Dr. Mustafa Çalışır, Sakarya University, Turkey

Prof. Dr. Şakir Görmüş, Sakarya University, Turkey

Asst. Prof. Dr. Hakan Aslan, Sakarya University, Turkey

Asst. Prof. Dr. Hamdi Çilingir, Sakarya University, Turkey

Asst. Prof. Dr. Muhammed Emin Durmuş, Sakarya University, Turkey

Asst. Prof. Dr. Salih Ülev, Sakarya University, Turkey

Dr. Mücahit Özdemir, Sakarya University, Turkey

Dr. Mervan Selçuk, Sakarya University, Turkey

Res. Asst. Abdullah Talha Genç, Sakarya University, Turkey

Res. Asst. Ali Can Yenice, Sakarya University, Turkey

Res. Asst. Beşir Çalışkan, Sakarya University, Turkey

Res. Asst. İsmail Bektaş, Sakarya University, Turkey

Res. Asst. Mustafa Özer, Sakarya University, Turkey

Res. Asst. Nazan Kapıcı, Sakarya University, Turkey

Scientific Committee

Prof. Dr. Ahmet Faruk Aysan, Hamad bin Khalifa University, Qatar
Prof. Dr. Ahmet Tabakoğlu, İstanbul Sabahattin Zaim University, Turkey
Prof. Dr. Dian Masyita Universitas Islam Internasional Indonesia, Indonesia
Prof. Dr. Ferudun Yılmaz, Uludağ University, Turkey
Prof. Dr. Hakan Sarıbaş, Zonguldak Bülent Ecevit University, Turkey
Prof. Dr. Hamdi Döndüren, KTO Karatay University, Turkey
Prof. Dr. Hassanuddeen B. Abd. Aziz, International Islamic University Malaysia, Malaysia
Prof. Dr. M. Kabir Hassan, The University of New Orleans, USA
Prof. Dr. Mabid Ali Mohamed Mahmoud Al-Jarhi, Social Sciences University of Ankara, Turkey
Prof. Dr. Mehmet Emin Altundemir, Sakarya University, Turkey
Prof. Dr. Mehmet Saraç, İstanbul University, Turkey
Prof. Dr. Metin Toprak, İstanbul Sabahattin Zaim University, Turkey
Prof. Dr. Necdet Şensoy, İstanbul Ticaret University, Turkey
Prof. Dr. Necmettin Kızılkaya, İstanbul University, Turkey
Prof. Dr. Obiyathulla Ismath Bacha, INCEIF, Malaysia
Prof. Dr. Mansor H Ibrahim, INCEIF, Malaysia
Prof. Dr. Salina Kassim, IIUM, Malaysia
Prof. Dr. Servet Bayındır, İstanbul University, Turkey
Prof. Dr. Süleyman Kaya, İstanbul University, Turkey
Prof. Dr. Zurina Safii, Universiti Sains Islam Malaysia (USIM), Malaysia
Assoc. Prof. Dr. Abdurrahman Yazıcı, Social Sciences University of Ankara, Turkey
Assoc. Prof. Dr. Abu Umar Faruq Ahmad, Universiti Brunei Darussalam, Brunei
Assoc. Prof. Dr. Alija Avdukic, Al Maktoum College & University of Dundee, Scotland
Assoc. Prof. Dr. Asmak binti Ab Rahman, University of Malaya, Malaysia
Assoc. Prof. Dr. Kaouther Toumi, University of Toulouse 3 Paul Sabatier, France
Assoc. Prof. Dr. Mohamed Eskandar Shah Mohd. Rasid, INCEIF, Malaysia
Assoc. Prof. Dr. Murniati Mukhlisin, Tazkia, Indonesia
Assoc. Prof. Dr. Necmeddin Güney, Necmettin Erbakan University, Turkey
Asst. Prof. Dr. Alam Asadov, Prince Sultan University, Saudi Arabia
Asst. Prof. Dr. Anwar Hasan Abdullah Othman, IIUM, Malaysia
Asst. Prof. Dr. Ashurov Sharofiddin, IIUM, Malaysia
Asst. Prof. Dr. Dalal Aassouli, Hamad Bin Khalifa University, Qatar
Asst. Prof. Dr. Irum Saba, IBA CEIF, Pakistan
Asst. Prof. Dr. Nisful Laila, Airlangga University, Indonesia

ICISEF 2021

Rethinking the Developmental Role of Islamic Economy and Finance: New Horizons

Congress Dates: 21-24 September 2021

Session Hours: 9.00 – 19.00 (GMT+3)

Venue: Congress planned as a hybrid programme. Opening Ceremony and First Panel will be held at Sakarya University, Sakarya/TURKEY. Rest of the programme will continue as online.

	21 st September
9:30 – 10:00	Registration
10:00 – 11:00	Welcoming Remarks Asst. Prof. Dr. Hakan ASLAN – Director, İSEFAM, Sakarya University Prof. Dr. Azmi OMAR – President and CEO, INCEIF Prof. Dr. Mehmet ASUTAY – Director, DCIEF, Durham University Prof. Dr. Fatih SAVAŞAN – Rector, Sakarya University
11:00 – 13:00	Panel 1: Participation Banking System and Sustainable Finance Moderator: Fatma Çınar, International Relations and Corporate Communications Manager, TKBB Hasan Altundağ, Assistant General Manager, Albaraka Türk Serhan Yıldırım, Head of Capital Markets Division, Emlak Katılım Selman Ortaköy, Strategy and Innovation Group Manager, Kuveyt Türk Gökhan Çiğdem, Commercial Banking Marketing Manager, Türkiye Finans Sabri Ulus, Assistant General Manager, Vakıf Katılım Fehmi Tutulmaz, Head of International Banking Department, Ziraat Katılım
13:00 – 14:00	Lunch Break
14:00 – 15:30	Session 1: Islamic Finance and SDG's Chair: Prof. Dr. Mehmet Saraç <i>OIC Food Security: A Sustainability Perspective</i> , Ahmet Şuayb Gündoğdu <i>Current trends in Shariah-Compliance ESG Investing</i> , Abdessamad Raghbi <i>Green Islamic Finance Framework Based on the Model of Muwakhaat e Madina</i> , Syed Muhammad Abubakar
15:30 – 15:45	Break
15:45 – 16:30	Keynote Speech Prof. Dr. Mahmoud Mohieldin, IMF & UN <i>Sustainable Development and the Role of Islamic Finance</i>
16:30 – 18:00	Session 2: Islamic Finance and SDG's Chair: Assoc. Prof. Dr. Irum Saba <i>Property pPrinciples under the SDGs and Shari'a Rules: The Potential Intersections</i> , Badreddine Berrahlia <i>The Qur'anic Model of Circulation of Wealth and Its Implications for Sustainable Development Goals (SDGs)</i> , Hamid Hasan <i>The Contribution of Islamic Finance to Sustainable Development in the Southern African Region Focusing on Angola, Mozambique, Zambia and Zimbabwe</i> , Angeline Kuware, Isra Fagir

	22nd September
09:00 – 10:30	Sessions 3: Macroeconomic View Chair: Asst. Prof. Dr. Shabeer Khan <i>Land and Distribution of Income and Wealth: Is it Possible to Derive Insights from Western Thinking for Islamic Economics?</i> Shamim Ahmad Siddiqui <i>Public-Private Partnership (PPP) Implementation in OIC Countries: Does Institution Matter?</i> Rahmatina Awaliah Kasri <i>Indonesian Economic Diversification as an Emerging Markets Country to Drive Economic Growth,</i> Zulfikar Hasan, Mutia Rosiana Nita Putri
10:30 – 11:15	Keynote Speech Prof. Dr. Mehmet Asutay, Durham University, DCIEF <i>“Islamic Development: Islamic Moral Economy Approach”</i>
11:15 – 13:00	Panel 2: Sustainability and Islamic Finance Moderator: Prof. Dr Mehmet Asutay, Durham University, UK Asst. Prof. Dr. Dalal Aassouli, Hamad Bin Khalifa University, Qatar Iqbal Asaria, Afkar Consulting Prof. Dr. İbrahim Özdemir, Üsküdar University
13:00 – 14:00	Lunch Break
14:00 – 15:30	Session 4: Islamic Banking Chair: Assoc. Prof. Dr. Nisful Laila <i>Exploring Contemporary Islamic Finance Theories for Enhancing Research and Development in Islamic Banking,</i> Zubair Ahmed, Mohd Adib Ismail <i>Private Credit in Dual Banking Countries: Does Bank Ownership Type Matter?</i> , Nazrul Hazizi Noordin <i>Comparison of Interest-Free State Loans in the Ottoman Empire and Medieval Europe,</i> Cem Eyerici
15:30 – 15:45	Break
15:45 – 17:15	Session 5: Islamic Economic Thought and Financial Markets (Turkish) Chair: Asst. Prof. Dr. Salih Ülev <i>Covid-19 Pandemisinin Katilim-30 Endeksi Üzerindeki Etkisinin Analizi,</i> Ender Baykut, Muhammet Fatih Canbaz <i>Belirsizliğin Yükselen Piyasa Ekonomilerindeki İslami Borsalara Etkisi: Covid-19 Döneminde İki İslami Borsanın İşlem Hacmine Yönelik Bir İnceleme,</i> Ömer Tuğsal Doruk <i>Dünya Geneline Borç Satışına (Bay Al-Dayn) Dayalı Dış Ticaret Uygulamalarının Faizsiz Finansal Prensiplere Uyumu ve Alternatif Öneriler,</i> Fatih Kazancı
17:15 – 17:30	Break
17:30 – 19:00	Session 6: Islamic Banking Chair: Asst. Prof. Dr. İsa Yılmaz <i>New Evidence on Islamic and Conventional Bank Efficiency: A Meta-Regression Analysis,</i> Mohamed E. Chaffai <i>Does Bank Concentration Mediate the Relationship between Islamic Banking Sector and Economic Growth?</i> Rümeysa Bilgin <i>Measuring the Effects of Recent Bank Mergers on the Efficiency and Productivity of Conventional and Islamic Banks in the GCC,</i> Abdul Malik Syed <i>Performance Evaluation of Islamic Banks Using Balanced Scorecard: An Applied Study on Saudi Banks,</i> Meryem Abdulhi

	23rd September
09:00 – 10:30	<p>Session 7: Islamic Economic Thought Chair: Asst. Prof. Dr. Hamdi Çilingir</p> <p><i>Al Ghazali Theory of Islamic Self Governance for Islamic Finance</i>, Saiful Azhar Rosly</p> <p><i>A Moral Approach to Capital Formation and Accumulation Processes: A Comparison Between Capitalism and Islamic Economic Thought</i>, Cem Korkut</p> <p><i>Beyond Articulation of Theory of Value Under the Domination of Capital and Labor: A Hegemony Free Islamic Value Theory</i>, Mehmet Artık</p> <p><i>An Analysis of Ibn Khaldun's Perception of Finance in Light of The Concepts of Umran and Asabiyyah</i>, Kasım Bağlam</p>
10:30 – 11:15	<p>Keynote Speech Prof. Dr. Azmi Omar (INCEIF, Malaysia) <i>"Islamic Social Finance and Its Role in Sustainable Development"</i></p>
11:15 – 13:00	<p>Panel 3: Islamic Social Finance Moderator: Dr. Mücahit Özdemir, ISEFAM, Sakarya University, Turkey</p> <p>Assoc. Prof. Dr Aishath Muneeza, INCEIF, Malaysia</p> <p>Assoc. Prof. Dr. Irfan Syauqi Beik, Commissioner, Indonesia Waqf Board (BWI), Indonesia</p> <p>Dr. Sarah Tobin, Senior Researcher, Chr. Michelsen Institute, Norway</p> <p>Prof. Dr. Habib Ahmad, Durham University, UK</p>
13:00 – 14:00	Lunch Break
14:00 – 15:30	<p>Sessions 8: Fiqh and Islamic Finance Chair: Prof. Dr. Necmettin Kızılkaya</p> <p><i>The Role of Maqasid Al-Shariah to Develop Intention Toward Entrepreneurship Behaviour</i>, Gunawan Baharuddin</p> <p><i>The Role of Fiqh in Islamic Digital Banking Transaction: A Critical Analysis</i>, Mohamad Handi Khalifah</p> <p><i>Situating an Informal Funds Transfer System in Islamic Legal Theory: The Origin of Hawala Revisited</i>, Ali Ekber Çınar</p>
15:30 – 15:45	Break
15:45 – 17:15	<p>Session 9: The Role of Fiqh in Islamic Finance (Turkish) Chair: Prof. Dr. Hacı Mehmet Günay</p> <p><i>Bir Finansman Vasıtası Olarak Cuâle ale'l-iktiraz: Karz Bulmak İçin Yapılan Ödül Vaadi</i>, Muhammed Usume Onuş</p> <p><i>Bir Finansman Kaynağı Olarak Karz-ı Hasen Müessesinin Aktif Kalmasını Sağlamasında Hz. Peygamber'in Borç, Borçlu ve Alacaklıya Yaklaşımı</i>, Recep Ertuğay</p> <p><i>Vadeli Satışlarda Ödemenin Gecikmesi Durumundaki Uygulamalar ve Enflasyon Farkı Meselesi</i>, Osman Eminler, Salih Ülev</p>
17:15 – 17:30	Break
17:30 – 19:00	<p>Session 10: Fintech and Islamic Financial Markets Chair: Assoc. Prof. Dr. Necmeddin Güney</p> <p><i>Islamic versus Conventional ETFs and Digital Currencies: Evidence from Portfolio Diversification</i>, AbdelKader El Alaoui</p> <p><i>Factors Influencing Intention to Use Islamic E-payment System in the Post COVID-19 Era</i>, Kamel Mouloudj</p> <p><i>Islamic Finance and Anchoring Heuristic Bias: An Analysis to Gulf Islamic Stock Markets</i>, Mustapha Chaffai</p>

	24th September
09:00 – 10:30	Session 11: Sukuk Chair: Dr. Erhan Akkaş <i>Logistic Regression Analysis in Revealing Probability of Indonesian Muslim Community's Understanding About Cash Waqf Linked Sukuk (Cwls)</i> , Dwi Retno Widiyanti <i>The Impact of Sukuk Market Development on The Profitability of Conventional and Islamic Banks</i> , Jiddiyah Amali <i>What Drives Return of Sukuk in the Long and Short Terms?: Evidence from Indonesian Sovereign Retail Sukuk</i> , Firsty Izzata Bella, Fitria Idham Chalid, Sulistya Rusgianto <i>Sukuk as a Tool for Financing Infrastructural Development in Nigeria</i> , Nour Latrach
10:30 – 11:15	Keynote Speech Prof. Dr. Nafis Alam (Asia Pacific University, Malaysia) <i>"FinTech in Islamic Finance- A recipe for Sustainability and Financial Inclusion"</i>
11:15 – 13:00	Panel 4: Islamic Digital Economy and Finance Moderator: Asst. Prof. Dr. Hakan Aslan, ISEFAM, Sakarya University Dr. Hazik Mohamed, Managing Director, Stellar Consulting Group Dr. Shaher Abbas, Executive Director, IFAAS / CEO, IFIN Sami Poyraz, Product Manager, Architeht Kemal Payza, Manager, Reinves Ventures Umar Munshi, Co-founder, Ethis
13:00 – 14:00	Lunch Break
14:00 – 15:30	Session 12: Takaful and Waqf Chair: Dr. Anwar al-Abbasi <i>The Development of Insurance and Takaful Travel Products: A Comparative Analysis</i> , Asmak Ab Rahman and Raihan Binti Nasir <i>Waqf Management Based on Islamic Mass Organization: Case Study of Muhammadiyah Indonesia</i> , Mukhlis Rahmanto <i>Impact of Digital Technologies/Platforms on Takaful Industry</i> , Sibgath Ulla Khan
15:30 – 15:45	Break
15:45 – 17:15	Session 13: Islamic Social Finance Chair: Dr. Mustafa Afşin Sancar <i>Integrated Islamic Financial Technology for Halal Value Chain</i> , Erika Takidah <i>The Use of Zakat in The Pandemic Response: The Case of Islamic Relief and Baznas in Indonesia</i> , Altea-Pericoli <i>Islamic Microfinance Institution (MFI) Performance in Indonesia: A Critical Survey of Literature</i> , Murat Yaş
17:15 – 17:30	Break
17:30 – 19:00	Session 14: Islamic Economic Development (Turkish) Chair: Dr. Sercan Karadoğan <i>Küresel Kalkınma Politikaları: İslami ve Katolik Eleştirel Yaklaşımların Karşılaştırmalı Bir Değerlendirmesi</i> , İsa Yılmaz <i>Finansal Yeniliğin Ekonomik Büyüme ve Sürdürülebilir Kalkınma ile İlişkisi: Eleştirel Bir Yaklaşım</i> , Erhan Akkaş <i>İslam Ekonomisi Açısından Fayda Maliyet Analizine Dair Bir Değerlendirme</i> , Harun Şencal

1st Session

“Islamic Finance and SDG’s”

OIC Food Security: A Sustainability Perspective

Ahmet Şuayb Gündoğdu

Islamic Development Bank

agundogdu@isdb.org

Abstract

The traditional approach to food security is usually to have irrigation projects to address supply-side factors. In the due course, drainage has been added to irrigation projects to grapple with side effects. However, these projects could not yield long-run sustainable food security, regardless of short-term gains. In the recent literature, some solutions have been proposed to mitigate as such. Instead of big irrigation and drainage projects, flexible small infrastructure with crop selection based on water realities of the region is proposed. Besides, local money-denominated input and post-harvest financing together with farmers cooperatives to assure fair output prices and mitigate FX fluctuation risk have been proposed. Although such a ring-fencing mechanism may abate the problem, yet, long-run sustainability is only possible by addressing the root cause: commodity price fluctuation. The issue of speculation in global commodity exchange should be resolved to have the initiatives to yield results for assuring food security. That is, there is a need to sacrifice some financial speculators to assure food security. One way would be prohibiting the entry of non-producer and non-real buyers (who does not buy produces for their onward production) to bid and offer in the commodity exchange. The more holistic solution would be to dismantle non-Islamic commodity exchanges and replace them with genuine Islamic versions. The very nature of the price mechanism suggests that there needs to be global action to assure fair price formation and avoid abrupt price movements. And this can not be done at the OIC level but requires coordinated policy discourse between OIC and non-OIC countries.

Current Trends in Shariah-Compliance ESG Investing

Abdessamad Raghibi

Department of Management, National School of Business and Management

Ibn Zohr University, Morocco

Abdessamad.raghibi@edu.uiz.ac.ma

Nurullah Tirman

Department of International Finance and Participation Banking

İstanbul Sabahattin Zaim University, Turkey

tirman.nurullah@std.izu.edu.tr

Esra Demirci

Department of Social Policy

Ankara Yildirim Beyazıt University, Turkey

essrademirci@gmail.com

Anas Alaoui Mdaghri

Department of Management, National School of Business and Management

Ibn Zohr University, Morocco

anas.alaouimdaghri@edu.uiz.ac.ma

Extended Abstract

Environmental, Social & Governance (ESG) is a trending topic worldwide which is gaining a lot of interest due to its focus on social and environmental impact, as well as its relation to improved financial performance. Similarly, Islamic finance is also another concept that is expanding globally the last decades. These two concepts have many shared values and commonalities as they both tackle social development challenges.

ESG investing is a type of ‘sustainable investing’ which is an umbrella term for investments that while seeking positive returns, also consider and evaluate the long-term impact that business practices have on society, the environment and the performance of the business itself. Strong ESG policies and practices can protect brand reputation, help recruit and retain talent, foster customer loyalty and reduce the risk of lawsuits against companies (Al Ansari & Alanzarouti, 2020).

The topic of ESG investing was raised in the 1970s, when the modern portfolio theory by Markowitz was articulated, but it gained greater research attention in the 1990s. To engage in ESG, investors should screen the portfolios and omit investment that involves any unethical activities. Socially responsible investors should reject investment in companies that have social, ethical, or political issues which are incompatible with ESG values. This is supported by Browning (2020) and Hamilton et al. (1993), who posit that the ESG investing does not reduce the value of investment in terms of risk-adjusted returns. They added that socially responsible firms offer a higher rate of return than conventional firms.

Nevertheless, ESG factors alone are not enough, as they do not fundamentally convey whether the company's activities are good or bad. The white paper published by Browning (2020)

emphasizes that responsible and ethical investors seek: (1) competitive returns, (2) tangible positive impacts, and (3) “do well while doing good”. In this regard, investors want to achieve “nonfinancial outcomes” while also achieving competitive returns on their investment. In essence, ethics should play a critical role in changes in investment practices, which integrates finance into the realm of ethics, not ethics into finance.

Another trend in global financial markets is the increasing interest in Islamic finance products in other words Sharia compliant instruments. Islamic finance and sustainable finance have some basic common values such as environmental protection, poverty reduction, fair distribution of wealth, financial and social inclusion and lastly economic growth. These core common values have enabled Islamic finance to be included in sustainable finance. Although each approach has gone through different historical processes and practices, both Islamic finance and ESG investing are investment approaches with common values in which the benefit of society and the environment is considered (Al Ansari & Alanzarouti, 2020).

Islamic finance shares similar underlying principles as that of ESG investing, i.e., financial stability and economic growth, poverty alleviation and wealth distribution, financial and social inclusion as well as environmental preservation. This has therefore allowed for Islamic finance to capitalize on these similarities to become a natural vehicle to propagate the elements of green finance. Although both approaches evolved in different cultural circumstances and separate historical periods, Islamic finance and ESG investing are complementary capital-raising and investment approaches with many shared principles, such as being a good steward to society and the environment. With many more similarities than differences, both offer products that serve Muslim and non-Muslim investors alike and both possess strong practices and policies that each can learn from the other (Al Ansari & Alanzarouti, 2020). An important pillar of Islamic finance is the prohibition of investments in certain industries, such as tobacco, alcohol, pork, pornography, weapons, gambling, human trafficking, and other products and activities that are deemed unlawful. Shariah-compliant products are screened to avoid these industries, a practice that closely parallels ESG investing. Like investors in shariah-compliant products, investors using ESG investing strategies avoid certain activities and products, so their portfolios align with the values of the beneficiaries/clients, align with the goal of developing a sustainable and fair society, and do no harm to people or damage to the environment (Sairally, 2015).

If we look at the idea of excluding unethical businesses, we can see mutual interests between ESG and Islamic investing. According to Wilson (1997), these two kinds of investment have many similarities in terms of the prohibition of investment in businesses that are harmful and that both types of investment require a screening methodology to define ethically acceptable investment. However, Islamic investment, which is based on sharia principles, has different screening methodology criteria (Qoyum et al., 2021).

Despite the similarities between ESG and Islamic investing, the two types of investment also have several differences. For example, according to Islamic principles, shariah-compliant firms shall not deal with impermissible products and services such as interest-bearing activities, alcohol, pork-related products, pornography, tobacco, weapon, and casino (Qoyum et al., 2021).

However, ESG firms have greater concerns about environmental aspects than sharia-compliant firms (Sadeghi, 2008).

Islamic finance and ESG investing require epochal instruments and implementations that represent the faith and values of the investors in the products. In this context, Islamic funds are also recognised as socially responsible investing (SRI) as Shariah principles promote the pursuit of positive social and environmental outcomes alongside commercial returns. Besides, Shariah-compliant investing is often associated with ethical practices and require the application of screening (Miskam & Abdullah, 2021). Although Islamic finance is similar to ESG investing in terms of investment perception, they differs in structure and product. Overall ESG investing are improbable to consider Islamic law (*Shariah*) criteria because they are not deal with Shariah prohibitions. Thereby, lending money at interest and the trading of risk are not areas the ESG investing commonly seeks to abstain.

Nevertheless, Islamic finance products can be structured congruent with ESG. The products of Shariah-compliant ESG investing that related to SRI are sukuk, equity investing and DFI funds. Including sustainable investing, ethical investing, impact investing, green investing and responsible investing, SRI refers to investment strategies that consider ESG factors (Camilleri, 2017; Chatzitheodorou et al., 2019; Yesuf & Aassouli, 2020). Hence, Islamic finance can offer several specialized SRI instruments in order to finance business or projects which have ESG factors.

SRI sukuk has emerged as a crucial component of Islamic finance towards a sustainable economy, making substantial developments in both the green finance sector and Islamic capital markets. Concordantly, thematic investment funds congruent with ESG factors have been increasing in recent years. In this sense, shariah-compliant sustainable stocks generally outperform global sustainable stocks. In addition, Shariah-compliant investments are more durable and sustainable compared to their counterparts in the long run (Sadeghi, 2015). Moreover, shariah-compliant development finance institutions, especially IsDB, provide DFI funds which have ESG factors so as sustainable and responsible economic development.

ESG investing strategies evaluate the financial value of environmental, social and governance factors. These financial values are then integrated into the investment analysis, decision and process. Active ownership activities (*company participation and voting*), reducing risks, increasing returns and improving ESG performance can be part of ESG strategies. ESG integration and active ownership practices are not quite common in Islamic finance. Despite the focus on social issues is the main focus of both Islamic funds and ESG investing approaches, the Islamic finance industry seems to be less prone to environmental issues. Hence, environmental issues consist of the fundamental principles of Islamic finance, the factors of ESG integration and active ownership complete Islamic finance practices (CFA Institute, 2019).

While Islamic finance enjoys an inheritably social component in its founding pillars, it has still many challenges to become widely acceptable and practicable. The main challenges facing Islamic ESG application the perception that adopting ESG means less financial performance. Indeed, Al Ansari et al. (2020) affirms that ESG screenings limits the investment universe of

investors which, by default, rise issues of financial performance and returns. That is why the Islamic finance industry must take ESG principles as a core component of their banking activities instead of considering it a by-side activity. The main reason to enhance the ESG component in the Islamic finance industry is to avoid marketing-driven strategies that have for long marked conventional ESGs. Alternatively, Erragragui & Revelli (2016) revealed some interesting insights on the convergence of ESG principles and shari'ah-complaint screenings. They affirmed that inclusive strategy promoting good governance among shariah-compliant stocks provides higher returns compared to Islamic portfolios. Thus, the complementarity between Islamic screening and ESG is a necessity that would only bring higher benefits to the Islamic ESGs.

Orsagh et al. (2019) conduct a study on ESG adoption in Europe and MENA region and come to the conclusion that ESG mutual funds and ETFs offered to investors may be driven by marketing decisions and may not be true ESG investing products. This issues rise the problem of the impact and true intention of implementing ESGs which investors may find themselves better-off with the usual investment choice rather than ESG labelled investments. Consistently, Kasim & Abdullah (2017) emphasize on the fact that the absence of a comprehensive standardized impact assessment methodology will prevent investors' confidence to be strengthened towards ESG investing and that might undermine the credibility and integrity of these investments.

In addition, the wide acceptance of Islamic ESG outside the shari'ah-compliant environment is crucial challenge to develop and assert the relevance of Islamic ESG. For instance, data on Refinitiv Eikon database confirmed that a high correlation exists between shari'ah-compliant equities and higher ESG scores. Hence, Islamic ESGs can do much to improve ESG scoring outside the secular analysis form which ESGs have emerged.

Green Islamic Finance Framework Based on the Model of Muwakhaat e Madina

Syed Muhammad Abubakar Siraj Ud Din

Resident Shariah Board Member and Head of Shariah Compliance Department

Emaan Islamic Banking

SilkBank, Islamabad, Pakistan

Abubakar343@gmail.com

Abstract

The pursuit of value maximization for shareholders as the sole purpose of corporations has had severe negative impacts on the stakeholders of the corporations as well as on the climate and planet. The devastating effects of profit maximization theory has now forced the policy makers to move from shareholders theory to stakeholders theory and to take into consideration the ethical, sustainability and governance (ESG) issue while making decisions. It has been a widely accepted notion earlier that the companies shall have to trade-off between profitability and sustainability but the recent studies have shown that sustainable finance sector has actually performed better than its counterpart. As for converging Islamic finance with green or sustainable finance, this paper provides a framework for green Islamic finance by taking the various dimensions of green Islamic finance into consideration. The *Muwakhaat e Madina* or *Brotherhood of Madina* has been used as case study and guidance for an effective green Islamic finance framework. The proposed framework discusses the sustainable green Islamic finance model, role of datasets, sustainable partnerships as the key pillars. The Muwakhat e Madina served as a sustainability model built on inclusion in contrast to the existing green business models which largely serve the handful of society members; instrument holder. The role of data science and analytics has also become essential because financial institutions can only make sustainable finance decisions when they have access to data on environment and climate. Then come the sustainable contracts and partnerships as shown in Muwakhat e Madina model. The paper concludes with the suggestion of establishing a research and innovations centre in any Islamic finance jurisdiction to develop and shape the sustainable green Islamic finance framework. The proposed centre will bring together the environmental scientists, financial analysts, Shariah scholars, financial institutions and technologists in order them to collaborate and work towards developing green Islamic finance products and services. The disclosure requirements for Islamic financial institutions on ESG and sustainability shall also be proposed by the centre to help improving the level of trust of investors and general public in Islamic financial institutions.

Keywords: Sustainability, Green Finance, Islamic Green Finance, ESG, Islamic Finance, Participation Finance

2nd Session

“Islamic Finance and SDG’s”

Property Principles under the SDGs and Shari'a Rules: The Potential Intersections

Dr. Badreddine Berrahlia,
Investment and Sustainable Development Law
Badji Mokhtar Annaba University (Algeria)
Badreddine.berrahlia@univ-annaba.dz

Abstract

In 2015, the sustainable development goals (SDGs) have been adopted by the UN assembly. It represents a new socio-economic and environmental policy for all the governments in the world based on the leave a scope to the party autonomy to fill this gap in the future.

The SDGS as a pillar of the new international order, under the effects of the globalization, touch upon the property rules with concentration to the ownership causes and the restrictions on the free disposal of the natural wealth and resources. The municipal legal system could be affected by these goals with the western view in contradiction sometimes with Shari'a rules (Islamic law).

Thus, to what extent could the SDGs are compliant with shari'a rules in relation to the property principles? What is the position of Islamic law (Shari'a) in the new legal development order? What could shari'a rules offer to the humanity in this scope?

Some researchers compare between the Islamic wealth and the SDGs (Billah and others, 2021). Other studies starting from the SDGs as an objective and discuss how the Islamic finance should be reforming for achieving the SDGs (Kabir. H, 2021. Tariqullah. K, 2019). However, this paper focus on the property principles that touch on the core of the Islamic law (Shari'a rules) and the contract law in a different legal system. It gives a critic to the SDGs in relation to the property principles.

The paper based on the qualitative method by diving in the Islamic cultural heritage to discover the practical implementation that embodied in the traditional Islamic law. It aims to explore the origins of the sustainable development in the western Muslim's legal systems. Therefore, it concentrates to the western principles of property that have been provided a new version in the SDGs 2015, then it's trying to develop an Islamic SDGs in relation to the property principles. For these reasons, we would answer the above questions through the analysis of the relations between the property principles under the SDGs and the shari'a rules, starting from; the divergence of the sources of the SDGs and the Shari'a rules (I), the incomplete identification and self-contradiction of SDGs compared to the Islamic objectives (Maqasid Shari'a) (II). Then, I will highlight the junctions and dis-junction of the SDGs and the Islamic finance perspective in relation to the property principles (III and IV). Finally, the last chapter was reserved to the remarks and discuss (V).

Keywords: The SDGs; Islamic finance; Property principles; Party autonomy limits.

The Qur'anic Model of Circulation of Wealth and its Implications for Sustainable Development Goals (SDGs)

Hamid Hasan

*Assistant Professor, International Institute of Islamic Economics
International Islamic University Islamabad, Pakistan
hamidhassan@iiu.edu.pk*

Abstract

Brief background of the topic

While economics has made a substantial progress in theory and practice over the years yet some of the grave economic problems have remained exist and unsolved that have impacted a great proportion of the population in the world. Some of the major problems are poverty, extreme inequality, hunger, environmental degradation, and financial instability. The United Nations (UN) has recognized these concerns and has included them in the UN Sustainable Development Goals (SDGs).¹ However, there is no clear guidelines as to how these goals could be achieved. The World Bank has initiated the agenda of shared prosperity to tackle the problems of poverty and inequality but the suggested policy advice is a top-down approach only which has implementation issues especially in developing countries.² The Qur'an is the divine guidance to the truth for all humanity and its teachings are valid across time and space. The main addressee of the Qur'an is man. Allah (SWT) wants man to be responsible for his actions in this world and he is accountable in the hereafter for all his deeds in the present world. The problems created in this world are the direct or indirect result of man's wrong actions. Living a life according to the principles laid down in the Qur'an help us achieving the goals which are beneficial for humanity and protect us from doing evils.

Aims of the paper and the research questions

The aims of this paper are as follows:

- a) to derive core socioeconomic principles from the Qur'an,
- b) to develop a unified conceptual and theoretical model of circulation of wealth, and
- c) to apply it to the problems highlighted above.

The main research questions

- i) what are the core socioeconomic principles given in the Qur'an that ensure equitable and sustainable circulation of wealth in a society?
- iii) How do these principles help achieve some of the the sustainable development goals?

The above research questions are further divided into the following questions to better understand the problems:

¹ No poverty (SDG#1), Zero hunger (SDG#2), Sustain per capita economic growth (SDG#8), Reduce inequality (SDG#10), and Responsible consumption and production (SDG#12).

² <https://www.worldbank.org/en/publication/poverty-and-shared-prosperity> and <https://www.worldbank.org/en/topic/isp>

- a) What is the perspective of wealth in Qur'an?
- b) What are the major economic, social, and environmental problems?
- c) How did we try to solve them?
- d) Why did they fail?
- e) Will achieving the SDGs solve these problems?
- f) How will we achieve the SDGs and beyond?
- g) How does the Qur'anic model of circulation of wealth solve them?
- h) What are the approaches/strategies to implement the Qur'anic model of circulation wealth?

Methodology

The paper attempts to answer the research questions raised in the last section by deriving the principles from the teachings of Qur'an related to economics, society, resources, morality, culture, religion, and spirituality that have direct bearing on the fundamental principle of circulation of wealth in the society. The paper applies a Qur'an-centric, holistic, and normative approach to understand the multidimensional and complex social system where circulation of wealth plays a vital role. The paper argues that most of the economic theories are based on positive (what is?) analysis of human behaviour in relation to wealth³ whereas Qur'an commands normative (what ought to be?) goals to be pursued so that a human being be transformed to a better human being and a responsible citizen with other-regarding preferences including environmental concerns. The transformation at individual level would lead ultimately to the transformation of a nation, as aptly prophesized by the Qur'an in the middle of the following verse: ... *Indeed, Allah will not change the condition of a people until they change what is in themselves...* [13:11]⁴

Conceptual framework

It is argued that an equitable and sustainable circulation of wealth in the light of the Qur'anic principles, which combine both moral (a bottom-up approach) and legal (a top-down approach) dimensions, would solve these and other related socioeconomic problems and would show resilience in case of social, financial, and economic shocks. The vision 2030 of the UN to transform our World through SDGs could not be achieved unless we transform individuals according to the principles derived from the Qur'an. The paper attempts to show as to how these principles if applied in true letter and spirit at micro and macro levels could bring a transformation beyond the vision of the UN. Real transformation is human transformation from a state of low values & morality and responsibility to the state of high values & morality and responsibility – a moral transformation

The holistic system of Qur'an rests on the fundamental principle of circulation of wealth mentioned in the Qur'an (Al-Hashr, verse 7):

This verse clearly states that the ***wealth should not circulate among the rich only.***

³ The Eurocentric views largely depend on positive analysis of human behavior because of logical positivism.

⁴ Similar message is also conveyed in another verse: *That is because Allah would not change a favor which He had bestowed upon a people until they change what is within themselves. And indeed, Allah is Hearing and Knowing.*[8:53]

The aim of all policies is to ensure that the wealth/resources should not circulate among the privileged class only since the following causal channel, among many possible channels, is generally true:

accumulation of wealth → concentration of power → misuse of resources → financial and moral corruption → injustice → inequality → social unrest and deprivation

This channel continues to further destruction of society, economy, and environment. The principles derived in this paper will constitute a framework where all principles are integrated in a unified way and provide a foundation for developing a Qur'an-centric economics.

Keywords: Qur'an; Wealth Circulation; Sustainable Development Goals; Equitable Distribution

The Contribution of Islamic Finance to Sustainable Development in the Southern African Region Focusing on Angola, Mozambique, Zambia and Zimbabwe

Angeline Kuware

angiekuware@gmail.com

Isra Faghir

srorita96@gmail.com

Extended Abstract

Aims

The aim of the study is to examine the role played by Islamic finance in poverty eradication, economic inequality reduction, and financial inclusion whilst contributing to economic and sustainable development in the Southern African region with a small Muslim population.

Research questions

The paper aims to answer the following questions:

- Does an Islamic economy help in achieving the sustainable development goals?
- Can the implementation of Islamic economics in poverty-stricken countries help eradicate poverty?
- Is Islamic finance capable of reducing financial exclusion?
- What is the impact of Islamic finance in sustainable financial development?
- Can Islamic finance increase household income resources?
- How can Islamic finance achieve social welfare for the societies in the Southern African region?
- With the help of Islamic finance, can the private sector create employment opportunities to reduce unemployment rate through entrepreneurship?

Background

The Islamic world constitutes a population of 1.2 billion people across the world with the large population residing in the Middle East and the Northern African region. The population makes up to 24.1% of the world population thus qualifying the practice of an Islamic economy. The just distribution of wealth, financial inclusion and uplifting the standard of living for the people living below the poverty datum line are amongst the objectives of an Islamic economy. To fulfil such objectives, the Islamic economic system makes use of Islamic finance vehicles that consist of the profit sharing methods and the wealth redistribution mechanisms.

The Southern African region consists of nine countries, four of which namely, Angola, Mozambique, Zambia and Zimbabwe will be centre of discussion in this study. A large percentage of the inhabitants are of the Christian faith constituting almost 80% of the population. The Muslim faith is a minority with many viewing it as a foreign religion brought in by mostly Indians and Pakistani migrants. The Angolan Muslim population constitutes 1% of the overall population whilst Mozambique has 18.7%; Zambia has 2.7% and Zimbabwe 1% respectively. The poverty rate is on the rise with Angola recording a rate of 41%, 55% for

Mozambique, 66.667% Zambia and 49 % for Zimbabwe in the year 2020. This calls for an urgent need to establish a sustainable and just economic system using new solutions and economic systems whose morals bears the most important aspects of social justice.

Economic growth is one of the three primary objectives of sustainable development. Economic inequality not only impede the economic growth of the state, but extends to society and the social structure in the long run by creating gaps in wealth, education and health, which leads to the creation of a group with higher quality education and better skills that enable them to obtain higher incomes. Sustainable development demands that the economy grows whilst unemployment is in balance. A balance in the unemployment rate ensures that a large proportion does not go to bed hungry; income is distributed justly thus reducing poverty and income inequality. Driven by similar goals, the Islamic economic system through Islamic finance vehicles has been working to achieve such goals thus developing the economy. The introduction of Islamic finance as an alternative that works for a fair economic system will be able to reduce the size of economic inequality in these societies and achieve economic well-being by providing financial solutions that allow the low-income earners to increase their income without burdening them.

Income distribution is of utmost importance to the society as it determines the poverty levels and influences the economic growth of a society. A society with an evenly distributed income deals away with hunger issues and health problems as a lack of income is said to cause such problems. According to the Gini coefficient measure of inequality, Zambia has a higher ratio of 57.1% with Mozambique following with a record of 54.0%, Angola 51.3% and Zimbabwe 44, 3% respectively for the year 2021. To add to this, the rate of employment of a country contributes to the distribution of wealth. A country with a high unemployment rate tends to have an uneven distribution of wealth resulting in a majority surviving below the poverty line. As the creation of a just economy is one of the aims of an Islamic economic system, with its modes of profit/loss and risk sharing and the wealth distribution mechanisms, the system best suits the scenario. This practice is recommended as it is among the SDG goals to end poverty, reduce inequality as well as create employment.

However, with the Islamic economic practices not known widely in the region, understanding its functioning becomes hard. The study looks at the involvement of Islamic economics achieving the sustainable development goals and contributing to economic growth through Islamic finance tools.

Methodology

The study makes use of secondary data obtained from the country specific databases like evaluate the living conditions of the people whose countries are under study. The Human development index (HDI), the unemployment rate, the poverty rate at national poverty line and the Gini coefficient are used to evaluate the income distribution of the countries under study. Descriptive statistical analysis is used to better understand the trends.

Findings

It is expected that the Islamic economy becomes a solution to the problems sighted in the paper hence making it worth implementing in the sub Saharan African region. The use of Islamic modes of financial support proves to be efficient for upcoming entrepreneurs whose low economic standing deprives them of acquiring funding from formal institutions. For the countries under study, if the employment rate rises by 5% within a period of five years, it translates to a decrease in the poverty rate that would translate to positive change in the human income levels as well as a decrease in the income inequality levels. Furthermore, with the implementation of Islamic microfinances and credit facilities, entrepreneurship is expected to rise consequently contributing to the growth of the economy, increasing financial independence as well as the HDI by a favorable percentage. Based on empirical evidence from countries like Sudan, Tanzania, Nigeria and Indonesia that have implemented the proponents of Islamic economics and finance, it is evident the intended results are achievable.

Keywords: Islamic finance, sustainable development, economic growth, Southern African region

3rd Session

Macroeconomic View

Land and Distribution of Income and Wealth: Is It Possible to Derive Insights from Western Thinking for Islamic Economics?

Shamim A. Siddiqui

Associate Professor in Economics at Hamdan Bin Mohammed Smart University, Dubai.

Extended Abstract

Background

Distribution of income is one of the fundamental areas of Islamic economics and finance (Siddiqui 1996, 2000 & 2014). However, in general, this issue has received relatively less attention when compared to the vast literature created around Islamic banking and other financial institutions. Moreover, even in this massive literature the distributional aspects are not given its due importance.

It is fair to claim that determination of prices through freely functioning markets, and privately owned means of production, are the desirable and common features of both capitalism and proposed Islamic economic systems. However, when it comes to the issue of returns to different factors of production, or the provision of essential goods and services, the government in an Islamic system must ensure a fair deal for those having less bargaining power in accordance with Islamic principles. Siddiqui (1997-98) looked at the views held by dominant neoclassical school and the ‘neo-Ricardian’ model of wage determination. He concluded that both models could be relevant at different points in time in different countries according to the demand and supply in the labor markets. He suggested a synthesis and showed, when and how, the governments may intervene and help the workers getting a better share of national income under different conditions in labor markets.

Siddiqui (2017) extended the discussion to another factor of production, land. He argued that the books of *ahadith* contain numerous sayings of the Prophet (PBUH) related to agricultural land from which we can derive fundamental policies for contemporary economies. However, conflicting *ahadith* demand a reasonable methodology to deduce policy resolutions in changing circumstances as the conflicting sayings and rulings of the Prophet (PBUH) might be due to different situations and changing conditions during his stay in Madinah. He concluded that, it is safe to claim, the Prophet’s overwhelming concern in every ruling, was to uphold the Qur’anic injunctions against the concentration of wealth in few hands. Finally, he suggested that government should use proper tax and *zakah* policies to achieve distributive justice. In this regard, he also referred to Henry George’s famous proposal of taxing all rental income as the single tax in the economy.

Aim

One of the aims of the current research is to take a broader view of the western economic thinking on the issue of land and land rent, and how capitalist economies have addressed the related distributive concerns. The reason for this is simple. All contemporary Muslim majority economies are, by and large, following the capitalist system, and an in depth understanding of the present situation is important for any possible reform in the future based on Islamic principles. Furthermore, as we will be reviewing the views of those western thinkers who are

critical of the current theoretical standing, and the consequential policies, it may provide some insights for Islamic economic reforms. For example, the Post Keynesians, institutionalists, Modern Georgists, and other critics of neoclassical economics (the contemporary orthodoxy in economics and theoretical base of capitalist system) point out its inappropriate emphasis on distribution of income among different factors of production, flawed theories of distribution, and need of proper income policies.

The paper also analyses the policies adopted by western economies to address distributive issues related to land and land rent to see their compatibility or incompatibility with an Islamic economic system. Finally, it critically evaluates the land / housing policy recently formulated by the federal government of Pakistan (a country still, largely following the capitalist system) and investigates how far it can achieve the goals of an Islamic economic system that is primarily concerned with distributive justice.

Research Questions

- 1) Has the current orthodoxy in economics properly addressed the issues related to land from distributive justice perspective?
- 2) Can we deduce meaningful insights from the critical views of western thinkers on neoclassical treatment of issues related to land both in theory and practice?
- 3) Can these insights be relevant for setting an agenda for Islamic economic reform that must be primarily based on Islamic principles?

Methodology

The methodology used in this research is integrative literature review. As described by Torraco (2005), integrative literature reviews are intended to address mature topics with the purpose of overviewing the knowledge base, to critically review and potentially re-conceptualize, and to expand on the theoretical foundation of the specific topic as it develops. This type of review often requires a more creative collection of data or arguments, as the purpose is usually not to cover all articles ever published on the topic but rather to combine perspectives and insights from different fields or research traditions (Snyder, 2019). The paper discusses the views of Aristotle, Scholastic thinkers, leading classical economists including Marx, neoclassical school, neo Georgists, libertarians, and Austrians.

Public-Private Partnership (Ppp) Implementation in Oic Countries: Does Institution Matter?

Rahmatina Awaliah Kasri

Faculty of Economics and Business Universitas Indonesia, Indonesia
rahmatina@ui.ac.id

Muhammad Rizki Siddiq

Faculty of Economics and Business Universitas Indonesia, Indonesia
mrizki174@gmail.com

Extended Abstract

Infrastructure is one of the concerns in the Sustainable Development Goals (SDGs), which is on the agenda of the global development agreement until 2030. The 9th SDGs state that one of the goals of global development is to build resilient infrastructure, supports inclusive and sustainable industrialization, and fosters innovation (in Adshead et al., 2019). The target to be achieved from this goal is to increase the quantity of existing infrastructure availability and improve the quality of global infrastructure development in supporting economic activities. At this point, high infrastructure financing must also be followed by increased innovation in alternative infrastructure financing products. Thus, the development of infrastructure and other components in the industry can grow sustainably. These benefits from infrastructure provision have become the main reason developing countries, including Muslim countries, prioritize infrastructure development in their national development agendas (Kasri & Wibowo, 2015).

However, Report from the Brookings Institution stated that the global economy in the 2016-2030 period requires an investment of around \$90 trillion in infrastructure assets. Compared to its total requirement, 60% of investment needs come from developing country economies, including all 57 Muslim countries that are members of the Organization of Islamic Conference (OIC) (Bhattacharyna, Oppenheim, and Stern, 2015). Furthermore, the World Bank Report show that the global average in the infrastructure sector for OIC countries is at 88th, which is below the global average for non-OIC developing countries (81st rank). The fairly wide interval between the highest and lowest ratings in almost all assessment indicators in OIC countries also indicates inequality in infrastructure development, especially in developing Muslim countries. OIC member countries have also steadily ranked last in global infrastructure in the sectors of road construction, ports, access to electricity, and telecommunications lines (World Bank, 2017).

Given the costs of any large infrastructure project, the public sector is not expected to rely on the fiscal budget alone as a source of financing. In this case, the public sector must take creative ways to attract the private sector to work together in assisting a country's infrastructure development projects with the main goal to create the mobilization of private capital into the infrastructure development budget initiated by the public sector (Woetzel et al., 2016). One of the products of the new public management paradigm in terms of financing infrastructure development is PPP (Public Private Partnership). The PPP concept is one of the government's modernization strategies, especially in the economic policy reform agenda. The initiation of this public-private partnership program is an effort from the public sector in overcoming the existing gaps in service quality, speed, and efficiency (Sharma, 2007).

In previous studies (Hammami et al., 2006; Sharma, 2012; Kasri & Wibowo, 2015), studies have been conducted on the determinants of PPP implementation in infrastructure development in various sample countries used. Hammami et al. (2016) stated that there are variables that are significant determinants for the implementation of PPP, namely GDP, population,

macroeconomic stability, and indices related to the institutional quality of the public sector. The significances of these variables are not much different from the results of subsequent studies by Sharma (2012) and Kasri & Wibowo (2015). The three studies also use the same main dependent variable, namely the amount of private sector investment into infrastructure projects carried out by the public sector under the PPP scheme. It is also notable that few studies focus on the institutional quality on the region, including the institution that reflect the similar characteristics of the OIC countries, such as the religious factor. In other words, there is still a gap where the determinant variables related to measuring the quality of a country's institutions from an Islamic perspective have not been found.

These characteristics may affect the PPP implementation in OIC countries as culture is considered a factor that positively affects economic growth in a country (Di Tella & MacCulloch, 2014). In addition, the quality of institutions in the socio-political environment of an Islamic country already has a measuring instrument called the Islamicity index developed by Rehman & Askari (2010). With this perspective, there is an urgency in analyzing the implementation of PPP in infrastructure financing in the more current context of the OIC countries.

Based on previous studies, the model commonly used in estimating the determinants related to PPP is to use panel data estimation. The previous research model in measuring PPP investment used the Ordinary Least Square (OLS) and the Tobit Regression Model (Banerjee, et al., 2006). In another study, to overcome the problem of heteroscedasticity, the existing research model also uses Generalized-Least Square (GLS) or panel estimation with random-effect with a model like that done by previous studies (Kasri & Wibowo, 2015; Hammami, et al., 2006; Sharma, 2012). Therefore, based on previous studies, this study proposes an empirical model as follows in which the amount of PPP project becomes the dependent variable, meanwhile the main independent variables are regulatory quality index and Islamicity index. Other controls variables include GDP per capita, population, inflation, aids, external debt and currency reserves

The results of this study found that there are several significant factors that positively affect PPP, which are regulatory quality, Islamic index, inflation rate, and GDP per capita. Meanwhile, there are three factors that has a negative effect on PPP, which are aids, population, and reserves. The main highlighted regressors which significant enhanced the PPP implementation in OIC countries are regulatory quality index and islamicity index. These findings are in line with the previous studies (Sharma, 2012; Kasri & Wibowo, 2015) which stated that the role of this regulation is indeed quite high, especially in developing countries in attracting the attention of private investors to enter into PPP projects in a country.

The results of this study provide recommendations for consideration in policy making in the government sector the government needs to make adjustments to existing regulations in order to support the investment environment of the private sector in implementing PPPs. In addition, the government should continue to uphold credibility, accountability, and transparency in running the government so that political stability is maintained. Existing public policies must also maintain a government agenda that is free from elements of corruption, collusion, and nepotism that can disrupt existing political stability.

Keywords: Infrastructure Financing, Public-Private Partnership, OIC countries, Islamic Finance, Islamic Economics.

Indonesian Economic Diversification as an Emerging Markets Country to Drive Economic Growth

Zulfikar Hasan

Department of Islamic Banking and Centre for Research and Community Service at STAIN
Bengkalis Riau, Monash University, Australia
zulfikarhasan61@gmail.com

Mutia Rosiana Nita Putri

Department of Islamic Banking and Centre for Research and Community Service at STAIN
Bengkalis Riau, Monash University, Australia
mput0007@monash.edu

Abstract

Indonesia's economic growth as an emerging market country can be determined from various variables to be measured. For this study, the authors take the variables of economic growth, infrastructure development, regional economic development, and Special Economic Zones to encourage economic diversification. Economic diversification is needed to increase regional income and increase economic growth, in addition to reducing poverty and creating job opportunities. Economic diversification needs to be done with various policies that can have a good impact on society, one of the most important things to do is improve good infrastructure, especially in rural areas. Most researchers have raised the theme of economic growth by linking poverty levels, but the authors are very interested in linking with infrastructure, regional economies, and also special economic zones. The research used in this paper combines qualitative and quantitative research, where qualitative research looks at the policies that have been and will be made by the central government to support economic diversification. Meanwhile, quantitative research relates more to the effect of economic growth with infrastructure and regional budgets. The results of the author's research indicate that there is a close relationship between economic growth and infrastructure development, where there is a positive relationship between these two variables. The method used by researchers in this paper is a combination of qualitative and quantitative research. The analytic methodology consists of three steps: variable selection, data collection, and data analysis. The research chooses one variable in each industry included in the stock market. The variable selection depends on its relative importance in the industry or sector. Sectors that are represented in this study are: infrastructure development, regional economy, economic growth and special economic zones. The data used in this study are annual data for the period of 2015 to 2020. The data set is compiled into a panel data from sources as the The Central Bureau of Statistics, Ministry of Finance, Committee for acceleration of priority infrastructure provision (KPPIP), Ministry of National Development Planning of Indonesia or Bappenas/PPN in collaboration with the central government. In this paper, the focal variables are infrastructure development (ID), regional economy (RE), special economic zones (SEZ) and economic growth (EG). Meanwhile, for regional economic development, the central government has provided a stimulus that continues to increase every year. Special Economic Zones are also built based on budget rather than APBN and APBD according to budget optimization from the government. The results of Indonesia's economic growth performance throughout the New Order era, it has provided

exceptional experiences for the Indonesian people. This considerable experience has made various policies for the central government to increase economic growth such as economic diversification in addition to the stimulus provided by the government. The first hypothesis states that X_1 does not have a significant effect on Y . Based on the results of data calculations using the Eview 11 program, the result is that the significance value is 0.0863. This means that the decision to reject H_1 and accept H_0 means that X_1 has a significant effect on Y because the significance value is greater than 0.05 with a positive relationship direction. Whereas the structure of a stabilized source of growth, both between economic sectors and between regions, is very strategic in maintaining economic stability and strengthening the sustainability of economic growth. The dynamics of the national economy in recent years provide an important lesson that the economic structure that is concentrated only on a few sectors, especially the primary commodity sector can make the Indonesian economy vulnerable to global shocks. A low diversification ratio will lead to a contraction in economic growth in the regions, thus becoming an obstacle to national economic growth. Regional dependence on primary commodity prices causes economic growth to fluctuate, depending on the prices created in the market. If commodity prices are high, regional and national economic growth will be high and vice versa. Strengthen the implementation of infrastructure development, especially to improve connectivity between regions, including through: (i) Port development to support the implementation of the sea highway which integrated with the Rumah Kita Program plan as a logistics center. Port development is prioritized at 5 hub ports (Belawan / Kuala Tanjung, Tanjung Priok, Tanjung Perak, Makassar, and Bitung), 19 feeder ports, and more than 100 sub-feeders in various regions. (ii) The implementation of the integrated model of support for sea tolls through a combination of logistics transportation, including through the development of short-sea shipping in coastal areas as an alternative to transporting goods and through integration with national land roads. (iii) The development of a 3,258 km railway line in Java, Sumatra, Sulawesi, Kalimantan, and Papua, accompanied by the implementation of pioneer trains on 10 routes. Particularly for the development of the railway network outside Java, the development is focused as a mode of logistics transportation. (iv) The particularly in Kalimantan, strengthening connectivity infrastructure focus on developing the Kijing Terminal Port in West Kalimantan and the Maloy Batuta Special Economic Zone Port in East Kalimantan; development of three Airport National Strategic Projects in Sebatik Kalimantan Utara, Tjilik Riwut Central Kalimantan, and Syamsuddin Noor South Kalimantan, as well as the development of the Tanah Kuning International Port and Industrial Estate in North Kalimantan.

Keywords: Diversification, Emerging Markets, Economic Growth

4th Session

“Islamic Banking”

Exploring Contemporary Islamic Finance Theories for Enhancing Research and Development in Islamic Banking

Zubair Ahmed

Phd Researcher, Faculty of Economics and Management, University Kebangsaan Malaysia (UKM)

rni4bl@gmail.com

Mohd Adib Ismail

Assoc. Prof. Dr. Faculty of Economics and Management, University Kebangsaan Malaysia (UKM)

rni4bl@gmail.com

Extended Abstract

Background

Theories have an unignorable role in contemporary research. Islamic finance literature already has the word theory, but there is no theory of Islamic finance that can be used for further research in a contemporary manner, as confirmed by the researchers and experts of Islamic finance. The theory of Islamic finance in the literature is mainly based on divine sources, i.e. Quran and Hadees, and the contemporary theories are mostly based on real-world observations, interviews, and document reviews.

Classical Islamic finance, i.e. Fiqhul Muamlat literature, is mainly based on divine sources and the real-world(Urf) of the past centuries. Many people still do not believe that the current Islamic banking and finance is really because the current Islamic banking and finance industries have to follow Shariah boundaries and banking and finance regulatory boundaries. These dual boundaries compliance make these systems somehow complex and challenging to understand, especially for the outsiders of the systems. Contemporarily developed theories of Islamic finance can support understanding Islamic finance to different stakeholders and people and can support to reduce the doubts about Islamic banking and finance. Therefore, there is a need for contemporary theories of Islamic finance that can support further development of Islamic finance research and practice better.

Aim

The study aims to explore the theory of Islamic finance, which can be used for further research in a contemporary manner.

The research questions

In this regard, the following are the research questions for this study.

1. Is there any theory of Islamic finance that can be used for further research in a contemporary manner?
2. If yes, so what is/ are? A more specific research question for the SLR was that “What material is available on Theory of Islamic Finance in two leading academic databases (i.e. WoS and Scopus)?”
3. If not, how it can be developed?

The methodology

This study is using multiple research methods. Initially searched the literature about the theory of Islamic finance by library research method then further searched through the Systematic Literature Review (SLR) method. Steps for the SLR(Systematic literature review) method are as follows:

Identification (of keywords, search string, terms)

1. Screening (refining by Software / Database, if needed, especially bulk results)
2. Eligibility (Analysis by the researchers with inclusion and exclusion criteria)
3. Included (Studies selected for further study)

In parallel, this study also conducted less formal interviews in the form of discussions with the researchers and experts of Islamic finance. There were two researchers who have done research on Islamic economics and finance with an understanding of contemporary Islamic banking and finance. There were also two Islamic finance experts who spent many years in the Islamic banking and finance industry along with academic qualifications.

At that point, it has been realised that there is no specific theory of Islamic finance that can be used for further research in a contemporary manner. It is also found that there is a difference between Islamic and contemporary theorisation sources. Current Islamic finance literature mostly drives theory from the divine sources that are Quran and Hardee's. On the other side, contemporary theorisation is mostly based on real-world observations, interviews and documents reviews.

For the next question, how contemporary theories of Islamic finance can be developed, the library research method has been used.

The findings

1- Identification (of keywords, search string, terms etc.) Searching Keywords strings

Database	Keywords for Systematic Literature Searching	No. of Documents	Inclusion/Exclusion by System (if any)
WoS	TS= ("Islamic Finance Theory" OR "Theory of Islamic Finance" OR "Financial Theory of Islam" OR "Finance* Theory of Islam" OR "Islamic Banking Theory" OR "Theory of Islamic Banking" OR "Banking Theory in Islam")	11	<u>Inclusion:</u> Timespan: All years. <u>Indexes:</u> SCI-EXPANDED, SSCI, A&HCI, CPCI-S, CPCI-SSH, BKCI-S, BKCI-SSH, ESCI. <u>Exclusion:</u> Not any at this stage.

Scopus	TITLE-ABS-KEY (“Islamic Finance Theory” OR “Theory of Islamic Finance” OR “Financial Theory of Islam” OR “Finance* Theory of Islam” OR “Islamic Banking Theory” OR “Theory of Islamic Banking” OR “Banking Theory in Islam”)	10	Exclusion: Not any at this stage
--------	---	----	---

The above has been searched in Nov. 2019.

2- Screening

With the help of a spreadsheet, the researcher found six duplications in documents from both sources, so it eliminated the duplication. Fifteen Documents remained for further process.

3- Eligibility

All remaining documents were found within ten years (2010 to 2019). Titles have been reviewed and found two more duplications of a document with “the”, etc. One article was also found in the Croatian language as per WoS LA column info. Twelve papers remained.

There are some studies in databases such as Web of Science and Scopus with the keywords related to the theory of Islamic finance, but as per senior researchers, there is no theory of Islamic Finance that can be used for further research in a contemporary manner. The basic difference found in the theorisation sources and processes (Islamic Vs contemporary western dominant theorisation).

At the last stage, the library research method found the following ways to develop a contemporary theory:

- Traditional Theory Development method
- Grounded theory research method
- Building theories from the case study research (combination of Case Study Research Method, Grounded theory research method and qualitative research methods)

Conclusion

There is a need and lack of contemporary theories of Islamic finance. This type of theory can be developed in the traditional way, the Grounded theory research method, or the theory-building case study research method. The proposed developed contemporary theories of Islamic finance can contribute to the research and practice of Islamic banking and finance by enhancing the understanding and providing the improvable points by applying the action research method as the future research.

Keywords: Islamic Finance, Islamic and conventional Theorisation difference, Contemporary Theories development

Private Credit in Dual Banking Countries: Does Bank Ownership Type Matter?

Nazrul Hazizi Noordin

International Centre for Education in Islamic Finance, Malaysia, hazizi@iium.edu.my

Mansor H. Ibrahim

International Centre for Education in Islamic Finance, Malaysia

Mohamed Eskandar Shah Mohd. Rasid

IIUM Institute of Islamic Banking and Finance, Malaysia

Extended abstract

This study extends the bank ownership database of Claessens and van Horen (2015) to investigate the role of state-owned and foreign banks in the development of private credit markets in countries with a dual banking system. The enhanced database contains state and foreign ownership information of 1,038 banks operating in 29 countries, categorised as either Islamic or non-Islamic. To begin, this study uses the database to identify the bank ownership patterns in the dual banking countries. The data reveals that the ownership structure of the Islamic banking industry changes in a different manner from that of their conventional counterpart. More specifically, it shows that, in line with financial liberalisation policies, the presence of state-owned and foreign conventional banks decreases and increases, respectively. On contrary, Islamic banks with both types of ownership become more prevalent over time. Further, the data is used to examine how state-owned and foreign bank presence affects private credit in the countries. To do so, this study employs a cross-country approach that regresses private credit to GDP ratios against the shares of total bank assets held by state-owned and foreign banks. In the regressions, the asset shares are measured both in total and by bank types (i.e., Islamic versus conventional banks). The regressions are run separately using data average over the full sample period (1995-2017), and over the three subsample periods that are divided into the pre-crisis (1995-2006), during-crisis (2007-2009), and post-crisis (2010-2017) periods. When measuring bank ownership shares in total, this study finds that the presence of state-owned banks is associated with less credit to the private sector in support of the political view. This negative relationship is, however, found to be insignificant during the crisis period. In terms of magnitude, the effect, when significant, is somewhat larger in the post-crisis period than in the pre-crisis and the full sample period. On the other hand, this study does not find significant evidence that the presence of foreign banks could adversely affect private credit markets either in the full sample period or in the subsample periods. Next, when measuring the asset shares by bank types, this study finds that countries with higher presence of both state-owned Islamic and conventional banks in the post-crisis period tend to have shallower credit

markets. The adverse effect in that period is, however, less pronounced in the case of state-owned Islamic banks compared to their conventional peers. A similar significant negative result is also observed in the pre-crisis and the entire sample periods, but only for state-owned conventional banks, not for state-owned Islamic banks. Lastly, this study finds evidence indicating the differing roles played between foreign Islamic and conventional banks in promoting credit expansion in the post-crisis period. More specifically, it documents that the entry of foreign Islamic banks may contribute positively to private credit flows. Unfortunately, the benefits they bring in is smaller than the costs associated with increased penetration by their non-Islamic counterparts. These results draw attention of policymakers to the need to create a propitious environment, in which state-owned banks are less exposed to political patronage, and are subject to incentives that encourage efficiency, and in which foreign banks face less informational disadvantages. This is to help the banks to fully realise their ability to deepen the credit market.

Comparison of Interest-Free State Loans in the Ottoman Empire and Medieval Europe

Cem Eyerci

PhD, Advisor, Central Bank of the Republic of Turkey, Ankara, Turkey

eyercicem@hotmail.com

Extended Abstract

Interest-based transactions have been restricted or prohibited due to various concerns in many societies since ancient times. When interest had been prohibited, the capital owners used instruments that were alternative to lending at interest. Besides the ones that were doubtlessly legitimate such as profit-loss sharing models, some other methods were frequently used in lending to overcome the prohibition of interest. Most of these highly controversial methods were utilized in many societies, in various times, including the ones ruled by the principles of Abrahamic religions, Judaism, Christianity, and Islam.(Calder, 2016).

On the other hand, borrowing has not been only practiced by individuals. The states, which could not afford their expenditures by the limited tax revenues and other incomes (Munro, 2001), also borrowed. They frequently required additional finance due to unordinary cases, especially for the financing of wars. It is evident that, when it was a need, the states mostly have borrowed at interest. Although some of these loans were unsecured, some others were secured by future revenues of the states (Homer & Sylla, 2005). However, ordinary borrowing was not possible for the city-states of Medieval Europe and the Ottoman Empire due to the prohibition of interest. The difficulty in Europe continued until the change of the mainstream attitude towards the prohibition of interest by the emergence of Protestantism in the sixteenth century (Visser & McIntosh, 1998) and the Catholic Church's easing the usage of interest, in the eighteenth century (Homer & Sylla, 2005).

In the beginning, the ways used to overcome the problem could not be regarded as interest-free borrowing. The Italian cities of Venice, Florence, and Genoa borrowed from their wealthy citizens in the twelfth century (Homer & Sylla, 2005). The amount of the loaned capital was defined by the states for each citizen according to their wealth. Lending to the state was compulsory, and the redemption date of the loan was not defined. The states were making payments to the lenders as gifts mostly once a year but sometimes at different frequencies. The paid amounts as gifts were too low to make the loan voluntarily. The various forms of forced loans were utilized in many Italian city-states for a few centuries. Afterward, some new interest-

free instruments emerged that were used in state borrowing on a voluntary basis and received broader acceptance.

Considering that the modernized versions of some of the old interest-free state borrowing instruments are claimed to be utilized today (Çizakça, 2016), in this paper, the instruments used by city-states of Medieval Europe and the methods utilized by the Ottoman Empire will be evaluated.

Firstly, the state borrowing methods used in Medieval Europe, such as *rentes*, which had been known as *census* earlier, (Munro, 2001) and *Casa di San Giorgio*, namely *compera*, (Felloni, 2010) will be introduced. Then, the interest-free instruments used for state borrowing in the Ottoman Empire will be presented. Similar to the methods used by city-states, the Ottoman Empire used *iltizam* (Genç, 2000), *malikane* (Genç, 2003), and *esham* (Genç, 1995) in succession for more than four centuries, from the fifteenth to the nineteenth century. All mentioned instruments that were used by city-states and the Ottoman Empire were essentially operating according to the same principle. Essentially, the transaction was buying the right of receiving a future income. Mostly, the said right was of the tax revenue of the state. Finally, the similarities and differences of the interest-free instruments used in city-states and the Ottoman Empire will be evaluated in aspects of the lenders, duration of contracts, inheritability of the rights, and permissibility of trading the rights in the secondary market.

5th Session

“Islamic Economic Thought and Financial Markets”

Covid-19 Pandemisinin Katılım-30 Endeksi Üzerindeki Etkisinin Analizi

Muhammet Fatih CANBAZ

Dr. Öğr. Üyesi, Bolu Abant İzzet Baysal Üniversitesi, GUBF, Finans ve Bankacılık Bölümü
muhammetfatih.canbaz@ibu.edu.tr

Ender BAYKUT

Doç. Dr., Afyon Kocatepe Üniversitesi, İİBF, İşletme Bölümü
ebaykut@aku.edu.tr

Genişletilmiş Özet

Bu çalışmada korona virüs sürecinin Katılım-30 Endeksi üzerindeki etkileri analiz edilecektir. Bu kapsamda Mart 2020-Aralık 2020 arasındaki döneme ilişkin günlük veriler kullanılarak analizler gerçekleştirilmiştir. Katılım-30 (KATLM-30) Endeksi'ne ilişkin veriler, Türkiye Katılım Bankaları Birliği ve Bizim Menkul Değerler'den temin edilmiş, korona virüs verileri ise T.C. Sağlık Bakanlığı veri tabanından elde edilmiştir. Yapılan veri uyumlaştırması sonucunda 11 Mart 2020 - 31 Aralık 2020 arası dönemde analizlere dâhil edilen toplam 185 günlük gözlem serisi oluşturulmuştur. Korona virüs verileri 4 farklı başlık altında analiz kapsamına alınmıştır. Bunlar; günlük hasta sayısı, günlük vaka sayısı, günlük vefat sayısı ve günlük iyileşen hasta sayısı şeklindedir. Çalışmada kullanılan bu beş değişkene (KATLM-30, hasta sayısı, vaka sayısı, vefat sayısı ve iyileşen sayısı) ilişkin tanımlayıcı istatistikler aşağıdaki 1 nolu tabloda yer almaktadır.

Tablo 1: Tanımlayıcı İstatistikler

	KATLM-30	VAKA	HASTA	VEFAT	İYİLEŞEN
Ortalama	1678.627	10240.24	2345.173	77.48108	3917.497
Maksimum	2379.900	32106	7381.000	259.0000	35511.00
Minimum	1158.220	786.0000	786.0000	14.00000	256.0000
Standart Sapma	281.7289	871.71	1632.465	68.94651	7437.064
Skewness	0.387023	13.39720	1.490884	1.353819	3.254538
Kurtosis	2.579535	181.3120	4.235106	3.818163	12.32010
Jarque-Bera	5.981193	25021.8	80.29326	61.67205	996.1654
Olasılık	0.050257	0.000000	0.000000	0.000000	0.000000
Gözlem	185	185	185	185	185

Çalışma kapsamında, aşağıdaki denklem kurularak ekonometrik analiz teknikleri kullanılmıştır.

$$KATLM - 30 = f (HASTA, VAKA, VEFAT, İYİLEŞEN) \quad (1)$$

KATLM-30 Endeksi'ne, korona virüs verilerinin etki edip etmediğinin tespiti amacıyla 1 nolu denklemde ifade edilen fonksiyonun analizi için 2 nolu denklem kullanılarak analizler gerçekleştirilecektir.

$$KATLM - 30_t = \alpha HASTA_t + \beta VAKA_t + \delta VEFAT_t + \gamma İYİLEŞEN_t + u_t \quad (2)$$

2 numaralı denklemdeki modelin sınanması ve uygun ekonometrik modelin tespit edilmesi amacıyla ilk önce her bir değişkenin birim kök sınamalarının yapılması gerekmektedir. Bu kapsamda Genelleştirilmiş Dickey Fuller (ADF) ve Phillips ve Perron (PP) testleri uygulanarak serilerin birim kök testleri analiz edilmiş ve KATLM-30 Endeksi, hasta sayısı, vefat sayısı ve iyileşen sayılarının birinci farkta $I(1)$ durağan hale geldiği, buna karşın vaka sayılarının ise

düzeyde $I(0)$ durağan oldukları tespit edilmiştir. Bu sonuç, farklı mertebelerden durağanlığa sahip değişkenlerin arasındaki ilişkinin analizine imkân tanıyan ARDL/Sınır Testi yaklaşımının kullanılmasını gerektirmektedir. ARDL/Sınır Testi yaklaşımına ilişkin yapılacak olan analizlerin ilk aşaması, modelin gecikme uzunluklarının belirlenmesidir. Akaike Bilgi Kriterine (AIC) göre, KATLM-30, hasta sayısı, vaka sayısı, vefat sayısı ve iyileşen sayısı değişkenleri için en uygun model ARDL (1,0,0,0,0)'dır. Bağımlı değişken olarak KATLM-30 Endeksi'nin kullanıldığı çalışmada, en ideal model olarak belirlenen ARDL (1,0,0,0,0) modeline ilişkin katsayılar ve model varsayım istatistikleri Tablo 4'te verilmiştir.

Tablo 2. ARDL(1,0,0,0, 0) Modeli Tahmin Sonuçları

<i>Değişken</i>	<i>Katsayı</i>	<i>Standart hata</i>	<i>t – istatistiği</i>	<i>Olasılık</i>
KATLM_30(-1)	0.988349	0.008990	109.9394	0.0000
HASTA	-0.004762	0.002608	-1.825840	0.0695
VAKA	-1.06E-05	2.08E-05	-0.510175	0.6106
VEFAT	0.264968	0.096942	2.733265	0.0069
İYİLEŞEN	-0.001062	0.000538	-1.973431	0.0500
C	21.05676	13.86904	1.518257	0.1307
Diagnostik (tanılama) testleri				
Otokorelasyon - Breusch-Godfrey LM Testi =1.197235 (0.2843)				
Değişen Varyans - Breusch-Pagan-Godfrey Testi = 1.8312943 (0.7613)				
JB Normallik Testi = 7.224897 (0.049822)				
Ramsey RESET Testi = 1.793008 (0.1132)				

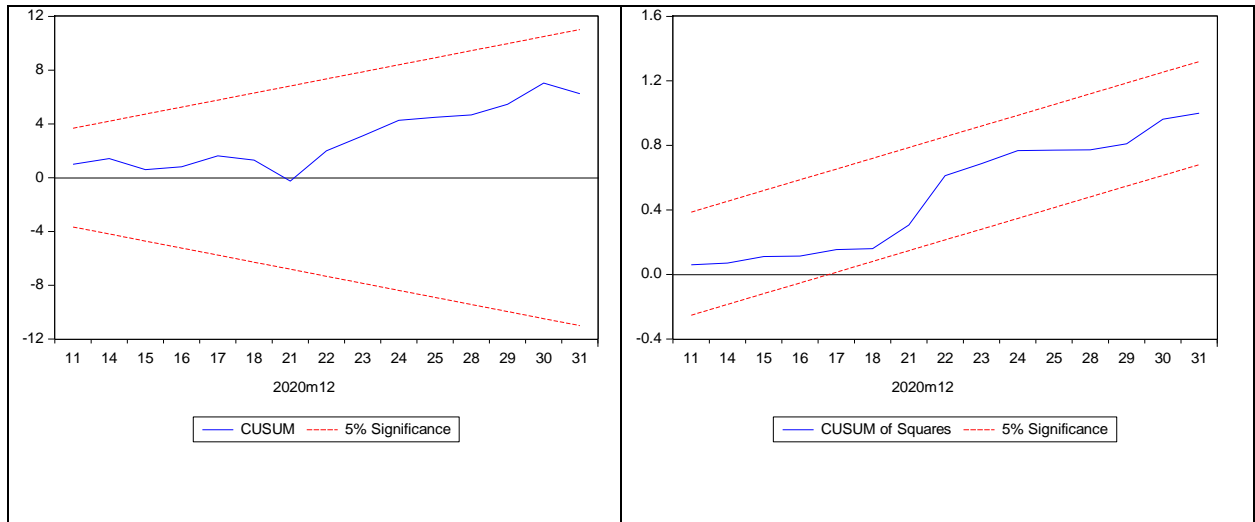
Tablo 2'de yer alan sonuçlara göre KATLM-30 değişkeninin, kendi bir dönem geçmiş değerlerinin yanında, hasta sayısı, vaka sayısı, vefat sayısı ve iyileşen sayısının mevcut dönem verileri, KATLM-30 Endeksi'ndeki değişimleri en iyi açıklayan modeldir. Bu modelden elde edilen sonuçları kullanarak sınır testi yaklaşımına geçmeden hemen önce bu modelin diagnostik testleri geçip geçmediği bir başka ifade ile bu modelin regresyon varsayımlarını sağlayıp sağlamadığı kontrol edilmiştir. Bu kapsamda, en uygun model olarak belirlenen ARDL (1,0,0,0,0) modelinden elde edilen artık terimlerin birbiri ile ilişkili olup olmadığının tespiti için Breusch-Godfrey LM Testi yapılmış ve elde edilen olasılık değerinin 0.28 olması artıkların ilişkisiz olduğunu ifade eden H_0 (yokluk) hipotezinin reddedilemeyeceğini göstermiştir. Dolayısıyla artık terimler arasında otokorelasyon bulunmamaktadır. Yapılan bir değer tanılama testi artık terimlerin değişen varyansa sahip olup olmadığının tespiti üzerinedir. Breusch-Pagan-Godfrey Testi sonucunda elde edilen anlamlılık (olasılık) değerinin 0.76 olması, serilerin değişen varyansa sahip olmadığını göstermektedir. Yani serinin artık terimleri sabit bir varyansa sahiptir. Bu sınamalar sonucunda uygulanan modelin uygun olduğu ortaya çıkmış ve sınır testi yaklaşımına geçilerek sonuçlara ulaşılmıştır. En uygun model olarak belirlenen ARDL (1,0,0,0,0) modeline uygulanan sınır testi sonuçları aşağıdaki Tablo 3'te raporlanmıştır.

Tablo 3. Sınır Test Sonucu

k	F - istatistiği	Kritik Değerler	$I(0)$	$I(1)$
4	3.867266	% 10	2.2	3.09
		% 5	2.56	3.49
		%2.5	2.88	3.87
		% 1	3.29	4.37

Açıklama: k modelde yer alan açıklayıcı değişkenlerin sayısını göstermektedir.

Sınır testi yaklaşımında elde edilen F istatistik değerinin alt ve üst sınır değerlerinin ifade eden $I(0)$ ve $I(1)$ değerlerinin arasında olmaması gerekmektedir. Eğer tespit edilen F değeri %1, %2.5, %5 ve %10 anlamlılık düzeylerinde $I(0)$ ve $I(1)$ değerlerinin arasından kalır ise ilişkinin tam olarak tespit edilemeyeceği, $I(0)$ değerinden küçük ise, ilişkinin olmadığı, $I(1)$ değerinden büyük ise o anlamlılık düzeyinde istatistiksel olarak anlamlı olduğu sonucu ortaya çıkmaktadır. ARDL (1,0,0,0,0) modeline uygulanan sınır testi sonucunda hesaplanan F istatistik değeri 3.867266'dır. Bu sonuç, %1 anlamlılık düzeyinde değişkenler arasında tam olarak bir ilişkinin olduğunun tespit edilemeyeceğini bildirirken, %2.5 anlamlılık düzeyinde ilişkinin olabileceğini fakat %5 anlamlılık düzeyinde kesin olarak incelemeye konu olan değişkenler arasında uzun dönemli bir ilişkinin varlığını göstermektedir. %5 anlamlılık düzeyinde $I(1)$ değeri 3.49 olarak belirlenir iken, modelin F istatistik değeri 3.86'dır yani $I(1)$ değerinden yüksektir. Bu sonuç, korona virüs verilerinin uzun dönemde KATLM-30 Endeksi üzerinde etkili olduğunu göstermektedir. Çalışma kapsamında son olarak kurulan modelin stabil olup olmadığının tespiti için standartlaştırılmış rekursif kalıntılar için CUSUM ve CUSUMQ testleri yapılmıştır. Sonuçlar Şekil 1a ve Şekil 1b olarak aşağıda yer almaktadır. Bu sonuçlara göre, %5 anlamlılık düzeyinde, test istatistikleri belirlenen kritik değerler arasında yer aldığından, model uzun dönemde stabildir.

Şekil 1a-1b. CUSUM ve CUSUMSQ Testleri

Korona virüsün finansal piyasalar üzerindeki etkisi özellikle Mart 2020'de olağanüstü düzeylere ulaşmıştır. Bu dönemde Avrupa Borsalarında yaşanan günlük %12'ye varan düşüşler bu etkiyi net olarak ortaya koymaktadır. Bu denli etkilerin en son 2008 Küresel Finans Krizi'nde görülmesi ve korona virüsün finansal piyasalar üzerindeki tahribatının Küresel Finans Krizi'nden daha yüksek olması, yatırımcıları daha dikkatli davranmaya itmiştir.

Geleneksel hisse senedi piyasalarının yanında 2017 yılında hesaplanmaya başlanan Katılım Endeksi, İslami finansal kriterlere uygun şirketler olduğu için kaldıraçlı işlemlerinin az olması beklenmektedir. Faizli işlemlerinin kısıtlı olduğu ve/veya olmadığı bu işletmelerin, korona virüs gibi küresel ölçekli olaylara karşı daha az duyarlı olması ve daha az etkilenmesi beklenmektedir. Bu çalışmada, Katılım-30 Endeksi ile korona virüs verileri arasındaki ilişki incelenmiştir. ARDL/Sınır testi yaklaşımı kullanılarak yapılan analizler neticesinde, Katılım-30 Endeksi ile korona virüs verileri arasında uzun dönemli ilişki mevcuttur. Bu sonuç ayrıca CUSUM ve CUSUMQ testleri sonucunda da teyit edilmiştir. Bu sonuca göre, korona virüs süreci, Katılım-30 Endeksi'ni de etkilemiştir.

Belirsizliğin Yükselen Piyasa Ekonomilerindeki İslami Borsalara Etkisi: Covid-19 Döneminde İki İslami Borsanın İşlem Hacmine Yönelik Bir İnceleme

Ömer Tuğsal DORUK

*Dr. Öğr. Üyesi, Adana Alparslan Türkeş Bilim ve Teknoloji Üniversitesi,
otdoruk@atu.edu.tr*

Motivasyon

Finansal piyasalar açısından yatırımcının risk algısı oldukça önemli bir faktördür. Hatta finansal piyasalarda yatırımcıların portföyleri içerisinde yer alan finansal araçların risk algısına göre şekillendiği portföy teorileri içerisinde önemli yer tutan bir varsayımdır. Dolayısıyla belirsizlik, çoğunlukla finansal piyasalarda yatırımcıların önemli düzeyde hesaba kattığı hatta yatırım ya da finansman kararlarını ertelemesine neden olan önemli bir faktördür. COVID-19 döneminde finansal piyasalarda ciddi anomaliler görülmektedir (bkznz. Baker vd. 2020, Zhang vd., 2020). Belirsizlik ve finansal piyasaların dinamikleri arasındaki ilişki bu çalışmada İslami finansın potansiyel rolü incelenerek, COVID-19 dönemi gibi önemli belirsizlik dönemlerinde belirsizliğin azaltılması konusunda önemli çıkarımlarda bulunmaktadır. COVID-19 döneminde bu belirsizlik altında İslami borsaların alternatif bir finansal yatırım aracı olabilme ihtimali bu çalışmada işlem hacmi üzerinden iki yükselen piyasa için araştırılmaktadır.

İslami borsaların önemli bir rolü özellikle finansal kriz zamanlarında diğer konvansiyonel ya da mevduat gibi finansal araçlara ciddi anlamda alternatif oluşturmaktadır. Özellikle Sharia (Şeriat) uyumlu olan firmaların faiz vs. gibi önemli borçlanma araçlarını kullanmaması bankaların kredilerini geri çağırma riski ya da finansal kaldıracın önemli düzeyde bu firmalar için az olmasına neden olmaktadır. Dolayısıyla finansal kriz dönemlerinde İslami borsaların işlem hacminin artması beklenmektedir. Bu dönemlerde İslami borsaların işlem hacminin artarak, aynı zamanda kurumsal anlamda da sermaye piyasalarından firmaların dışsal finansman ihtiyacının da karşılanması oldukça fazla olmaktadır. Bu durum borsaya kote olan reel sektör firmalarının finansal kriz dönemlerinde uğradığı kaybı minimize etmesine olanak tanımaktadır. Bu çerçevede İslami borsaların işlem hacmi, COVID-19 öncesi ve sonrası dönemde ele alınarak bu borsalara olan yatırımcı talebinin COVID-19 dönemindeki genel seyri COVID-19 öncesi döneme göre karşılaştırmalı olarak incelenmektedir. Çalışmada Malezya ve Endonezya borsalarının seçilme nedeni bu iki yükselen piyasa ekonomisinde İslami finansal piyasaların payının önemli düzeyde olmasıdır.

Hipotezler

COVID-19, önemli düzeyde belirsizliğe sahip olduğu bir dönem olma özelliğindedir. Dolayısıyla finansal yatırımların istenilen getiri oranına sahip olmaması ya da risklerin finansal piyasalardaki yatırımcıların risk algısının üzerinde olması, yatırımcıların farklı finansal araçlara yönelmesine neden olmaktadır. Özellikle COVID-19 döneminde kripto paralara olan yönelimin de ciddi düzeylerde olduğu görülmektedir. Finansman kararları açısından belirsizliğin azaltılması finansman kararlarının ertelenmemesine ve realize edilmesine olanak tanımaktadır. Bu çalışmada COVID-19 döneminde İslami borsaların potansiyel rolü yükselen piyasa ekonomilerinde yer alan finansal piyasalar açısından araştırılmaktadır. Dolayısıyla çalışmanın ana hipotezi aşağıda ifade edilmektedir:

H1: İslami borsaların işlem hacmi, COVID-19 dönemindeki belirsizlik nedeniyle COVID-19 döneminde artmıştır.

Veri Seti ve Metodoloji

Çalışmada kullanılan veri setleri İslami finansın önemli payı olan iki önemli yükselen piyasa ekonomisi olan Endonezya ve Malezya ekonomilerine ait olan Jakarta İslami Borsa Endekslerinden birisi olan Jakarta SE Islamic Index ve Malezya İslami Borsa Endekslerinden birisi olan FTSE Bursa Malaysia EMAS Shariah Index' ne ait işlem hacimlerine ait 2 Ocak 2018 ile 10 Temmuz 2021 arasındaki verilerdir. Veriler, Thomson Reuters Refinitiv veri tabanından elde edilmiştir. Çalışmada ele alınan iki borsaya ait COVID-19 dönemindeki değişim bu çalışmada kesintili zaman serisi analizi çerçevesinde incelenmektedir. Çalışmada uygulanan metod olan kesintili zaman serisi analizi ise Linden ve Adams (2011) ve Lindens (2015)'e dayalı olan bir zaman serisi analizidir. Bu noktada zaman serisine dayalı olarak COVID-19 döneminin hem kısa hem de uzun vadeli etkisinin bu borsalardaki işlem hacmine olan etkisi analiz edilmektedir. Kesintili zaman serisi analizi Denklem 1'de yer aldığı şekilde ifade edilmektedir:

$$Y_t = \beta_0 + \beta_1 T_t + \beta_2 X_t + \beta_3 X_t T_t + \varepsilon_t \quad (1)$$

Bu denklemde T COVID-19 dönemine ilişkin kukla değişkeni, X kısa vadeli COVID-19 etkisini ifade ederken XT ise COVID-19 döneminin işlem hacminin trendine yaptığı uzun vadeli etkiyi ifade etmektedir. Diğer bir deyişle bu çalışmada COVID-19'un hem geçici hem de uzun vadeli etkisi, bu iki Borsa için analiz edilmektedir. β_0 denklem 1'deki sabit terimi, ε ise hata terimini ifade etmektedir.

Bulgular

COVID-19 dönemini kesintili zaman serisi analizi vasıtasıyla analiz eden bu çalışmada elde edilen bulgular COVID-19 döneminde her iki yükselen piyasa ekonomisinde COVID-19 döneminde önemli bir işlem hacmi artışı olduğunu göstermesi beklenmektedir. Bu çerçevede belirsizliğin yüksek olduğu dönemlerde İslami finansal piyasaların önemli ve alternatif bir finansal araç olduğu sonucuna ulaşılması beklenmektedir. Elde edilen bulgular ışığında çalışmanın hipotezinin kabul edilmesi beklenmektedir.

Anahtar Kelimeler: İslami Finans, COVID-19, Alternatif Finansal Piyasalar, ITSA analizi

Dünya Geneline Borç Satışına (Bay Al-Dayn) Dayalı Dış Ticaret Uygulamalarının Faizsiz Finansal Prensiplere Uyum ve Alternatif Öneriler

Fatih KAZANCI

Hazine Operasyonları Müdürü, Kuveyt Türk Katılım Bankası

fatih.kazanci@kuveytturk.com.tr

Genişletilmiş Özet

Arka Plan

Bay'al-dayn, borç satışı anlamına gelmekte olup, pek çok fıkıh alimi tarafından ribâ elde edilen işlemler olarak kabul edilir. Bunun nedeni borç satışının para satışına benzer olduğunun düşünülmesidir. Bazı mezheplerde borç, sadece eşit oranda ve spotta satılabilir bazılarında ise sadece spot piyasada satılabilir. Malezya'da fakihlerin çoğu borçların indirimli olarak satılmasına izin vermektedirler. Fakat Malezya'da bu işlemler yine de spotta gerçekleşmek zorundadır. Ortadoğu ülkelerinde ise borç satışı tartışmalı olduğundan kullanılmamaktadır. Bazı ülkelerde ise borç satışı, kamu menfaati göz önüne alınarak yani maslahat gereği kullanılmaktadır. Genele baktığımızda borç satışı uygulaması, İslam dünyasında görüş ayrılığı yaşanan konulardan biridir.

Dünya geneline baktığımızda, dış ticaret uygulamalarında özellikle ihracat kredi refinansmanı, kabul edilmiş poliçelerin ve vadeli işlemlerin faturalarının vadelerinden önce satımı ve ayrıca akreditiflerin iştirâ edilmesi gibi işlemler için borç satışı yöntemi, yaygın olarak kullanılmaktadır. Dış ticaretteki bu refinansman, poliçe/fatura satımı ve iştirâ işlemlerinin faizsiz finansal sistem içerisinde nasıl gerçekleştirilebileceği ise tartışmalı konulardan biridir.

Amaçlar

Makalenin yazılış amacı; dünya geneline borç satışına dayanan dış ticaret finansman ürünlerinin neler olduğunu araştırmak ve borç satışının neden bazı ülkelerde uygulanıp bazılarında uygulanmadığına dair sonuca varmak için faizsiz finans prensipleri gereğince konuyu irdelemek ve alternatif ürünler sunmaktır.

Araştırma Metodu

Araştırma metodu olarak niteliksel araştırma yöntemi kullanılarak, öncelikle kütüphane ve internet kaynakları üzerinden bir literatür taraması yapılmıştır. Niteliksel araştırma metodunun seçilme nedeni bu alandaki kaynakların çalışmamızın sonucuna katkı sağlamadaki yeterliliğidir.

Konu Hakkında Uygulamada Olan Çeşitli Ürünler

Borç satışı işlemleri İslami finans alanında ihtilaflı işlemlerden biridir. Günümüzde sadece Malezya'daki İslami bankalar, borç satışı sözleşmesi ile bazı işlemler yapmaktadırlar. Bu işlemler; faizsiz banka kabulleri, faizsiz ihracat kredi refinansmanı ve faizsiz poliçe/fatura iştirâsı işlemleridir.

1. Faizsiz Banka Kabulleri (Islamic Accepted Bills (AB-i))

Faizsiz banka kabulleri, konvansiyonel bankacılıktaki banka kabullerine benzemektedir. Banka kabulleri; ithalatçıları ve ihracatçıları finanse etmek için kullanılan bir imkân olup, ithalat finansmanı için murabaha ve borç satışı temelinde, ihracat finansmanı içinse borç satışı temelinde kullanılır.

Bu ürün, 1993 yılında Bank Negara Malaysia tarafından yayımlanan Faizsiz Banka Kabulleri Kılavuzu'na tabi olarak Malezya'da kullanılmaktadır. Bu kılavuz, en son 2003 yılında güncellenmiştir. İslami banka kabulleri, fıkhi sözleşmelere göre uygulanması dışında konvansiyonel banka kabullerine benzerler (Syed Alwi, 2011). Faizsiz banka kabulleri, belirli bir vadede ödenecek olan ticari belgelerin alım ve satımına karşılık müşteri veya banka tarafından düzenlenen ve kabul edilen poliçenin finansmanı olarak açıklanabilir. Bu belge, yurt içi alımları/ithalatı veya yurt içi satışları/ihracatı finanse etmek için düzenlenirler. Bu ürünün kullanım amacı; Malezyalı tüccarlara hem faizsiz bir finansman imkânı sağlamak hem de dış ticareti teşvik etmektir. Faizsiz banka kabulleri murabaha ve borç satışı ilkelerine göre formüle edilmiş bir üründür. Hazırlanan senetler, bay al-dayn kavramı altında işlem görür. Fıkhi açıdan bakıldığında, bu ürün bay'al-dayn sözleşmesi yoluyla yapıldığı için işlemde ihtilaf söz konusudur (Saiti, Hasan ve Ali, 2016: 91-92).

2. Faizsiz İhracat Kredi Refinansmanı (Export Credit Refinancing (ECR-i))

Faizsiz ihracat kredi refinansmanı, ürünlerin sevkiyatından önce veya sonra ticari bankalar aracılığıyla doğrudan veya dolaylı olarak ihracatçıya kısa vadeli ihracat finansmanı ya da kredi imkânı sağlayan bir üründür. Bu finansmanın amacı; tarım ürünlerinin, bazı özel malların ve katma değeri olan mamul haldeki malların ihracatını teşvik etmek için ihracatçıya kredi sunmaktır. Bu finansmanın diğer bir önemli amacı ise, fıkhi ilkelere göre izin verilen helâl malların ihracatını teşvik etmektir (Syed Alwi, 2011).

Faizsiz İhracat Kredi Refinansmanı yöntemine, Malezya Exim Bank Faizsiz İhracat Kredi Refinansmanı (Export Credit Refinancing-i) (ECR-i) imkânı örnek olarak verilebilir. Bu ürün helâl olan mamul ürünlerin, tarımsal ürünlerin ve yeni üretilen malların ihracatını teşvik etmek amacıyla kullanılır. Sevkiyat sonrası (post-shipment ECR-i) imkânı, ihracatçının finansman gereksinimini sevkiyat aşamasından ihracatçının fatura bedelini tahsil etmesine kadar olan kısımda ihracatçıya finansman sağlamak amacındadır. Bu işlem; ihracatçı, ECR-i bankaları ve EXIM bank arasında yapılmaktadır. Bu işlem için ihracatçı, ihracatın sahibi olarak, ödemeyi ithalatçının bankasından tahsil etmesi için ECR-i bankasını tahsilat aracı olarak tayin eder (Malaysia EXIM Bank, 2021)

3. Borç Satışı Yoluyla Akreditif İştirası ve Poliçe Satışı (Negotiation of Letter of Credit/ Bill of Exchange Purchased-i)

Borç satışı yoluyla akreditif iştirası, müşteriye banka tarafından sunulan bir imkândır. Bu imkânda banka akreditife ait ilgili faturayı/poliçeyi satın alacak ve karşılığını müşterisinin hesabına yatıracaktır. Banka kendi ödemesini tahsil etmek için faturayı veya vadesinde poliçeyi alıcının bankasına gönderecektir. Banka bir poliçe satın aldığı zaman, banka bu poliçenin de sahibi olacaktır. Fakat banka, poliçenin ödenmemesi halinde müşterisine (ihracatçıya) rücu hakkını saklı tutmaktadır. Bu imkân sayesinde, akreditif kapsamında bir banka, yurtiçi satışları ve ihracatı finanse edebilmektedir. Banka, faturayı/poliçeyi bankanın kâr ve masraflarını düşükten sonra müşteri ile mutabık kalınan bir fiyattan satın alır. Daha sonra banka poliçeyi

belirli bir vadede ödenmesi gereken fatura değerinden müşterisine yeniden satar. Satıcı vade sonunda bankaya ödemeyi gerçekleştirir (FSTEP, 2010).

Örnek işlem olarak Bank İslam'ın Faizsiz Poliçe Satın Alım (Bill of Exchange Purchased-i) ürünü verilebilir. Faizsiz Poliçe Satın Alım imkânı; ihracat akreditif iştirası veya ihracat tahsil vesaiki işlemleri altında banka tarafından satın alınan veya iskonto edilen bir poliçe için kullanılan genel bir terimdir. Bu imkân, devam eden iş için ihtiyaç duyulan işletme sermayesini sağlamak için ihracatçıya sağlanan bir kredi olanağıdır.

Bulgular ve Sonuç

Faizsiz finans prensiplerine göre; borç satışından (bay'al-dayn) yani borç ticaretinden kâr elde etmek uygun görülmemektedir. Bu işlemlerde ribâ oluşmaması için satışın aynı değerden yapılması ve garar oluşmaması için de sadece borçluya satılması zorunludur. İskontolu borç satışı uygulamaları, Malezya'daki faizsiz bankalar haricinde kullanılmamakta olup, bunun nedeni ifade ettiğimiz gibi bu ürünlerin faiz ve garar unsurlarının her ikisini de barındırmalarıdır. Bu ürünlerin zaman zaman Malezya harici ülkelerde de İslami finansın geliştirilmesi ve konvansiyonel finansla rekabet edilebilmesi açısından maslahat yani kamu yararı gereğince uygulanabileceği görüşleri gündeme getirilmektedir. Oysaki iskontolu borç satışı uygulamaları; borcu satın alan taraf için faiz geliri getirdiğinden, ma'dumun yani olmayan bir malın satışı anlamına geldiğinden ve borcu satın alan tarafın borçlu ile doğrudan ilişkisi olmamasından dolayı belirsizlik oluşturduğundan faizsiz finans kurumlarında uygulanmamaya devam etmelidir görüşündeyiz.

Borç satışı yöntemi yerine sevk sonrası ihracat finansmanında murabaha yöntemi en uygun yöntemdir. Murabaha yöntemi akreditifler ve vesaik mukabili ödeme şekilleri için uygundur. Akreditif yoluyla mal satan ihracatçılara, sevk sonrası finansman ihtiyaçları için, akreditiflerini borç satışı yoluyla iştirâ ettirmeleri yerine kendilerine faizsiz finansal yapıya uygunluk açısından, “murabaha yoluyla vadeli ihracat akreditif finansmanı” yöntemi önerilebilir. Bu yöntemde, faizsiz banka, lehine açılan akreditif sayesinde ihracatçıya peşin ödeme yaptıktan sonra, mal ithalatçıya kâr marjı ile vadeli olarak satacak ve bedeli ödeme vadesinde akreditif bankasından tahsil edecektir.

Akreditifli ödeme şekli ile çalışmayan ihracatçılar ise, “murabaha yoluyla aval poliçeli vesaik mukabili ihracat finansmanı” yöntemini kullanabilirler. Bu yöntemde ihracatçıya peşin ödeme yapıldıktan sonra, mal ithalatçıya kâr marjı ile vadeli olarak satılacak ve ithalatçının bankası tarafından aval verilen poliçe vadede tahsil edilecektir.

Makalemizde; sevk sonrası finansmana ihtiyaç duyan ihracatçıların, ithalatçılar tarafından kabul edilmiş olan poliçelerini veya ihracat evraklarını borç satışı yöntemini kullanarak satmaları (kırdırmaları) faizsiz finans prensiplerine uygun olmadığından, alternatif olarak murabaha yöntemine dayalı finansman yöntemlerini kullanmaları faizsiz bankalara ve ihracatçılara önerilmektedir.

6th Session

“Islamic Banking”

New Evidence on Islamic and Conventional Bank Efficiency: A Meta-Regression Analysis

Mohamed CHAFFAI

Sfax University, Tunisia

mechaffai@gmail.com

Abstract

Empirical studies comparing Islamic banks to conventional banks performances provide controversial conclusions on whether one bank type outperform the other, Abedifar et al. (2015), Hassan M. K., Aliyu S.(2018), for a survey on these literatures and conclusions. Several aspects of bank efficiencies have been considered, technical efficiency, cost efficiency, revenue efficiency or profit efficiency, with controversial findings rendering the policy recommendations questionable. Similar studies and findings have also been presented in several previous ERF conferences. In this paper we employ the meta-regression analysis as a statistical tool to try to give a final answer on this issue. Meta-analysis uses a large collection of empirical results in order to provide a quantitative empirical synthesis on a specific question. This method is widely used by economists, for example to study factor substitutions, Koetse et al. (2008), firm performance and foreign direct investment Iwasaki and Tokunaga (2016), or bank efficiency Aiello and Bonnano (2016), (2018). Curiously, to the best of our knowledge this methodology has never been employed by economists in the MENA region.

The questions addressed in this paper are the following: Are Islamic banks more or less efficient than conventional banks? Are there some differences in technical efficiency, cost efficiency or profit efficiency More precisely which components should bankers in the MENA region, target in order to become more efficient? Does the efficiency scores varies across regions, Gulf Cooperation Countries GCC, Middle East and North Africa MENA, Organization of Islamic Countries OIC ..., Are the results sensitive to the specification of the outputs and inputs used in the model used. Is there any publication bias aiming at showing/hiding that one specific group outperform the other?

We use a large data covering 338 estimates from 30 peer-reviewed studies published from 2001 to 2019. In the data selection process, we collect data on the efficiency scores by bank type from most of the peer reviewed reviews, based on Sciedirect, Econlit, Springer ..., when these studies compare bank efficiency between Islamic and conventional banks. We also include some important working papers when they are highly cited by scholars in the field. Some papers have been excluded when some information was missing or when the study covers only Islamic bank efficiency measures. After constructing the data we use meta-regression

methodology where the efficiency scores are regressed on bank ownership type (Islamic versus conventional) among other characteristics, the methodology employed, parametric versus non parametric, the model used, production, cost, profit, the region or the countries studied among other characteristics. The main results found are the following: the main inefficiency of the banking system is coming from the inability of bankers for making profit, followed by their inability to control costs. Furthermore, parametric efficiency models provide higher level of efficiency compared to non parametric models. Sample size did not seem to have a significant impact on these studies, but the ratio of the number of Islamic banks on total banks number has a non linear and U shaped impact on the efficiency bank's measures. Islamic banks does not prove to be more or less efficient than their counterparts, however when we run the meta-regression model on the papers which conduct and report statistical tests for mean differences, conventional banks proved to be statistically more efficient than Islamic banks suggesting a potential publication bias by authors. We also find some differences on the efficiency performances for Islamic banks across regions. Islamic banks in the GCC prove to be less efficient than the banks operating in other regions, MENA. Remind that Islamic banks in GCC is number one in terms of market (global financial assets) in the world. Islamic banks prove to be less efficient in controlling their costs than to making profit compared to their counterparts, while the results prove to be weakly sensitive to the specification of the number of outputs in the model used.

Keywords: Banking performance, frontier models, meta-analysis

Does Bank Concentration Mediate the Relationship between Islamic Banking Sector and Economic Growth?

Rümeysa BİLGİN

İşletme ve Yönetim Bilimleri Fakültesi, İstanbul Sabahattin Zaim University, Turkey

rumeyssa.bilgin@izu.edu.tr

Extended Abstract

The banking sector development of a country positively affects its economic growth (Levine, Loayza, and Beck, 2000; Demirgüç-Kunt and Maksimovic, 2002; Beck and Levine, 2002; Boadi et al., 2019; Chu, 2020). A developed banking sector ensures the smooth functioning of the financial system by mobilizing the savings, allocating the capital to high-return and low-risk investments and, monitoring its use (Imam and Kpodar, 2020).

In recent years, *bank concentration*, which can be defined as monopolizing in the banking sector, increases in many countries (Chauvet & Jacolin, 2017; Diallo & Koch, 2018; Corbae & D'Erasmus, 2020). It occurs when the total assets of a few banks in a country comprise almost all assets in the banking sector. A low level of competition in the banking sector is advantageous for firms. When bank concentration is high, a long-term relationship based on mutual trust can be established between large banks and their borrowers. Whenever a firm applies for a bank loan, the applied bank must investigate whether the firm can do the debt service in a timely and complete way. This process creates a transaction cost for the bank and increases the borrowing cost of small firms with no previous credit history. Especially, small and medium-sized banks prefer not to lend to small-sized and financially constrained firms to reduce their transaction costs. However, since the transaction costs of large banks are lower due to the economies of scale, they opt to finance both large firms and SMEs (Gonzalez and Gonzalez, 2008).

Furthermore, relationship banking (i.e., long-term relationships between banks and borrowers) can reduce the cost of debt by reducing information asymmetry. In cases where competition is intense, banks will not prefer such relationships (Abuzayed & Al-Fayoumi, 2016). Several studies in the literature found that bank concentration stimulates economic growth (Black & Strahan, 2002; Abuzayed & Al-Fayoumi, 2016; Chauvet & Jacolin, 2017). Especially in countries where creditor protection laws are insufficient or are not enforced, concentration in the banking sector can decrease the effects of information asymmetry by reducing transaction costs (Fernandez et al., 2010; Abuzayed & Al-Fayoumi, 2016).

On the other hand, high bank concentration causes less competition on the supply side and a higher cost of debt (Gonzalez, 2015). As a result, it may put downward pressure on economic growth (Diallo & Zhang, 2017; Diallo & Koch, 2018). If a few large banks fully dominate the banking sector, these banks will increase their interest rates, making it difficult for small firms to obtain debt financing. Then, bank concentration will cause difficulties in financing small and medium-sized enterprises and negatively affect economic growth.

Recently, several studies investigated whether the development of the Islamic banking sector in a country might spur economic growth. It can be expected that Islamic banks have a positive effect on economic development since the construction and real estate financing consists of the

highest portion of the financing operations of these banks (Mensi et al. 2020). These sectors are also among the main drivers of economic growth. Also, Islamic banks stimulate economic growth by mobilizing the savings of practicing Muslims. Imam and Kpodar (2016) find that countries with Islamic banking industries have higher economic growth rates. Abduh and Omar (2012) report a bi-directional relationship between Islamic Banking and economic growth in Indonesia. Similarly, Yusof and Bahlous (2013) show that Islamic banking increases economic growth both in the long and short run for several Muslim countries. In a more recent study, Mensi et al. (2020) detect a positive and nonlinear relationship between Islamic banking development and economic growth.

In this study, we analyze the effects of bank concentration and the development of the Islamic banking sector on economic growth separately and draw together these two strands of literature by investigating whether bank concentration affects the relationship between the development level of the Islamic banking sector and economic growth.

A sample panel data set comprised of yearly data from 106 countries, of which only have Islamic banking sectors, is used. The resulting panel data set is highly unbalanced, and the countries with the most extended time dimensions have observations for 24 years from 1996 to 2019. In this study, a dynamic modeling approach is preferred where a GMM estimator is employed. The bank concentration is measured using several proxies such as the HH index, Lerner Index, and Boone Indicator. An Islamic banking dummy variable, which takes the value of one if a country has an Islamic banking sector for a given year and takes the value of zero otherwise, is created. An intersection variable with the bank concentration and the Islamic banking dummy variable is used to investigate the mediating effect of the bank concentration. Several macroeconomic variables are also included in the model as control factors.

Both bank concentration and the development of Islamic banks are expected to increase economic growth. Islamic banks are supposed to be selective in their investments to increase financial stability and sustainable growth. However, when the financial sector becomes less competitive, increasing/preserving their market share becomes more difficult for Islamic banks. In their struggle to grow under these challenging conditions, they engage in transactions, ensuring their market share, but do not support their positive effect on economic growth.

Measuring the Effects of Recent Bank Mergers on the Efficiency and Productivity of Conventional and Islamic Banks in the GCC.

Dr. Haitham Zaker Khoj

School of economics and administration, KAU, Jeddah, KSA.

Dr. Abdul Malik Syed

College of Business Administration, UBT, Dhaban, KSA. a.syed@ubt.edu.sa

Dr. Hatem Akeel

College of Business Administration, UBT, Dhaban, KSA.

Abstract

Over the last decade, the GCC banking sector experienced a rapid process of Mergers and Acquisitions (M&A) mainly due to structural deregulation and technological and financial innovations. In response to these pressures' banks have attempted to adopt strategies aimed at improving efficiency to expand their output and increase the range of services offered. The trend towards consolidation through M&A activities and conglomeration can be interpreted as a response to increasing pressures to realize the potential scale and scope economies and also to reduce labor and other costs in an attempt to eliminate inefficiencies.

According to Fitch rating, GCC Islamic banking M&A is driven by the research for competitive advantage to access growth opportunities and build low-cost deposits as well as by cost synergies. Most Islamic bank M&A is between Islamic banks or involves a conventional bank acquiring an Islamic bank as a subsidiary. The current research aims to explore the effects of recent GCC bank mergers using Data envelopment analysis over the period 2011-2021. To perform our analysis, we employ a two-step approach. First, we estimate the technical efficiency pre and post mergers and then test a catching-up effect for technical efficiency by analyzing banks' productivity.

Performance Evaluation of Islamic Banks Using Balanced Scorecard

“An Applied Study on Saudi Banks”

Maryam Rustom

*Department of Finance Sciences and Banking, Faculty of Economics, University of Aleppo,
Syria*

ms.rustom@yahoo.com

Abstract

In light of the challenges that Islamic banks face in the world as a result of various reasons, some of which are due to the conditions of the internal environment and others to the conditions of the external environment, as well as the tremendous development in the field of information technology, it has become necessary to consider the effectiveness of these banks and evaluate their performance by relying on modern systems for performance appraisal, as it is no longer useful to rely on traditional systems alone, which mostly depend on the financial results achieved by the economic unit, as it is necessary to take into account the non-financial aspects such as customer satisfaction and the quality of operations, which is the basis for success in the long run.

Hence, this study aimed to develop the performance evaluation methods used in evaluating the performance of Islamic banks, by building a balanced scorecard model that fits the nature of Islamic banks, and then suggesting a set of financial and non-financial ratios to evaluate the performance of the study sample banks.

In the study, the researcher relied on a set of data extracted from each of the monetary bulletins issued by the Saudi Central Bank and the financial statements of Islamic banks for a period (from 2016 to 2020).

The study concluded that the Saudi Islamic banking sector has achieved a good performance in the financial dimension, the customer dimension, the operations dimension, the learning and growth dimension, where the indicators for these dimensions have achieved a good rates and high growth rates in the years of study with a decline in most indicators in the year 2020. The reason for this, in the opinion of the researcher, is due to the repercussions of the Corona virus, which caused the spread of a state of uncertainty on the economic and social aspects, which negatively affected the Saudi economy in general and the Saudi banking sector in particular, which caused a decrease in the net profits of Saudi Islamic banks compared to 2019, at the same time the provision for credit losses for all banks in the study sample also has increased.

The study also showed a shortcoming in the economic performance of Saudi Islamic banks, as the study showed that the ratio of investment deposits to total deposits did not exceed a maximum of 36.60% during the study period, and this percentage is considered low and means that most of the deposits with banks in the study sample are current and short deposits. On the other hand, the study showed that Saudi Islamic banks played a good role in financing small and medium enterprises.

Keywords: Performance Evaluation Balanced Scorecard, Islamic Banks in the Kingdom of Saudi Arabia

7th Session

“Islamic Economic Thought”

Al Ghazali's Theory of Self-Governance in Islamic Finance

Saiful Azhar Rosly

School of Business, International Center For Education in Islamic Finance (INCEIF)

saifulrosly89@gmail.com

Shinaj Shamsudeen

School of Business, International Center For Education in Islamic Finance (INCEIF)

Abstract

Self-governance is a central pillar of Value Based Intermediation (VBI) model of Islamic banking in Malaysia. VBI strives to promote ESG principles in banking by applying Shariah values. The investment account fund (IAF) and the investment account platform (IAP) constitute one component of VBI to be propelled by self-governance of stakeholders. Lack of a trustee to carry fiduciary responsibility and liability of Investment Account (IA) assets may have caused its slow growth today. Without a trustee, self-governance is thus critical to guarantee transparency and good governance of IA. But a gap exists to elucidate the theory of self-governance for VBI and Islamic finance. The objective of this study is to describe Islamic self-governance by applying Imam Al-Ghazali's theory of ethics. When man is facing an ethical dilemma in making financial decision, a tension is built between reason (*aql*) and the devil (*shayatin*). The financial decision can go either way, in favour of the individual and against the interest of the organization and vice versa. When reason overrules the lower desire (*nafs*), the individual under sound *iman*, has the capacity to embrace divine guidance. (*naql*), that allows *aql* to dominate *shayatin* which turns appetite (*shahwa*) and anger (*ghadap*) into a constructive force that produces virtuous attributes (*mahmudah*) such as wisdom (*hikma*) which helps oppose the tendency to commit an unethical act. However, when reason is subdued by *nafs*, the individual low in faith (*iman*) often fall into heedlessness and forgetfulness that left him to reject the divine light. This allows *shayatin* to dominate the *aql* hence, turning *shahwa* and *ghadap* into a destructive energy where emerging evil attributes (*mazmumah*) such as greed (*hirs*) will induce the person to do the sinful act. In this study we have produced survey items designed to capture al-Ghazali's ethical theory. This will assist Islamic financial institutions to provide their stakeholders with better understanding of self-governance as a complement to existing corporate governance models. While Shariah governance may exist, it has yet to produce a theory of self-governance for Islamic banking which this study has been able to make positive contribution.

A Moral Approach to Capital Formation and Accumulation Processes: A Comparison Between Capitalism and Islamic Economic Thought

Mehmet Bulut

Prof. Dr., İstanbul Sabahattin Zaim University

Cem Korkut

Assoc. Prof., Ankara Yıldırım Beyazıt University

cemkorkut44@gmail.com

Extended Abstract

Capitalism is the most widely accepted economic system of our time. It has proved its supremacy all over the world by the fact that the countries ruled by socialist ideologies have failed one by one. Capitalism, which have found its modern form after mercantilism, is an important factor that cause differences in development level between Western world and others. Undoubtedly, capital accumulation played a major role in this development. However, the process of obtaining capital accumulation occurred after a mind transformation. This transformation received much criticism from within. Capitalism were called history of deviation from Christianity. The unpleasant and unrecognized issues, and prohibitions in divine religions earned legitimacy with capitalism. In this process, there was a serious transformation in many economic issues, from earning to saving, from labor to capital. There was a significant imbalance between the value given to the human and financial/material power. The labor began to be crushed by the expansion of capitalist economic thought.

While the impact of geographical discoveries provided a relative increase in wealth for rich Western countries, this was not the case for newly discovered continents. These continents were largely desolate. Local inhabitants of the continents were enslaved. The wealth of the local population was confiscated. The resources obtained were transferred to the main continent, Europe, by usurpation. The transferred resource enabled Western countries to enlarge the prosperity and development gap with the rest of the world in terms of wealth. The process of “rise of the west decline of the rest” was began with precious metals and labor transferred from newly discovered continents. The development gap has deepened so much that it cannot be closed with conventional policies today.

The mindset in which being rich was religiously acceptable pervaded the West. Although Sombart and Weber approach the mindset change from different aspects, the concrete reality is that there is a critical transformation in the economic mentality. The economic transformation brought by the mentality change, which also shows the role of culture and religion in the transformation of the economic and financial system, laid the foundation of today’s economic problems. It is quite normal that the understanding, which sees capital accumulation as the only condition for development, causes the West positively separates from the rest of the world in terms of wealth. This situation has brought its own institutions with it. Institutions such as banks, stock exchanges, legal entity for firms, and joint stock companies developed and spread in this process.

It is obvious that capitalism, which is defined as the traditional economic system, has evolved until today. There were many developments such as the abolition of slavery, the reduction of racism, and the expansion of individual freedoms in this process. Capitalism, which used to be

famous for crimes against human dignity, is the chief culprit of today's income injustice. The capitalist system, which has slavery, plunder, and unjust enrichment in its record, now transfers resources to capital owners in different ways. Multinational companies and big consortium banks with great capital are fueling the unequal income distribution in the world. The reason why capitalism cannot make visible massacres in the modern world is the development of capital accumulation methods without the need for them anymore. The domination of finance capital over all other sectors, especially after the 1990s, is a problem caused by capitalism. Interest is another way of unfair resource transfer. The interest system, which enriches one side unfairly without making any effort, and impoverishes the other side, is in a way a continuation of the resource robbery made by force in the past. In addition, monopolies formed as a result of imperfect competition in capitalism direct consumers as they wish. The mentality that sees more consumption and waste as the continuation of the system reduces the useful life of the world.

Many topics such as climate crisis, global warming, environmental pollution, hunger are the results of the free market idea of capitalism. The cost of dealing with environmental problems caused by uncontrolled and irresponsible production that provides capital accumulation is quite high. The desire to earn more has created an unsustainable ecological and economic imbalance. The lack of the market due to non-compliance with ethical principles is a problem that the traditional capitalist system cannot solve. The sanction power of contracts, agreements and legal regulations is often insufficient. So much so that the wealth of the 26 richest people in the world is equal to the total wealth of half of the world's population. The reason for this economic imbalance is capitalism's view of wealth and capital. This view has created an unfair and unequal distribution of income between countries and then individuals.

There was a geography that was very little affected or unaffected during the process that the Western world was going through these transformations. The mind had not undergone a transformation while the Islamic world was adapted to both the world and the inward transformations.

Islam did not have a different interpretation in terms of agriculture, production, trade, except interest during the process of capital accumulation. Although these activities were methods of obtaining *halal* profits in Islam, there were various differences in practice. These differences are closely related to the moral principles as well as the internal dynamics of Islam. The place and role of the capital in Islam is shaped by these moral principles and internal dynamics. The relation between capital and labor has been given special importance in Islamic economic thought. Capital is not considered as a production factor. It is the labor that values the capital in Islamic economic thought. For this reason, partnership-based contracts developed in the Islamic world rather than the wage-based contracts. There have been partnership types that have been transferred to the Western world.

Islam has not left individuals free in terms of capital accumulation. It enabled individuals to enter into redistribution mechanisms of their wealth. Waqfs, sadaqah, and charity institutions, especially zakat, are redistribution mechanisms. Islam has removed the distribution of wealth from being a choice and has made it a kind of religious obligation with these worship and services. In fact, Islam has dealt with many issues from finance to employment, from economy to trade, from infrastructure services to religious services as charity based. In addition to worship, excessive wealth and capital accumulation was prevented by other compulsions and

practices. Islam differs from the capitalist economic system in that it approaches capital as a means rather than an end.

In this study, the differences in capital formation and accumulation between capitalism and Islamic economic thought will be emphasized at historical process.

Keywords: capital formation, capital accumulation, capitalism, Islamic economic thought

Beyond Articulation of Theory of Value Under the Domination of Capital and Labor: A Hegemony Free Islamic Value Theory

Mehmet ARTIK

PhD Student, Durham University, UK

mehmet.artik@durham.ac.uk

Extended Abstract

Since the marginalist revolution a value free economic understanding has been imposed on the rest of the world without showing awareness to other societies' unique cognitive system of knowledge. This cognitive bias had hindered the recognition of alternative interpretation of economic affairs, in turn, brought about the impoverishment of economics from its social and ethical underpinnings (Sen, 1977). However, since 1960s, the trust to the modernist understating of knowledge has diminished, the recognition of cognitive differences has come to the surface, as a part of which, other forms of economic and financial behaviours has become possible to conceptualise as a product of particular cognitive system. In this regard, this paper represents an authentic but a late attempt to conceptualise an Islamic value theory as foundation of Islamic political economy. This attempt is essential as Friedrich von Wieser asserts that "political economy cannot be explained without having the value explained first" (Kauder, 2015:58), as the law of value was admitted as the philosophers' building block by which the peculiar economic systems were constructed (Kauder, 2015). Though, for some, the question that this paper will problematize might be regarded as trivial because of the existence of generally approved neo-classical theory of price. However, Mirowski (1990:702) argues that the denial of alternative theory of value and its place in political economy will imply "close off the option any specific economic theory."

The law of value is such an age-old question that it goes back to the writing of Aristotle and scholastic philosophers. Though there are number of implications of the theory of value for scholars, the significance of the concept stems from being historical use of determinant of exchange value of commodities, the root cause of purchasing power of money and being a principle of income distribution (Sinha, 2010). Since the theory of value, according to Heilbroner (1988) and Lowe (1981), is all about inquiring about the underlying order bestowing principles behind superficial pricing facts in the exchange, it is an imperative to investigate the orchestrating factors operating in the society, which plays a role of configuration of production relations in particular, and the society as a whole.

To reveal those order bestowing principles, the founding fathers of classical political economists (Adam Smith (2010), David Ricardo(1951a), and Karl Marx (1867)) commenced with inquiring about the mode of subsistence (mode of production) of that the market society in order to uncover the underlying order and dynamics behind superficial economic phenomenon. Upon Smith's segregation of primitive and commercial society based on mode of subsistence, Marx also developed a more advanced concept of mode of production upon the relation of three basic elements of production process including labour, non-labour (capital owner) and means of production (Althusser and Balibar, 1970). Theoretically, it is proposed

that in any given society, the relations of production between labour and non-labour determine a particular mode of ownership on means of production, and that, in turn, determines the beneficiary of net product (surplus) produced by joint combination of stakeholders. According to Kuusinen *et al.* (1963:116), the concept of mode of production constitute “the essence of historical materialism” which placed a great emphasis on determining power of the economic base over different levels of superstructure including culture, politics, legal system, ideology and science *etc.* (Althusser *et al.*, 1970; Sayers, 1980; Harnecker, 1980).

The impact of mode of production comes to scene once the remuneration of factors of production was defined as a substance of classical school theory of value construction (Smith, 2010; Ricardo, 1951a). It is because of fact that the classical approach envisioned that the value of commodities resolved in the remuneration of distributive variable. Under the dominance of capitalist mode of production, the right of labour defined as subsistence wage which is barely enough for labour to reproduce themselves and their families, while the share of capitalist is determined with rest of surplus, which is formalised by the Cobb Douglas production function as follows; $P(C, L) = aC^{1-\alpha}L^{\alpha}$. In this function, the amount of surplus will go to wage rate is defined with α ; and the rest of surplus, $1-\alpha$, appropriated by capitalist. The justification of this division was made by the fact that it is the capitalist classes who can accumulate the surplus for the productive economic activities rather than labour or landlord classes. In responding to this flaw, the Marxist doctrine stands for the social ownership of the means of production, wherein the socialist mode of production is recognized as the only way to alleviate the economic inequality and consequently eliminate antagonism between labour and non-labour forces to bring true socialisation. This can be expressed by the Cobb Douglas production function as follows: $P(C, L) = aC^{\alpha}L^{1-\alpha}$, in this scenario, since α equals to zero, labour keep the whole surplus because they are now the owner of production. In the Marxian labour theory of value, the labours are designated as a sole determinant of value, implying that the labour is the only factor of production deserve to obtain all surplus in such a scenario. The profit is determined as exploitation of labour, because of capitalist control on means of production.

However, after marginalist revolution in the beginning of the 20th century, the value of commodities is only attributed to the utility, derived out of the consumption of product, which will be admitted as a sole determiner of value (Walras, 1969; Jevons, 1888; Menger, 1871). Lastly, in the Marshallian approach, on the other hand, the actual price of goods attributed to synthesis of forces of supply and demand in the market (Marshall, 1890). However, Harvey (2005) argues that the idea of market gives an egalitarian notion of equivalent of exchange, but its egalitarian outlook is only an illusion as it would not be possible to succeed that equality while one party is holding the means of productions and another party, labour, does not. Therefore, he suggests a state intervention is compulsory to ensure an exchange of equal.

Despite Marshallian mono-paradigmatic way of the development of economic theories, in which Marshallian linear development thesis embraces the evolution of value theory from the classical supply-sided to demand-sided utility theory, and eventually last version of their reconciliation alleged as the perfect form of theory of value (Groenewegen, 1991). However, Sraffa (1960) proposes that the Marshallian supply and demand law is not the only scientifically viable and the last form of theory of value, suggesting the possibility of other form of theories of value under the different paradigm. The one of the significant contributions of Sraffa to the

literature of theory value is that the classical cost of production approach has still significant power of explanation of long-term aggregate prices, which cannot be found in the neither marginalist nor Marshallian principle of supply and demand. The malleability of Sraffian system of equations maintain that the value problem under the different production relations can be handled once the condition of production was known. To bring back the conflict of interest, which is abandoned by the founding fathers of marginalist revolution, Sraffa adopted the wage as a variable. The conceptualization of wage as a variable rather than taking it as constant in the subsistence level, Sraffa (1960) actually tried to re-embed the power relation between the capital and labour into forefront of the economic analyses as an endogenous variable, which had abounded after marginal revolution.

This paper, therefore, proposes that the hegemony of one class over others, stemming from controlling the means of production, does not let the surplus be distributed based on the contribution of stakeholders in a hegemony free sense. As Ronald (2004:115), eminent development economist, rightly asserts that “whatever group holds power will use that power in its own best interest”. In addition, under the hitherto modes of productions, namely the feudal, capitalist and socialist experiences, they all fell short to embrace all stakeholders of production in value creation process. For instance, the right of society and nature were not recognized in their production function and considered as exogenous variable, and these responsibilities are attributed to the state. To respond contemporary social economic crisis including exacerbating income inequality, environmental crisis, and commodification, there is a need for an alternative stakeholder theory of value. This research, hence, aims at bringing a particular cognitive system of knowledge to re-constitute an Islamic value theory in relation to the Islamic mode of production as a product of distinct Islamic ontology and epistemology (Asutay, 2007; Naqvi, 1981). In order to reconstitute a hegemony free value theory, the Sraffian analytical framework, after certain modifications, will be used to construct an authentic Islamic value theory, which will essentialise a holistic constitution of factors of production and rejects domination of any of the factor of production over others as they are considered within the horizontal equality of Islam.

An Analysis of Ibn Khaldun's Perception of Finance in Light of the Concepts of *Umran* and *Asabiyyah*

Kasım Bağlam

Gaziantep University, Turkey

kasimbaglam@hotmail.com

Extended Abstract

Introduction

While the Western world experienced its Medieval episode where Christianity and dogmatic ideas thrived as its intellectual life was limited within the period of depression that wiped out Aristoteles and Plato; at the same period, Ibn Khaldun appeared when the Islamic civilization was experiencing its golden era, who well-read, collated, and interpreted Aristoteles, Plato, al-Farabi, and many other preceding philosophers, providing significant contributions to the science of economy in addition to being a sociologist and a historian within the Islamic civilization. Developing a scientific approach to social events, Ibn Khaldun put forth remarkable ideas on psychology, economy, philosophy, urbanization, education, and religious sociology while these ideas were studied and became a main subject for many scientists even long after his period. By explaining the relationships between facts and events in an inductive manner, he wanted to achieve valid rules and became the first to implement a *causalist* understanding of science (Yıldırım, 2006: 3). Hence, he was the leading sociologist of the 14th century, who envisaged social and economic facts as subjects of scientific laws following a clear and perceptible pattern. In that regard, Cemil Meriç best describes Ibn Khaldun by stating that: “[He is] a magnificent but a lonely star shining upon the darkness of Medieval times, without a single precedent or a successor. Muqaddimah is truly a dawn along with its whirlpools, caverns, and summits”(Kaynar,;Ak, 2018: 179).

Despite his extensive scientific works enlightening the fields of sociology and history, Ibn Khaldun's remarkable contributions towards social division of work, labor, population, state finance, taxes, and prices entitled him as an economist, therefore becoming the subject of academic analyzes. He utilized from history while analyzing financial events as a sociologist. As the main subject of this paper is to analyze his economic and social approaches to shed light upon the modern notion of finance, the following chapters present Ibn Khaldun's thoughts on finance in light of his concepts of “Umran” and “Asabiyyah”.

The Islamic Economics and Its Reflection to Finance Matter

Economics is not an empirical science similar to physics or chemistry. Therefore, it cannot be expected to introduce laws or rules which offer hundred percent accurate propositions on every occasion through experimentation. On the contrary, economics consists of people's habits and beliefs that vary according to the conditions societies are in as well as the degree of development in civilization. Economics, consequently, is not intended to make economic propositions in a rational sense and for this reason does not make a realistic description in full compliance with to-be-observed realities. Because all economic thoughts defend past or existing order or are created to utilize from moral and civilized elements for specific purposes rather than realistic analysis. The truth is that it would be a mistake to consider that economic policies of governments and market impulsions are enough to achieve economic growth, and with it, positive changes towards social and political improvement that stem from increased living standards. A tolerant, more open, and democratic society only exists in an environment where economic growth is achieved. All societies develop moral norms – against violence, favoring family bonds, against theft, in favour of truthfulness-as a partial substitute for what would otherwise be hopelessly

persuasive regulation aimed at getting people to behave in ways that may be of little or no direct benefit to themselves but nonetheless make everyone better off. Such norms are no less important in the economic sphere (Jonathan, 2006: 41). In turn, such societies will be able to inspire entrepreneurship and creativity, thus accomplishing remarkable economic wealth. Considering the frame of Islamic values, it is not even imaginable to accomplish sustainable development without justice. Injustice finally cause to destruct. In that case Ibn Khaldun have laid emphasized on the close relationship between development and justice which are also being underlined nowadays much more in economic literature.

The Concept of Umran

On human civilization which he called “*Umran*”, Ibn Khaldun focuses on the obligatory social organization for human survival, stating: “When God created man, he gave them a set of abilities and talents for their survival. With these abilities, he ordered that man must do everything by himself. However, as it would be impossible for man to manage this alone, they must co-exist and cooperate. Starting for their creation, man cannot possibly cope with nature alone. Then the need for defence is another reason to co-exist (to form society). As can understood from all these reasons, social life for man is natural and mandatory” (Uludağ, Muqaddimah I: 286). It can be seen that for Ibn Khaldun, society is an obligatory phenomenon that stems from needs. At its core, *Umran* covers all relationships in and stemming from the organization engaged by members of the society with their efforts to co-exist (Toku, 2002: 83), while expressing a wide range of issues from demographic and economic problems to social, political, and cultural activities as well as from any type of condition to materials, social and spiritual qualities (Chabane, 2008: 328). *Umran* may overlap with the concept of civilization, but it is actually a social organization that involves what human beings have done. According to Ibn Khaldun, society is a reality, it is created by individuals who settle in cities or villages to meet their needs and co-exist together with other people. The reason for them to co-exist is that, while meeting their needs, people help one another by nature (Uludağ, Muqaddimah I: 266).

The Concept of Asabiyyah

According to Ibn Khaldun, there are two types of Asabiyyah: Asabiyyah of ancestry and Asabiyyah of reason. For the former, it is necessary to belong to the same lineage or have kinship, whereas the latter is created as a result of unity through common ideology. For Bedouins (nomads), the Asabiyyah of ancestry is widespread, dominant, powerful, and influential; meanwhile for Hadharis (settlers, townspeople), the asabiyyah of reason became widespread and influential. Building upon the concept of second type of asabiyyah that is created through common beliefs and goals, the role that Asabiyyah plays in social life is critical in view of Ibn Khaldun. It is the spirit or aura that connects individuals with emotions rather than thinking. The spirit of group feeling or Asabiyyah” emerged because they had to fight for basic needs. Surely, he explains this as follows: “Asabiyyah contributes towards encouraging individuals in mutual help, defence, protection, and times of war.” The fundamental element of the concept of “Asabiyyah” for Ibn Khaldun includes without doubt the assets of the State (Property). The stronger the state is, the influential the bureaucracy. The more the state encourages economic activity, the faster the economic growth will be and therefore development of the civilization. Power of the state and economic welfare are closely-tied to each other. Without political stability and order, the producers have no incentive to produce. They are afraid of losing their savings and their profits because of disorders and wars (Muqaddimah2: 201). Through various authorities, the state ensures orderly practice and development of economic life. According to Ibn Khaldun, profit is the fundamental goal of all economic activities. Like individuals, states also aim to make profit and exert control over economic activities. Achieving “property”, meaning sovereignty, in that regard, solid indicators of this would be territorial expansion, growth of cities, increased taxes, and construction of palaces. “Property actually means ownership and disposal. Ruler and owner (sovereign) therefore mean master and governor (Candan, 2007: 239).

Conclusion

Having lived in a period when the Western world experienced its Medieval episode buried in political and economic upheavals and yet the Islamic civilization was experiencing one of its brightest eras, Ibn Khaldun was able to shed light on many conceptualized fields of modern science despite being first to mention an amplitude of disciplines in which his name was not even mentioned at his time. Developing a scientific approach while explaining social events, Ibn Khaldun put forth significant contributions in psychology, philosophy, urbanization, education, and religious sociology; while at the same time revealing his findings on economy, which were far too later re-discovered and studied, becoming the main subject of the works by many scientists. As his opinions and recommendations on economic issues which were not considered as economic theories, Ibn Khaldun's findings in the field of finance did not directly become theories but based on his statements about socialization and solidarity, it was endeavoured to extract further values that can inspire modern financial markets of today. The reason is that despite not constituting an economic analysis, Ibn Khaldun sought an explanation and generalization in economy as the high importance he also attributed to other fields of specialty. In that, in order to better understand his economic and social thoughts which can shed light upon the modern concept of finance, this paper investigated Ibn Khaldun's thoughts on finance in light of his social reflections as "Umran" and "Asabiyyah". Indicating that social life is natural and mandatory for individuals, Ibn Khaldun emphasises with the concept of *Umran* that society is a phenomenon created due to mandatory needs while also clarifying that, due to their nature, people are in need of helping one another by qualifying *Umran* in its essence as an organization engaged by members of a society to survive and the resulting network of relationships. Social life for Ibn Khaldun is essentially a combined productive activity by people who are bound by material needs. As an economic inference, therefore, the phenomena of "production" and the "labor" along with that are evaluated under the concept of *Umran*. Productive people require social organization by nature as they will be unable to achieve better alone. Ibn Khaldun was first to observe the role of labor as a source of added value by emphasising the role of labor as the creator of value. He determined that individuals could be able to meet their needs ten times over through cooperative production, and increased labor and production could result in surplus, and therefore increased welfare and money within a society. Because according to him, the concepts of money and capital follow a different pattern compared to classical financial understanding. In parallel to the Islamic perspective, money is a tool of exchange in accordance with this perspective that focuses on social responsibilities of individuals and institutions, while it is not a property or asset that grows in time.

Most economics defines the finance as the science of meeting the requirements of individuals and institutions so socialization and solidarity can answer to this due to the fact that the world needs new approach of thinking about finance and the risks it involves. Ibn Khaldun deliver two valuable concepts which are could be analyzed further and examined with large scale. It was attempted in this paper to reveal values that can potentially inspire modern financial markets based upon his statements regarding socialization and solidarity despite the fact that his findings only remained as concepts, reflecting his style in studying economy through his understanding of Labor, Production, State (Property) and Justice in light of the concepts of *Umran* and *Asabiyyah*. The reason is that investigating Ibn Khaldun's style of studying financial and economic issues reveals he rejects the idea that "other factors are constant", adopting an approach which utilizes from multi-disciplinary dynamics in the formulation of socio-economic policies which can help improve the welfare of the public while at the same time developing the long-term general performance of an economy.

8th Session

“Fiqh and Islamic Finance”

The Role of Maqasid Al-Shariah to Develop Intention Toward Entrepreneurship Behaviour

Gunawan Baharuddin

Faculty of Economic and Business, Universitas Pancasila, Indonesia

gbaharuddin@gmail.com

Asmak Ab Rahman

Associate Professor, Department of Sharia and Economics, The Academy of Islamic Studies,

Universiti Malaya, Malaysia

asmak@um.edu.my

Extended Abstract

The concept of welfare according to Islam is believed to be the most comprehensive concept because it covers all elements of human needs from physically to spiritually (psychologically). The maqasid al-shariah indicators encompasses the preservation of five aspects of human namely religion or faith, life, intellect, progeny, and wealth which also in line in pursuit of sustainable development since a Muslim entrepreneur is not only oriented towards personal welfare but also provide opportunity for those less fortunate persons to improve the standard of living from charity movements (financial donation) and economic expansions (employment opportunities). Accordingly, if the maqasid al-shariah principle is used as an intention in working and entrepreneurship, it will give more real power to the economy and can develop not only under normal conditions but also when the economic situation is not good.

In the past decade, the SMEs sector has survived several financial crises and has proven its resilience as the foundation of real sector and contributes greatly to the domestic economy. Every entrepreneur has his own way of dealing with a crisis. Some of them are trying to accelerate digital adoption by focusing on using digital platforms. Adapt their methods to offer products and services in a digital business model. This change is also inseparable from how governments, organizations, and communities can take advantage and revive entrepreneurship (Sheth, 2020). In condition of uncertainty, there is a need to find out more about how to maintain the existence of entrepreneurship (Ansell & Boin, 2019) or encouraging people to become more entrepreneurs, especially in sustainable sectors.

Therefore, this article aims to emphasize the role of maqasid al-shariah to develop intention toward entrepreneurship behaviour. It is expected that Indonesia as the largest Muslim population in the world will broader perspective about how to create more entrepreneurs among the youth. This study sets the age of youth between 19 and 24 years old as the samples who are currently studying at the university. Youth considers as the weakest part in the population because in the labor market they are vulnerable to be eliminated because lack of skills and experiences (OECD, 2012). If turbulence happens to the economy, this group of age frequently become the last element to be employed and sometimes become the first to be terminated. Therefore, empowerment program shall focus on youth capacity improvement, skills development and active participation (Bulanda & Byro Johnson, 2016) rather than programs such as rehabilitation or containment for example keeping youth “out of trouble” (Jennings et al., 2006). Approximately 775,517 Muslim students in Islamic universities all over Indonesia under the Ministry of Religion Affairs (Indonesia Statistic Agency, 2015). 556 data were

collected from all over Indonesia using online survey from selected universities and employed seven-point Likert scales ranging from strongly agree to strongly disagree because it reduces inaccuracy, provides more alternatives for respondents and produces a less-skewed distribution. Eventually, Partial Least Square – Structural Equation Modelling (PLS-SEM) seemed most appropriate because SEM-PLS can measure both manifest from indicators for every construct (analysis factor) and the correlation effects on other constructs (path analysis).

As the results, the study found that maqasid al-shariah variable significantly affect the youth intention to become entrepreneurs. Moreover, the sequence of five indicators of maqasid al-shariah from the most dominant influence is progeny, wealth, intellectual, soul, and faith. This research scopes only focus on maqasid al-shariah instrument and does not cover the construct driver of Intention development. However, the study contributes for public policies and society through both formal and informal education to enhance their attitudes toward becoming entrepreneurs, especially for Islamic education institutions. Practically, this research suggests a creation of joint program between universities, government institutions and mosque organization committees to provide business incubator programs for Muslim youth as well as financial aid which might come from charity funds or endowment of communities around mosques. This action can play a role in shaping the character of youth, not only in religious aspects but also in economic aspects, such as having an entrepreneurial character. Another program to be considered is business start-up competitions between mosques (youth committee members) so that they can stimulate creative ideas among the youth. Such a program also opens opportunities for financial access from the public. Eventually, Baharuddin and Ab Rahman (2021) argue that family members should be involved in any program, in particular their parents. This means to educate them that being an entrepreneur can be a promising profession with a bright future. The mindset of parents in Indonesia is generally for their children to become government employees or work in large private companies because this profession is considered to have a minimal risk of failure.

By increasing enterprises in Indonesia, it will tremendously boost the economy because total of SMEs in Indonesia as many as 64,2 million or 99,99% out of the total of enterprises and contributes 61,1% to the GDP. Definitely this sector has huge potential for poverty and unemployment issues in Indonesia. For theoretical contribution, this model is believed novel where the maqasid al-shariah indicator as a construct driver to develop youth intention toward entrepreneurship behaviour is still underdeveloped.

Keywords: Maqasid al-shariah, intention, entrepreneurship, youth.

The Role of Fiqh in Islamic Digital Banking Transaction: A Critical Analysis

Mohamad Handi Khalifah

Phd Student, Islamic Economics and Finance, Sakarya University

mohamad.khalifah@ogr.sakarya.edu.tr

Soner Duman

Prof. Dr., Sakarya University

duman@sakarya.edu.tr

Abstract

The Holy Qur'an and the Sunnah are the sources of rules governing the economic elements of human beings. Thus, economics transaction is critical with the dual purpose of improving one's sustenance and adhering to religious imperatives. With the development of digital transactions, the Islamic banking industry can develop assets and fulfill sharia compliance. Fiqh plays a significant role in formulating transaction methods in economic activity, including digital banking. This study examines the role of fiqh in Islamic digital banking transactions and analyzes the problems and challenges associated with implementing contracts on Islamic financing products from the perspective of fiqh. This research uses the literature study method, where data from the literature is used to analyze. In addition, the findings of this study allow for recommendations to improve the implementation of contracts in the financing of Islamic products in Islamic banking.

Keyword: *Fiqh* perspective, Digital Banking, Islamic Banking

Situating an Informal Funds Transfer System in Islamic Legal Theory: The Origin of Hawala Revisited

Ali Ekber ÇINAR

Law School, Galatasaray University, Turkey

aecinar@gsu.edu.tr

Extended Abstract

Literature related to informal funds transfer systems have seen exponential growth since the attacks of September 11. From among them, a particular premium on “hawala” (henceforth referred to as “IFTS”) has been placed.¹ After the attacks, interest into the matter from the press² and the US government³ have gained momentum, with immediate measures taken by various actors, including the Bush administration,⁴ the United States intelligence agencies⁵ and the Financial Action Task Force.⁶ Hence, it has remained at the center of attention until present.

The existing literature is far from unanimous regarding its historical origins. On the one hand, some argue that it originates from China, where it was utilized under Tang Dynasty for fund transfer and risk aversion related to the tea trade,⁷ whereupon spreading to the rest of the world.⁸ Others, on the other hand, argue that the IFTS stems from India under the Mughal Empire.⁹ In spite of that, there is no serious dispute over the fact that the IFTS precedes present-day banking systems.¹⁰

¹ Edwina A. Thompson, “An Introduction to the Concept and Origins of Hawala,” *Journal of the History of International Law* 10, no. 1 (2008): 83; Dulce M. Redín, Reyes Calderón, and Ignacio Ferrero, “Exploring the Ethical Dimension of Hawala,” *Journal of Business Ethics* 124, no. 2 (October 2014): 327, <https://doi.org/10.1007/s10551-013-1874-0>.

² Marieke de Goede, “Hawala Discourses and the War on Terrorist Finance,” *Environment and Planning D: Society and Space* 21, no. 5 (October 2003): 515, <https://doi.org/10.1068/d310t>; Samuel Munzele Maimbo, *The Money Exchange Dealers of Kabul: A Study of the Hawala System in Afghanistan* (Washington: The World Bank, 2003), 15; Adil Anwar Daudi, “The Invisible Bank: Regulating the Hawala System in India, Pakistan and the United Arab Emirates,” *Indiana International & Comparative Law Review* 15 (2004): 619–20; for an article published in the wake of the events by Time, see Meenakshi Ganguly, “A Banking System Built for Terrorism,” *Time*, October 5, 2001, <http://content.time.com/time/world/article/0,8599,178227,00.html>.

³ Maryam Razavy, “Hawala: An Underground Haven for Terrorists or Social Phenomenon?,” *Crime, Law and Social Change* 44, no. 3 (October 2005): 277, <https://doi.org/10.1007/s10611-006-9019-3>; Thompson, “An Introduction to the Concept and Origins of Hawala,” 88.

⁴ Maryam Razavy and Kevin D. Haggerty, “Hawala under Scrutiny: Documentation, Surveillance and Trust,” *International Political Sociology* 3, no. 2 (2009): 139.

⁵ Bakhyt Moldatjaevich Nurgaliyev et al., “The Informal Funds Transfer System ‘Hawala’ as a Segment of the Shadow Economy: Social Impact Assessment and Framework for Combating,” *American Journal of Applied Sciences* 12, no. 12 (December 1, 2015): 931, <https://doi.org/10.3844/ajassp.2015.931.937>.

⁶ Maimbo, *The Money Exchange Dealers of Kabul*, 2003; Razavy and Haggerty, “Hawala under Scrutiny,” 142.

⁷ Joseph Wheatley, “Ancient Banking, Modern Crimes: How Hawala Secretly Transfers the Finances of Criminals and Thwarts Existing Laws,” *University of Pennsylvania Journal of International Economic Law* 26, no. 2 (2005): 348; Smriti S. Nakhasi, “Western Unionizing the Hawala: The Privatization of Hawalas and Lender Liability,” *Northwestern Journal of International Law & Business* 27 (2006): 476–77.

⁸ Razavy, “Hawala,” 280–81; Wheatley, “Ancient Banking, Modern Crimes,” 347.

⁹ N.S. Jamwal, “Hawala-the Invisible Financing System of Terrorism,” *Strategic Analysis* 26, no. 2 (April 2002): 182, <https://doi.org/10.1080/09700160208450038>.

¹⁰ Daudi, “The Invisible Bank,” 625; Nakhasi, “Western Unionizing the Hawala,” 476.

In addition, the connection of the IFTS with Islamic law has almost become a stereotype. A myriad of authors asserts that it has been ever-present in Islamic law (*fiqh*) for centuries, with two divergent views on the matter being proffered. First, a number of authors, probably and unsurprisingly because of the similarity of nomenclature between them, have suggested a link between IFTS (i.e., hawala) and *hawāla* (حوالة), which refers to debt assumption in Islamic law. Whereas some have asserted that the latter is “similar to” and “might be the source of” the former,¹¹ others have utterly equalized them; in other words, they have claimed that the IFTS and *hawāla* have the same character and structure.¹² Thompson, for instance, argues that “*Mohammad [sic] himself was familiar with the technique.*”¹³ Second, some authors have deemed the IFTS to correspond to *suftaja* (سفتجة), a legal instrument examined in *fiqh* books.¹⁴ Nevertheless, even though its historical development vis-à-vis India has been scrutinized,¹⁵ the connection of the IFTS with Islamic law has yet to be studied in depth; therefore, all the assumptions about them have hitherto remained somewhat superficial.

In this study, with both views articulated above being challenged, an attempt will be made to discover the connection of the IFTS with Islamic law and to find out whether the IFTS is similar, if not analogous, to *hawāla* and *suftaja*. In doing so, the following questions will also have been answered: Does the IFTS have its origins in, or has it stemmed from, Islamic law? Does it have a nature within Islamic law? Do Islamic legal books elucidate the IFTS? Does the resemblance between the IFTS (hawala) and *hawāla* in terms of nomenclature point that they both operate in the same manner, or are they different from one another notwithstanding this resemblance? Can the IFTS be considered *suftaja* owing to its modus operandi? May there be situations in which the IFTS is not allowable under Islamic law? In elaborating these questions, the definition, modus operandi and use of IFTS will first be dealt with. Later, *hawāla* and *suftaja* will be zeroed in on, with a comparative analysis of the IFTS in reference to them following. Ultimately, a conclusion will be presented based on these analyses. This study can be used to serve not only those who carry out academic research on the origin, spread, utilization, and nature of the IFTS, but also policymakers who seek to comprehend or regulate it and users who avail themselves to it and have thus sustained its functionality.

¹¹ Abdirashid A. Ismail, “Lawlessness and Economic Governance: The Case of Hawala System in Somalia,” *International Journal of Development Issues* 6, no. 2 (May 2007): 170, <https://doi.org/10.1108/14468950710843415>.

¹² Matthias Schramm and Markus Taube, “Evolution and Institutional Foundation of the Hawala Financial System,” *International Review of Financial Analysis* 12, no. 4 (January 2003): 405, [https://doi.org/10.1016/S1057-5219\(03\)00032-2](https://doi.org/10.1016/S1057-5219(03)00032-2); Razavy, “Hawala,” 279, 283; Edwina A. Thompson, “The Nexus of Drug Trafficking and Hawala in Afghanistan,” in *Afghanistan’s Drug Industry: Structure, Functioning, Dynamics, and Implications for Counter-Narcotics Policy*, ed. Doris Buddenburg and William A. Byrd (United Nations Office on Drugs and Crime & The World Bank, 2006), 164; Jonathan G. Ercanbrack, “The Law of Islamic Finance in the United Kingdom: Legal Pluralism and Financial Competition” (Unpublished PhD dissertation, SOAS University of London, 2011), 290; Siti Faridah Abdul Jabbar, “Islamic Financial Institutions: Conduits for Money Laundering?,” *Journal of Money Laundering Control* 23, no. 2 (March 25, 2020): 288–91, <https://doi.org/10.1108/JMLC-09-2019-0074>; for a study seeking to answer to the question of whether the IFTS (which is the equivalent to *hawāla* in their opinion) may be replaced with the use of cryptocurrencies, see Marco Valeri et al., “The Use of Cryptocurrencies for Hawala in the Islamic Finance,” *European Journal of Islamic Finance*, no. Second Special Issue for EJIF Workshop (2020): 1–8.

¹³ Thompson, “An Introduction to the Concept and Origins of Hawala,” 95.

¹⁴ Mahmoud A. El-Gamal, *Islamic Finance: Law, Economics, and Practice* (New York: Cambridge University Press, 2006), 206; Thompson, “An Introduction to the Concept and Origins of Hawala,” 96–97; Redín, Calderón, and Ferrero, “Exploring the Ethical Dimension of Hawala,” 328.

¹⁵ Marina Martin, “Hundi/Hawala: The Problem of Definition,” *Modern Asian Studies* 43, no. 4 (July 2009): 909–37, <https://doi.org/10.1017/S0026749X07003459>.

This study will encompass the four Sunni *madhhabs*: Ḥanafī, Mālikī, Shāfi‘ī, and Ḥanbalī. The reason why all four *madhhabs* will be covered is that the IFTS is a practice prevalent in multifarious locations around the globe, and restricting the study to only one *madhhab* only will cause it to fall short of a thorough analysis. Examining Turkey or the Indian subcontinent without Ḥanafī, Saudi Arabia without Ḥanbalī, or North Africa without Mālikī, for instance, would be nothing but perfunctory.

As for the resources, mostly classical *fiqh* books will be drawn upon for a couple of reasons: (i) they may provide unbiased information since they were penned before the emergence of the IFTS as an academic research area and (ii) they may better reflect the classical Islamic legal thought as they were written before the dawn of modernity which significantly transformed Islamic law. Besides, considering the length of this paper, legal theory will be focalized rather than practice.

In the final analysis, it will be argued that the IFTS can hardly be considered *hawāla* under Islamic law. Put differently, the IFTS may seldom, if ever, be *hawāla* according to Islamic law; instead, it has the characteristic of other contracts and transactions such as agency and surety. Concerning *suftaja*, it will be argued that the IFTS has nothing to do with it, for they differ in both structure and nature. Therefore, the views that the IFTS is tantamount to *hawāla* or *suftaja* are misleading and should be revisited. In short, the IFTS may be deemed neither *hawāla* nor *suftaja* under Islamic law, yet it may take the form of several contracts and transactions depending on miscellaneous factors which shall be detailed throughout the study.

9th Session

“The Role of Fiqh in Islamic Finance”

Bir Finansman Vasıtası Olarak Cuâle ale'l-iktiraz: Karz Bulmak İçin Yapılan Ödül Vaadi

Muhammed Usame Onuş

*Arş. Gör. Dr, Marmara Üniversitesi İlahiyat Fakültesi İslam Hukuku Anabilim Dalı
usameonus@gmail.com*

Genişletilmiş Özet

Yapılması istenen bir iş karşılığında ödül vadetme olarak tanımlanan cuâle mezhepler tarafından farklı kapsamlarla ele alınmıştır. Fıkıh eserleri cuâleyi ağırlıklı olarak âbık kölenin (sahibinden kaçan köle) veya kaybolan bir eşyanın bulunması karşılığında yapılan bir ödül vaadi bağlamında işlemekte, unsur ve şartlarını da bu örnekler üzerine kurgulamaktadır. Hanefiler sadece âbık kölenin bulunması için yapılan cuâleyi geçerli görürken diğer mezhepler belirli şartlar altında farklı durumlarda da cuâle yapılabileceğini belirtmektedir.

Cuâle fıkıh literatüründe genelde icâre ile bağlantılı bir işlem olarak değerlendirilmiş fakat işi yapacak olan kişinin belirli olmaması ve büyük oranda tek taraflı bir tasarruf olarak kabul edilmesi açısından icâreden farklı bir işlem olarak görülmüştür. Buna rağmen Hanefiler cuâleyi sadece âbık köle için kabul etmelerinin sebebini bu tasarrufun icare için şart koşulan unsurları içermemesi olarak açıklamaktadırlar. Zira cuâle, icare için şart koşulan işi yapacak taraf ve işin yapılması için belirlenen sürenin belli olması gibi hususları taşımamaktadır. Dolayısıyla Hanefi mezhebindeki bu görüş cuâle ile icâre arasında sıkı bir ilişki kurulduğunu da göstermektedir. Fakat diğer mezhepler icâre ile olan benzerliğine rağmen cuâlenin farklı bir işlem olduğunu ifade etmiş, şartlarını ona göre belirlemiş ve icâre ile sahih olması mümkün olmayan bazı tasarruflar cuâle ile caiz görülmüştür. Bunlar arasında en dikkat çeken borca ihtiyacı olan birisinin kendisine üçüncü şahıslardan borç bulana belirli bir ödül vaad etmesidir.

Bu çalışmada, literatürde cuâle ale'l-iktiraz (جعلالة على الاقتراض) olarak ifade edilen cuâle türü incelenecektir. Öncelikle dört sünni mezhepte cuâlenin mahiyetine ilişkin yapılan değerlendirmelere kısaca yer verilecek ve ardından borç bulma karşılığında yapılan ödül vaadi anlamındaki cuâlenin geçerliliğine dair görüşler ortaya konacaktır. Ayrıca literatürde bu tür cuâlenin icare ve kefalet gibi farklı işlemler ve kavramlarla olan ilişkisine dair yapılan değerlendirmelere yer verilecek ve bunların cuâle ile olan benzerlik ve farkları tespit edilecektir. Bu yapılırken söz konusu cuâle türünün fıkıh eserlerinin tasnifindeki yeri ve şartları da işlenecektir.

Bu çalışmanın amacı, yerine getirilmesi istenen bir amel için yapılan ödül vaadi olarak bilinen cuâlenin bir borçlanma vasıtası olarak da kullanılabileceğine dair farklı mezheplerde ortaya konan görüşlere yer verip bunları değerlendirmektir. Böylece mezkûr tasarrufun modern dönemde faizsiz finansman yöntemleri arasında değerlendirilmesi ile ilgili imkanların sorgulanmasını sağlamak hedeflenmektedir. Bu bağlamda söz konusu cuâle işleminin geçerli olabilmesi için taşınması gereken şartlar, bu tasarrufun hangi açılardan faizli işlemlerden ayrıldığı ve hangi sınırlar içinde geçerli olduğu şeklindeki sorular araştırmanın temel odak noktasıdır.

Cuâleyi diğer mezheplere göre oldukça dar kapsamlı bir tasarruf olarak değerlendirerek çok sınırlı şartlar altında geçerli kabul eden Hanefiler cuâle ale'l-iktirazı da caiz görmemektedir.

Vaadin bağlayıcılığını, ameli yerine getirmek isteyen muhatap açısından bir mükellefiyet ortaya çıkarmasına bağlayan Mâlikîler, bu görüşlerine paralel olarak karşılığında ödül vaadedilen ameli ortaya koyan kişinin bu süreçte seyahat ve benzeri işleri için harcama yapmak zorunda kalması durumunda mezkûr harcamalar kadar bir bedele hak kazanabileceğini ifade etmişlerdir. Şafiî ve Hanbelîler ise bu tasarrufun Malikîlerin ortaya koyduğu şartlardan bağımsız olarak geçerli olduğunu savunmuştur.

Yukarıda bahsi geçen cuâle türünün bazı akitler ve kavramlarla ilişkisi kurulmuş ve bunlarla olan benzerlik ve farklılıklarına yer verilmiştir. Söz konusu fark ve benzerliklerin işlenmesi aynı zamanda cuâle ale'l-iktiraz ile ilgili şart ve unsurların da ortaya konmasını sağlamaktadır. Bunlar arasında en dikkat çeken kefâlet ve icâre akitleri ile semenü'l-câh (ثمن الجاه) kavramıdır. Cuâle ale'l-iktiraz'da üçüncü şahıslardan borç temin eden kişinin borcun ödenmesinde bir yükümlülüğünün olmaması gerektiği vurgulanarak alacaklı, âmil ve cuâleyi yapan kişi arasında herhangi bir kefalet ilişkisi ihtimal dışı bırakılmıştır. Zira aksi takdirde kefil konumuna gelen âmil bu kefaleti karşılığında ücret almış olacak ve dolayısıyla yapılan tasarruf geçersiz hale gelecektir. Nitekim kefalet için ücret alınması caiz görülmemiş ve kefalet akdini bozucu bir şart olarak değerlendirilmiştir. Fakat icâre ile cuâlenin birbirine daha yakın iki akit olarak değerlendirildiği anlaşılmaktadır. Cuâle için geçerli olan veya olmayan hususlar icâredeki hükümler ile delillendirilerek bu iki işlem arasındaki sıkı ilişkiye dikkat çekilmiştir. Bununla beraber cuâleyi icâreden farklı bir tasarruf haline getiren unsurlara da değinilmiştir. Cuâlede tek taraflı bir tasarrufun söz konusu olması, genelde âmilin belli olmaması ve amel için belirli bir süre belirlenmemesi en fazla öne çıkan farklılıklardır.

Cuâle ale'l-iktiraz ile ilişkili olan kavramlar arasında yer alan ve daha ziyade Malikî kaynaklarda geçen semenü'l-câh genelde “bir şahsın kendi lehine olan bir hakkı elde etmek amacıyla aracı olmasını istediği ve söz konusu hakkın elde edilmesi için itibarını kullanan kişiye verilen bedel” olarak tanımlanmaktadır. Cuâle ale'l-iktiraz'da âmil genelde toplumdaki itibarı sebebiyle talep edilen borcu temin ettiği için cuâlede vaad edilen bedel de semenü'l-câh olarak değerlendirilmiştir. Fakat bu iki kavram arasında kapsam açısından bazı farklılıkların olduğu anlaşılmaktadır. Semenü'l-câh yukarıda zikredilen cuâle türünü içermekle beraber ittifakla caiz kabul edilmeyen rüşvet benzeri bazı tasarrufları da içine almaktadır. Kaldı ki bir tasarruf veya akit anlamını içermeyen semenü'l-câh, sonucu olduğu tasarruftan bağımsız bir hüküm barındırmamaktadır.

Bir Finansman Kaynağı Olarak Karzı Hasen Müessesini Aktif Kalmasının Sağlamsında Hz. Peygamber'in Borç, Borçlu ve Alacaklı'ya Yaklaşımı.

Recep Ertuğay

Öğretim Üyesi, Temel İslam Bilimleri/Hadis Anabilim Dalı

Atatürk Üniversitesi İlahiyat Fakültesi

recep.ertugay@atauni.edu.tr

Genişletilmiş Özet

Borç, geri verilmek üzere faizli ya da faizsiz olarak alınan ödünç para ve eşya anlamına gelmektedir. Fertlerden ailelere ailelerden ülkelere, mikro düzeyden makro düzeye başta finansman ihtiyacı olmak üzere çeşitli sebeplerle müracaat edilen kaynaklardan/uygulamalardan/ekonomik enstrümanlardan birisi de “borç” işlemidir. Günümüzde borç için kaynaklık eden ve aracılık eden kurumların devreye girmesi ile alan genişlemiş ‘çek’, ‘senet’, ‘kambiyo’, ‘kredi’, ‘avans’, ‘bono’, ‘tahvil’, ‘kredi kartı’, ‘bankacılık’ vb. çeşitli uygulamalar vücut bulmuş öyleki problemlerin çözümü ve işlerin sağlıklı yürütülmesi için “Borçlar Hukuku” gibi bir hukuk alanı dahi gelişmiştir. Ulusal ve uluslararası borç/kredi merkezli kuruluşların olması da finans sektöründe borç olayının ciddi bir ağırlığı olduğunu göstermektedir. İslâmi kaynaklarda farklı yönleriyle; “karz”/“borç” ”istikrâz”/“borç istemek”, “iktirâz”/“borç almak” “ikrâz”/“borç vermek”/“mukriz”/“borç veren”, “müstakriz”/“borç isteyen” ve “mukrez”/“borç olarak verilen” olarak isimlendirilen borç işlemleri Kur'an'ı Kerîm de teşvik edilmiş. Aynı doğrultuda gelen hadislerle Hz. Peygamber tarafından da konu teyit edilmiştir. Hz. Peygamber Aleyhi ‘Selam’ın Kurân'ı Kerîm’de “Karz-ı Hasen” olarak isimlendirilen bu müessesenin sağlıklı bir şekilde işlemlerini sağlamıştır. Söz konusu sistemde temel unsur olarak ‘alacaklı’, ‘borçlu’ ve ‘borç’ olmak üzere temel üç ögenin varlığından söz edebiliriz. Bu noktada Allah Rasûlü, borç vermeye teşvik, alacaklıya sabır ve mühlet; verecekli olana sorumluluk ve dikkat içerikli direktiflerde bulunduğu görülmektedir. Alacaklı verecekli arasında meydana gelen tartışmalara bizzat müdahale ederek, borçluların ödeme planı oluşturmaya destek olduğu taraflara çeşitli çözüm kapıları sunduğu sistemi bizzat takip ettiği izlenmektedir. Hem alacaklının hem vereceklinin işini kolaylaştıran yaklaşımı, borçlanana bir nevi kefil olma olarak tarif edebileceğimiz uygulaması ile tarafları güven şemsiyesi altına aldığı “Karz-ı Hasen” yapısının aktif olarak alanda kalmasını sağladığı anlaşılmaktadır.

Günümüzde borç verme işlemi ne derece aktiftir? Ekonomik sıkıntıların çözümünde karşılıksız borç alma/verme seçeneğini işlevsel halde tutmayı başarmak için yapılması gerekenler nelerdir? Bu tebliğde bu sorulara cevap bulma amacı ile önemli bir finansman kaynağı olarak “Karz-ı Hasen” müessesesinin dinamikliğini sağlaması açısından Hz. Peygamber'in borç, borçlu ve alacaklıya yaklaşımı ele alınacaktır. Fert, cemiyet ve ticari hayat açısından borç vermenin faydalarına değinilecek, bu noktada pasif kalmış bir uygulamanın yeniden aktif edilmesine zemin oluşturulmaya çalışılacaktır.

Borçlular, ağır bir yük altındadır. Borçluluk, ibadet ve taatten alıkoyacak, haram ve helal sınırlarını ihlal ettirecek, dilenciliği dahi mazur gösterecek kadar büyük bir yükümlülük olduğu anlaşılmaktadır. Hz. Peygamber'in istiâzede bulanarak dikkat çektiği hususlardan birisinin de borçtan Allah'a sığınmak olduğu görülmektedir. Kişinin şehit olması halinde dahi borçtan muaf olmayacağını beyan için, *"Allah yolunda ölmek, borç dışında her şeye kefarettir olur."*¹ buyurmuştur. Bu minvalde yer alan uyarılar borç sahibini borcuna karşı dikkatli olma ciddi bir tavır takınma borç verme konumunda olanlar açısından da teşvik edici bir özellik taşıdığı görülmektedir. İslâm'ın, faizi yasaklayarak, borçlulara zekâtın masrafı arasında yer vererek ve karzı hasen uygulamasını önererek, borç ve borçlu sorununa etkili bir çözüm getirdiği görülmektedir. Hz. Peygamber'in de sözleri ve uygulamaları ile çözüm yollarını teşvik ederek borç sisteminin dinamik halde kalmasını sağladığı görülmektedir. Rasûlullâh, ashabını yakından takip etmiş, bir taraftan borçların ödenmesini sağlamak suretiyle, bir taraftan da borç vermeyi teşvik ederek, karzı hasen uygulamasını aktif tutmayı başardığı bilinmektedir. Borçluları teselli ettiği ve borçlarını ödemelerinde destek olduğu, borçlu alacaklı arasında borçludan yana tavır sergilediği, ödeme kolaylığı, hatta alacaktan mümkünse vazgeçilmesini talep etme şefkatini sergilediği böylece psikolojik açıdan rahatlatıcı ve iyileştirici bir yaklaşım ortaya koyduğu müşahade edilmektedir. Borç, sorumlu insan için uykularını kaçırarak derecede kişinin hayatını zora sokmaktadır. Borçlu insanın hâlet-i ruhiyesini yakından bilen Hz. Peygamber bu sıkıntı içerisinde kıvranan insanları teselli etmek üzere şöyle buyurur: *"Kim insanların mallarını geri ödeme niyetiyle alırsa Allah onun ödemesini kolaylaştırır. Kim de bir malı tüketip (geri ödememek) niyeti ile alırsa Allah da onu(n malını) telef eder."*² Bu hadis, bir taraftan borcuna karşı gevşek davrananları uyarıp ikaz ederek, alacaklıya güven verirken bir taraftan da borcunda samimi olan insanlara, 'Korkma rahat ol. Niyetin güzel ve gayretin sürekli olduğu müddetçe bu sıkıntıdan Allah'ın yardımı ile halas olacaksın. Elinden geleni yap gerisinden kaygılanma' mesajı verdiği düşünülmektedir. Rivayetlerde ahirete borçlu olarak gidilmesine mani olmak ve borçlanmanın ciddi bir sorumluluk olduğunu vurgulamak için ölen kimselerin borçları ödenmedikçe cenaze namazlarını kılmadığı haberleri yer allamaktadır. İslâm devletinin ekonomik imkânları yeterli bir hâl alınca borçları tekeffül ederek alacak verecek işlerine yönelik resmi bir güvence sistemi oluşturduğu, böylece karzı hasen sistemini yürürlükte kalması için alternatif uygulamalar geliştirdiği anlaşılmaktadır.

Günümüzde karzı hasen işlevsizdir ve aktif edilmeyi beklemektedir.

Anahtar Kelimeler: Sünnet, Karz-ı Hasen, Finansman, Borç, Borçlu, Alacaklı

¹ "...الْقَتْلُ فِي سَبِيلِ اللَّهِ يُكَفِّرُ كُلَّ سَيِّئَةٍ إِلَّا الدَّيْنَ..." Müslim, İmâre, 120.

² Buhârî, İstikraz, 2; İbn Mâce, Sadakât, 11.

Vadeli Satışlarda Ödemenin Gecikmesi Durumundaki Uygulamalar ve Enflasyon Farkı Meselesi

Osman Eminler

Dr., Müsiad Sakarya Şubesi

Salih Ülev

Dr. Öğr. Üyesi, Sakarya Üniversitesi Siyasal Bilgiler Fakültesi

Genişletilmiş Özet

Halk arasında veresiye satış olarak da bilinen vadeli satış kavramı, bir malın satış bedelinin kısmen veya tamamen akitten ve satılan malın teslim vaktinden sonra ödenecek şekilde satılmasını ifade etmektedir (Fikriyat, 2019). Bu tanıma ek olarak vadeli satışlarda ortaya çıkan vade farkı kavramı fıkıhta “herhangi bir mal veya hizmetin peşin satış fiyatı ile vadeli satış fiyatı arasında fark” diye tarif edilir. Bir malın peşin ve vadeli fiyatları arasındaki fark, kendi başına bir hukuki işlem olmayıp bir hukuki işlemin başlangıcında –mesela satım akdi için- tarafların irade beyanlarını iki veya daha fazla ihtimal üzerine ortaya koymaları ve bunun neticesinde peşin ve vadeli fiyat arasında bir farkın meydana gelmesidir (Özdirek, 2012).

Son yıllarda teknolojinin hızla gelişmesi birçok unsuru etkilediği gibi ticaretin yapılış süreçlerini de etkilemiştir. Krediye ulaşma kolaylığı, kredi kartı kullanımının yaygınlaşması vb. gelişmeler, ticaret hayatındaki vadeli satışları (veresiye satış) azaltsa da halen belli bir oranda kredi kartı kullanmaksızın vadeli satış yapılmaktadır. Ticaretin belirli bir kısmında hâkim olan vadeli satış, enflasyonun yüksek olduğu dönemlerde İslami hassasiyeti olan kesimlerde uygulama açısından bir takım soru işaretlerini barındırmaktadır. Enflasyonist dönemlerde, vadeli olarak satılan malın vade tarihinde aynı parasal tutarda ödenmesi durumunda ticaret erbabı zarar görmektedir. Borçlunun ödeme yaptığı tarihte aynı parasal tutarı mı, ödeme tarihindeki malın fiyatını mı yoksa vade tarihi ile fiili ödeme tarihi arasındaki tarihteki enflasyon farkını mı ödeyeceği soru işaretlerine neden olmaktadır. Bu nedenle, hem alıcı hem de satıcının zulme uğramayacağı bir uygulamanın vaki olup olmadığını tespit etmek önem arz etmektedir. Bu çalışmada ticaret erbabının yaptığı vadeli satışlarda, vade tarihinde ödenmeyen alacakları tahsil ederken nasıl bir uygulama yaptığı tespit edilecek ve bu uygulamaların fıkhi olarak uygunluğu değerlendirilerek öneriler getirilecektir.

Bu çalışmada nitel araştırma yöntemlerinden fenomenolojik yaklaşım benimsenmiştir (Yıldırım ve Şimşek, 2013:75). Fenomenolojik araştırma, kişilerin bir fenomen ile ilgili yaşamış deneyimlerini tanımlamakta, kişilerin bu fenomenle ilgili deneyimlerinin ortak özelliklerine odaklanmaktadır. Fenomonolojik çalışmada, fenomenle ilgili yaşamış

deneyimi olan kişilerden veri toplanarak bu kişilerin deneyimlerinin özünü tanımlayan bütüncül bir betimleme yapılmaya çalışılmaktadır. Yapılan bu betimlemede kişilerin neyi, nasıl deneyimledikleri ortaya çıkarılır. Fenomonolojide fenomeni bütün yönleriyle tecrübe etmiş bir grup kişi ile çalışılmaktadır (Creswell, 2018, ss. 77–79).

Araştırmamızda iş adamlarının vadeli satış uygulamaları bizim fenomenimiz olarak belirlenmiştir. Bu bağlamda iş adamlarının ne oranda vadeli satış yaptıkları, vadeli satış yaparken müşteri ile nasıl bir anlaşma yaptıklarını, vadeli satışlarda müşterinin gecikmesi durumunda nasıl bir uygulama yaptıkları tespit edilmeye çalışılmıştır. Ayrıca esnafların kendi aralarındaki borç alışverişlerinde de gecikme olması durumunda enflasyon farkı, altına veya dövizle endeksleme gibi farklı uygulama yapıp yapmadıkları tespit edilmiştir. Araştırmanın çalışma grubunu Sakarya’da ticari faaliyette bulunan MÜSİAD üyesi 12 iş adamı oluşturmaktadır. Çalışma grubunda toptan, perakende ve her iki türlü satış yapan iş adamları bulunmaktadır.

Araştırma sonucunda iş adamlarının vadeli satışlarında gecikme yaşanması durumunda çoğunlukla satım bedeli üzerine bir ekleme yapmadıkları, aynı tutarda parayı tahsil ettikleri görülmüştür. Kendileri zarara uğrasalar dahi satım tarihinde belirlenen bedelin üzerine bir ekleme yapmanın dinen şüpheli olmasından dolayı tercih etmedikleri tespit edilmiştir. İş adamlarının kendi aralarındaki borç alışverişlerinde de genellikle enflasyon farkını talep etmedikleri, bunu kendi arkadaşlarına bir yardım olarak gördükleri söylenebilir. Kendi aralarındaki borç alışverişlerinde uzun süre gecikme yaşandığında ise kimi zaman altına endeksleme uygulamasına gittikleri görüşmüştür. İş adamlarının vurguladıkları hususlardan biri de ticari işlemlerde uymaları gereken İslami prensipler konusunda kendilerine yeterince bilginin aktarılamadığıdır. Kendilerinin vadeli satışlar, enflasyon farkı, endeksleme, kredi kartı kullanımı gibi konulardaki uygulamalarının İslami olarak doğru olup olmadığı konusunda kesin bir bilgiye sahip olmadıklarını ifade etmekle birlikte, konunun çözümüne yönelik fıkhi hükümlerin topluma yayılması konusunda da ciddi bir eksiklik olduğunu vurgulamışlardır.

10th Session

“Fintech and Islamic Financial Markets”

Islamic versus Conventional ETFs and Digital Currencies: Evidence from Portfolio Diversification

AbdelKader EL ALAOUI

Assoc. Prof., Rabat Business School, UIR, Morocco

abdelkader.elAlaoui@uir.ac.ma

Abstract

The advent of new financial products has aroused the interest of the global investment community, which has begun to consider such financial instruments in the goal of achieving optimal portfolios. Cryptocurrencies are one of these assets. Nonetheless, the Exchange-traded funds (ETFs) are regarded as one of the most beneficial additions to a portfolio in terms of hedging risk with intrinsic value by providing much-needed diversification. Inspired by recent work in the field, this research investigates the effects of ETFs on overall performance, risk and return profile of diversified portfolios consisting of all 3 asset classes and combinations between them. Conventional ETFs were from a different region of the world and exploring their Islamic equivalent. The seven most liquid digital currencies were considered and were eligible to have enough data and a proper study over time.

Our approach, based on different strategies with combined portfolios from Islamic ETFs conventional ETFs and digital currencies demonstrates a certain benefit by reducing volatility and showing more resistance to the shocks that can occur on the digital currencies even if it comes with a lesser return, while the benefit from the digital currencies is higher returns and better performance. Also, the results show that digital currencies have better resistance to shocks when combined with the ETFs overall. This has interesting policy implications for investors, regulators and the large population. Further studies should be done since digital currencies are relatively new, and we will have more data in the future to have a better overview of the situation.

Keywords: Islamic finance; Cryptocurrencies: Bitcoin, Ethereum, and Litecoin; Portfolio diversification; Portfolio strategies; Islamic capital markets, ETFs Conventional and Islamic

Factors Influencing Intention to Use Islamic E-payment System in the Post COVID-19 Era

Kamel Mouloudj

University of Medea, Algeria, kmouloudj@yahoo.fr

Ahmed Chemseddine Bouarar

University of Medea, Algeria, shemseddine26000@gmail.com

Asma Makhoul

University of Medea, Algeria, tds.asma@gmail.com

Extended Abstract

Background

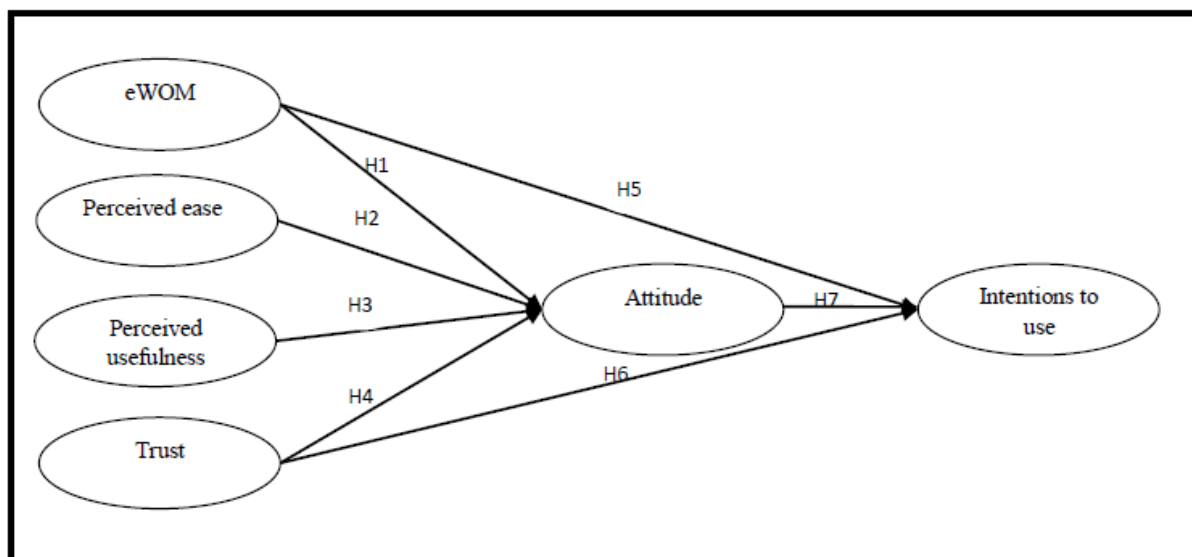
As we all know, Islam is a total way of life. All aspects of a Muslim's life are governed by Sharia (Islamic Law). Its system of laws permeates social, economic, political and cultural life. Sharia comes from a combination of sources including two primary sources, namely the Qur'an (the holy book of Islam) and the Hadith (sayings of the Prophet Muhammad and his deeds), also three secondary sources, namely Ijmā (scholarly consensus), Qiyas (reasoning by strict analogy), and Ijtihad (progressive reasoning by analogy). Islamic economy, favors the manufacture of products and the provision of services that decreases poverty and establishes equality in allocating wealth among different categories of a society (Sarea, 2020, p.263).

In other hand, technology is the major story in business today, plain and simple (Westerman, Bonnet, & McAfee, 2014). The Internet-based digital or electronic business (e-business) is considered as one of the most significant information technology innovations over the last decade (Geoffrion & Krishnan, 2003). Reis, Amorim, Melão, & Matos (2018, p.411) state in their literature review that “the society as a whole is facing a fast and radical change due to the maturation of digital technologies and their ubiquitous penetration of all markets”. Recently, firms in almost all sectors have taken numerous steps in exploring new digital technologies and taking advantages of their merits (Matt, Hess, & Benlian, 2015). The current technological evolution helps us to access to more information more easily and promptly, computing capacity, communication and connectivity, in addition to providing new forms of collaboration between different networks and actors (Pereira et al., 2020). More specifically, electronic payment has become rife in the last years due to the growth of electronic trade and fierce competition. Islamic electronic payment confers customers avoiding conventional banks transaction and services the accessibility to conduct financial transactions promptly and efficiently, and it expands Islamic banks opportunities and increase profits. In the light of the existentialist health crisis the world

is witnessing, COVID-19 crisis increased the wide spread adoption of electronic payment systems.

This research seeks to answer the following questions: (1) Does the Electronic Word-of-Mouth (EWOM), perceived ease of use, perceived usefulness, and trust affects attitudes towards use Islamic e-payment system? And (2) Does the EWOM, attitudes, and trust affects intentions to use Islamic e-payment system? Therefore, the objectives of this paper were to: (1) determine the influence of EWOM, perceived usefulness and perceived ease of use, and trust on attitudes towards use Islamic e-payment system; (2) determine the influence of EWOM, attitude towards e-payment, and trust on intention to use Islamic e-payment system; (3) develop and validate model that integrating theory of planned behavior (TPB) and technology acceptance model (TAM); and (4) answer calls of some researchers who called for future studies to consider the e-payment system adoption. The remainder of this research is organized as follows. Section 2 provides the literature review, constructs, and hypotheses. Section 3 describes the research methodology employed. Section 4 provides the results. Section 5 presents the conclusion.

Fig. 1 Research model



Research Methodology

The target population consisted of the potential e-payments customers living in seven Algerian provinces (Algiers, Medea, Blida, Tipaza, Boumerdes, Bouira, and Setif). The questionnaire was originally constructed in English and then translated into Arabic and French by two experts. A pilot test was applied on a representative sample of 30 existing conventional banks customers' to make sure questions were clear and understandable. The pilot test results reveal that our research instrument is intelligible and can effectively serve the purpose of collecting the sample data. The participants were to be selected following a convenience sampling

approach. The data is gathered in between February 5th to May 15th, 2021. A total of 320 questionnaires were distributed among the respondents of which 212 were usable. A multiple regression analysis was used to test the hypotheses.

Findings

The results indicate that the EWOM, perceived usefulness and perceived ease of use, and trust has a positive and significant influence on attitudes towards use Islamic e-payment system. Also, results show that EWOM, attitudes towards use Islamic e-payment, and trust has a positive and significant influence on intentions to use Islamic e-payment system.

Originality/value

This is the first paper that addresses the intention to use Islamic e-payment in Algeria. Furthermore, this paper integrates TPB and TAM in the context of developing Islamic country.

Keywords: *Algeria, customers, Islamic financial technology, TPB, TAM.*

Islamic finance and Anchoring Heuristic Bias: An Analysis to Gulf Islamic Stock Markets

Mustapha Chaffai

Department of Finance, High Business School, University of Sfax, Tunisia.

chafai.mustapha@yahoo.fr

Imed Medhioub

Department of Finance and Investment, College of Economics and Administrative Sciences,

Imam Muhammad Ibn Saud Islamic University (IMSIU), Saudi Arabia.

ahmathiob@imamu.edu.sa

Abstract

Inefficiency in the stock markets and deviations from the right decision explained by behavioral heuristic and cognitive biases of investors, give rise to the development of the literature on behavioral finance that assumes that investors are irrational in their decision-making and thus contribute to the loss of confidence in the assumption of market efficiency for investors. Investors making deviations from efficiency attempt to correct their decisions by taking new decisions based on their predictions. To forecast future equity returns, we need information on stock performance in previous periods. However, extraneous factors play an important role in investment decisions and choice of the stocks. Based on first impressions and the latest market news, investors and analysts need to make predictions to estimate the future probability of a company, to make decisions, even at the level of global markets. These decisions encountered by high uncertainty can be right or wrong and the anchoring bias can occur. In other way, initial perceptions affect future decisions.

Anchoring is related with adjustments of investors in the market from which they base their ideas and decision making on initial information and after that they make changes over time to this initial point. These changes are essentially driven by this starting point. Therefore, anchoring describes the cases in which investors choose starting information to fix a specific target, known as anchor, and subsequently they try to adjust this starting information to choose an acceptable value that can be reached over time. These adjustments are inadequate and still too close to the original anchor, which can make a problem when the anchor is very different from the true answer. When the initial information, the anchor, deviates from the true value, anchoring and adjustments shown to produce erroneous results.

On the other side, many studies highlighted the role of financial analysts in taking future decisions. Being in the buy- side or in the sell-side, analysts play an important role and they are considered as the principal actor of anchoring bias. Meanwhile, they represent the link between

investors and market information sources. They based their decisions on forecasts which are frequently different to the actual value but they attempt always to be as close as possible to the reality.

This study explores the importance of the 52-week high price in the Islamic GCC stock market returns. We study the anchoring bias of Muslim investors and the important role of the 52-week high price strategy in predicting future returns in the Islamic GCC stock market returns based on new information. For doing this, we have collected data of Islamic GCC companies listed on all sectors of Islamic GCC stock market. Two methods are employed in this paper. The first, interested to the stock price behavior and by using linear regression models, empirical results show that 52-week high price indicator can be considered as a good anchor which used for the prediction of future returns based on new information. The second analysis is interested to anchoring bias in analysts' forecasts. By using variables related to earning per share (EPS) and EPS forecast we conclude that analysts on the GCC market make biased estimates and they tend to anchor to the historical and industry norms. We obtain a negative impact of POSITIVE variable on error forecast indicating then that analysts are more pessimistic.

Keywords: Behavioral finance, GCC Islamic stock market, anchoring bias, 52-week high price, Muslim investors.

11th Session

“Sukuk”

Logistic Regression Analysis in Revealing Probability of Indonesian Muslim Community's Understanding About Cash Waqf Linked Sukuk (Cwls)

Dwi Retno Widiyanti

Lecturer, Universitas Brawijaya

dr_wdy@yahoo.com

Abstract

The role of waqf as the third sector income in the economy is expected to improve the economy, through increasing public welfare, accelerating economic development and strengthening the stability of the national financial system. Cash Waqf Linked Sukuk (CWLS) is one of the innovative fiscal instruments through Islamic Financial Institutions in Indonesia that uses waqf funds as a sukuk investment. The collection of waqf funds is still experiencing obstacles such a lack of understanding of the Muslim community on the concept of the importance of CWLS. This study conducted a survey of 151 potential Indonesian Muslim respondents consisting of civil servants, entrepreneurs, academics, and households. By using logistic regression analysis, it is expected to produce findings related to factors that affect the level of understanding of the Muslim community regarding cash waqf linked sukuk (CWLS). Based on the results of the analysis with a significance tolerance level of 0.05%, it was concluded that formal education, income, and age had a statistically significant effect on the level of understanding of CWLS. Based on the log of odds value, the younger respondents with the higher income and the higher formal education has more probability to have understanding on CWLS. It can be concluded that in order to increase the collection of waqf funds for the CWLS program, the government can target the younger generation who have high income and education.

Keywords: Cash Waqf Linked Sukuk (CWLS), Probability of Muslim Community Understanding

The Impact of Sukuk Market Development on The Profitability of Conventional and Islamic Banks

Jiddiyah Amali

University of Indonesia, jiddiyah.amali@ui.ac.id

Rofikoh Rokhim

University of Indonesia

Extended Abstract

Introduction

The sukuk market has grown beyond expectations, and it has successfully attracted global investment from Europe and North America. Current Islamic financial research still focuses on comparing conventional banks and Islamic banks. With the popularity of sukuk, both Muslim and non-Muslim countries are competing to become Islamic financial hubs. Non-Muslim countries that have begun to issue sukuk include Japan, Singapore, Luxembourg, Hong Kong, South Africa, and the United Kingdom. The USA began issuing sukuk in 2016 through University Bank. The spread of sukuk in various countries has transformed it into a well-established instrument. Along with its development, there are challenges associated with the sukuk market. Previous study found that the development of sukuk depends on the nature of the credit market and whether it is bank-oriented or market-oriented.

Despite sukuk being the second-largest financial asset in the Islamic finance industry, there is not much empirical literature on its role and impact. This situation has led researchers to investigate the impact of sukuk market development on the profitability of banks overall, how it explicitly affects conventional and Islamic banks, and identifies the differences in the impact of sukuk development on banks in countries with Muslim or non-Muslim majority populations. The research sample consisted of data for 2014-2017 concerning 406 banks from 15 countries, including Bahrain, Indonesia, Britain, Germany, Jordan, Kuwait, Malaysia, Oman, Pakistan, Qatar, Saudi Arabia, Senegal, Sudan, Turkey, and the United Arab Emirates.

Methods

This study uses a sample of banks from around the world with the four criteria, including conventional or Islamic banks in a country that issues sukuk, islamic banks must be separate from conventional banks and stand independently, banks that are located in countries that adopt a dual banking system, and conventional or Islamic banks that have complete and specific data on Orbis Bank Focus and Thomson Reuters databases for the years 2013 to 2017.

The research methodology used is a panel data, which consists of bank-level information and time-series information. Thus, two econometric problems can arise, the unobservable heterogeneity and the endogeneity of explanatory variables. The problem of heterogeneity that cannot be observed refers to the specific time-invariant features of each bank. This research uses the two-step system generalised method of moment (GMM). According to Windmeijer (2005), the results of the GMM two-step system estimator are better in terms of efficiency, because it improves standard errors and corrects heteroscedasticity problems, adjusts to a small

number of samples, and uses orthogonal deviation. With the GMM two-step system method, there are two steps of testing, the Sargan-Hansen test and the Arellano-Bond test.

The impact will be described based on the type of bank, country, and type of sukuk. This research divided the sukuk development into international issued and domestic issued. In the type of bank, the sample data set is divided into whole banks, conventional banks (CB), and Islamic banks. Bank performance is measured by net interest margin (NIM). From the robustness check results using return on assets (ROA), the impact of sukuk market development on bank performance has proven robust. Meanwhile, for the Islamic country classification in this research is refers to the membership of Organization of the Islamic Cooperation.

Results

Sukuk market development leads to declining profitability of banks overall and Islamic banks, but it does not significantly affect conventional banks. Also, there are differences in the impact of the sukuk market development on bank profitability in Muslim and non-Muslim countries. In countries with a majority Muslim population, it significantly influences the decline in bank profitability, whereas, in non-Muslim countries, it does not have a significant effect.

There is also a difference in the impact of international sukuk market development in countries that issue both types of sukuk compared to those that only issue international sukuk. The development of international sukuk market leads to declines in profitability in countries that issue both types of sukuk. Meanwhile, in countries that only issue international sukuk, it has a positive influence on profitability. This result is because many banks issue international sukuk to obtain cheaper funds and distribute them to domestic borrowers. This finding supports Song and Thakor (2010), who said that through better mitigation of financial friction from the markets, banks benefit more from the presence of financial markets because they provide cheap funding.

This research provides recommendations for regulators to formulate proper policies that can make a significant contribution to maintaining financial stability. Regulators must tighten the supervision of parties that issue bonds, and those that issue both bonds and sukuk to avoid over-supply and the possibility of default on debt securities in the financial markets. Through this research, banking practitioners can implement the best strategy from the existing sukuk development conditions to maintain stability and improve performance.

What Drives Return of Sukuk in the Long and Short Terms?: Evidence From Indonesian Sovereign Retail Sukuk

Firsty Izzata Bella

Universitas Airlangga, Surabaya, firsty.izzata.bella19@feb.unair.ac.id

Fitria Idham Chalid

Universitas Airlangga, Surabaya, fitria.idham.chalid-2019@feb.unair.ac.id

Sulistya Rusgianto

Universitas Airlangga, Surabaya, sulistya@feb.unair.ac.id

Abstract

This study aims to determine the effect of liquidity, inflation, and interest rates on the return of State Retail Sukuk (SUKRI) both in the short term and in the long term. Sampling in this study used a purposive sampling method by considering that the maturity of the series is the most recent and can be obtained in the secondary market and the data sources obtained from the monthly statistical reports of the Indonesia Stock Exchange (idx.go.id), the official website of Bank Indonesia (bi.go.id), as well as through a special request to The Indonesia Capital Market Institute (TICMI). Analysis of the data used in this study is a time series, namely research that is measured over a certain period of time. The period data used was in March 2017 on the grounds that the 009 Retail Sukuk as the object of this study were published in that month and ended in March 2020. The method used in this study is ARDL-ECM after going through the stationarity test and cointegration test. The results show that in the long term only the BI rate variable has a significant positive effect on Sukuk Returns, while in the short term only the Liquidity variable has a significant effect on Sukuk Returns. On the other hand, the inflation variable is known to have no significant effect on the Sukuk Returns in the long and short term. This research can be a reference for investors to make decisions in choosing SUKRI as their investment portfolio, as well as a consideration for the government in regulating risk management policies and determining the results offered to SUKRI which will be issued for subsequent series.

Keywords: Yield Sukuk, Liquidity, Inflation, BI rate, ARDL-ECM

Sukuk as A Tool for Financing Infrastructural Development in Nigeria

Nour Latrach

National School of Computer Science, University of Manouba, Manouba, Tunisia

nour.latrach@ensi-uma.tn

Extended Abstract

Over the years, Sukuk is seen as one of the alternatives for raising finance beyond conventional finance in many developed and developing Muslim and non-Muslim countries. Among the most notable countries to change their laws and allow Sukuk to be issued in their financial markets are Nigeria, Morocco, and South Africa in Africa, France, and the United Kingdom in Europe, Kazakhstan in Central Asia, and Brunei in East Asia. Economically, it is widely acknowledged that infrastructure development is one of the key drivers of the economic growth and development of a country. Islamic finance is attracting increasing attention as a potential way to help mitigate the institutional barriers and promote financial development in Sub-Saharan Africa. Islamic finance is still in its infancy stage in Africa. Egypt and Sudan have established markets, but few initiatives have emerged in North, East, or West African countries. Islamic financial products accounted for about 15 percent of total financial assets in Sub Saharan Africa at the end of 2014, and Sukuk represented 5 percent of the region's Islamic financial assets. The region accounts for only 1 percent of global Islamic finance assets. Sukuk are financial instruments similar to bonds and also shares that are compliant with Islamic law. This conception is widely accepted by many scholars by focusing their attention on the role of infrastructural development in creating employment opportunities, poverty reduction, social and economic benefits as well as serving as a tool for a better standard of living. Infrastructure development is one of the vital elements in achieving the goals of the country's development. When infrastructure and other public facilities are available, basic human needs can be met accurately. Financing infrastructure has been the main concern of many countries and there is very little foreign direct investment in developing nations for many reasons. The fundamental reason is that these countries lack physical, technological infrastructure, telecom, and quality of human resources (HR) is also lower in Nigeria. To develop educational institutions and infrastructure, huge sums are required which many nations may not fit into their budget. Infrastructure is key to the proper functioning of an economy, promoting economic growth and alleviating poverty. Estimates on infrastructure investment need to show that most countries will face huge financing gaps. These nations apply for loans from international institutions which are expensive with many attached conditions. The coronavirus pandemic has severely

affected Nigeria and has led to a massive decline in its oil revenue and opening the door for more challenges in infrastructural development in the country. The decline in oil revenue has forced the Federal Government to allocate fewer funds to state governments and this is proving to be a serious challenge to the governments to maintain and meet their capital development needs. With limited revenue and the challenges to fill the gap of public spending on infrastructure with the rising demand Sukuk under the leadership of Project Bond Initiative (PBI) is seen as a tool of innovative financial instrument for commercially feasible projects and to achieve sustainable development. The paper aims to examine the role played by Sukuk as a tool for financing infrastructural development in Nigeria. It seeks to answer the question of is potential for Sukuk Islamic finance in financing infrastructure development projects in Nigeria? What are the prospects and challenges facing infrastructure financing using Sukuk Islamic finance in Nigeria? The paper also looks at conceptual papers relating to Sukuk and the prominent roles they played as an alternative to finance and investment in different countries. The primary and secondary sources of data will be used to conduct this research. A random sampling technique will be used to utilize information from respondents in this study for a sample of 200. The research findings are expected to be based on the relevance of Sukuk in Nigeria's development especially on its quest to achieve sustainable development and to ensure that even with the dwindling economy, Sukuk can serve as a vital tool for infrastructural development. The findings are also expected to educate Nigerians and provide a room for better understanding of the role of Sukuk in financing projects and how Islamic finance helps countries with less revenue without relying on conventional banks. Additionally, this study will be of significance to the government because it will expose the opportunity for other government institutions and policymakers to find a better way of finding the cheaper source of financing developmental projects. It will also help the government to meet up its financial challenges ranging within the financing of large infrastructural projects, and also provide the window to which the government can cease to utilize this opportunity of finding finance that is very cheap in this modern financial system.

Keywords: Sukuk, Nigeria, Financial System, Infrastructure

12th Session

“Takaful and Waqf”

The Development of Insurance and Takaful Travel Products: A Comparative Analysis

Asmak Ab Rahman

*Department of Shariah and Economics Academy of Islamic Studies, Universiti Malaya
asmak@um.edu.my*

Raihan Binti Nasir

*Department of Shariah and Economics Academy of Islamic Studies, Universiti Malaya
reyhannasier92@gmail.com*

Abstract

Background of the Study

It has been more than three decades since Malaysia adopted an Islamic and conventional approach as a dual financial system, yet travel insurance and travel Takaful streamline still continue to have a significant gap, particularly in terms of the product offered and risk diversification covered. Malaysian travellers normally purchase travel protection plans prior to departure as a precaution against mishaps along the way. Solo and group travellers who frequently travelling usually subscribed to one-off monthly or yearly plans.

In purchasing protection plans, subscribers are usually influenced by perceived easiness in purchasing, a specific type of coverage and price. Malaysian travellers rely on travel agents, insurance agents, airlines, bank credit cards, websites and over-the-counter purchases to obtain primary resources and to make purchases. Through these channels, detailed information about risk and claim is able to be discussed with and informed by parties who are able to determine the appropriate coverage for the travellers, thus make it easier for them to purchase it.

Travel Takaful and travel insurance provide financial aid for specific risks that might happen during traveling, particularly in personal accident, flight inconvenience, medical assistance, emergency medical evacuation and personal liabilities as their main coverage plan. This is due to the claim that is frequently made along the journey such as emergency medical treatment, surgical procedures, medical repatriation, flight inconvenience, baggage delay and document loss. On the other hand, travel risks also vary according to the travellers' condition, particularly for at-risk groups such as senior citizens, pregnant women, pilgrims, those with pre-existing medical conditions and trips involved in sports activities. Subscribers need to add-ons additional coverage for special risks such as sport activities, weather, extensions period of coverage, *Badal Hajj* and *Qurban*. As a result, some travel insurance and Takaful operators are specialised in covering this unique risk as their business niche.

The price offered for travel coverage depends on their destination, risky group, travel activities and pre-existing medical condition. Price is considered based on country stability in terms of economics, political and short or long haul travel hours. On top of that, people who purchase family and group travel insurance and Takaful have very low premium payments and the coverage is also high. This is definitely different from those who purchase the individual plan.

However, the travel Takaful plans available in Malaysia have extremely limited options for Muslim travellers, prompting them to purchase travel insurance, which is not permissible

under *Shari'a* principles. Travel Takaful in Malaysia consists of only four operators with 11 coverage plans. Muslim travellers can only choose within these limited plans that have limited amount coverage in order to get protected with financial aid and at the same time obeying the *Shari'a* law. However, the speciality of travel Takaful is that it has coverage for *Qurban*, *Badal haji* and pilgrims with a high amount of coverage, which distinguishes it as an exclusive policy in Malaysia.

Thus, this paper will focus on the conceptual and comparative analysis between and travel Takaful in order to develop a firm understanding of the difference between this dual protection plan and the importance to get protected during the journey.

Purpose

The purpose of this study is to compare the development of travel insurance and travel Takaful in Malaysia in terms of product offered and coverage provided.

Research questions

Does Takaful operator and insurance company in Malaysia offer similar coverage protection for travelling risk?

Design/methodology/approach

The main data for this study are travel Takaful and travel insurance product offered in Malaysia. The brochures and product disclosure sheets (PDS) of each product have been analysed qualitatively using thematic approach.

Findings

According to the study, there are only 11 travel Takaful plans available provided by four travel Takaful operators, compared to 56 travel insurance plans available provided by 17 travel insurance operators as of August 2021, indicating a significant gap between the two protection plans. Additional travel Takaful specialities include *Qurban*, *badal haji* and *umrah* for pilgrimage, all of which entice subscribers to purchase Takaful coverage. Besides that, although there are many ways to purchase Takaful, a study discovered that travel agents have a poor understanding of which travel protection plan the traveller should subscribe to. This could result in an unclaimed event if an accident occurs. Furthermore, the study discovered that only two travel insurance and Takaful operators use guarantee letters to ensure that the insurer will cover treatment costs immediately, while the remainder use reimbursement and credit card payment methods for claim settlement. Lastly, some travel insurance and Takaful operators have added new coverage for flight cancellation and hospital admission as a consequence of Covid-19.

Originality/value

The study contributes to the body of knowledge in Takaful by presenting a comparative analysis of travel Takaful and travel insurance which can show the development of the products offered by both industry. It will become a significant reference especially Muslim travellers in their decision to subscribe travel Takaful.

Keywords: Travel Takaful, Travel Insurance, Travel Risk, General Takaful, Trip Coverage

Waqf Management based on Islamic Mass Organization: Case Study of Muhammadiyah Indonesia

Mukhlis Rahmanto

Department of Sharia Economics, Faculty of Islamic Studies,

Universitas Muhammadiyah Yogyakarta, Indonesia

mukhlisindunisi@gmail.com

Abstract

This article aims to describe waqf governance and management in an Islamic mass organization that has certain challenges and opportunities to compare with other waqf agencies such as state and non mass foundation. This organization is Muhammadiyah as second largest Islamic mass organization in Indonesia which has millions of members nationwide, operates thousands of educational institutions ranging from high schools to universities, hospitals, orphanages and Islamic finance institutions throughout the country. The main research question are: How does Muhammadiyah govern and manage the waqf properties? What are the challenges and opportunities to compare with other waqf agencies in pursuing the goal of socioeconomic development? Primary data is collected through interviews with Muhammadiyah waqf management and two information management system of waqf asset that belong to Muhammadiyah (SIMAM) and Ministry of Religious Affairs Indonesia (SIWAK). Expectantly this study will benefit in the growth of waqf properties in case of Islamic mass organization for socioeconomic development of umma. One of the expected findings is that the waqf management form of Muhammadiyah centralises within the body of Majelis Wakaf dan Kehartabendaan (Board of waqf and properties) which is functioning as registration and supervision that also means all waqf properties recorded as one ownership namely the Central Board of Muhammadiyah, yet the real management is delegated and decentralized to the bottom structure -provincial and regional board- within the body of social business units known as Amal Usaha. In addition, the complexity of Muhammadiyah waqf management is relatively the same with the state based awqaf management that face the problem related to bureaucracy.

Keywords: Islamic mass organization, waqf management, information management system of waqf asset

New Frontiers: Technological Innovation/Fintechs and Sustainable Development- Impact of Digital Technologies/Platforms on Takaful Industry

Sibgath Ulla Khan

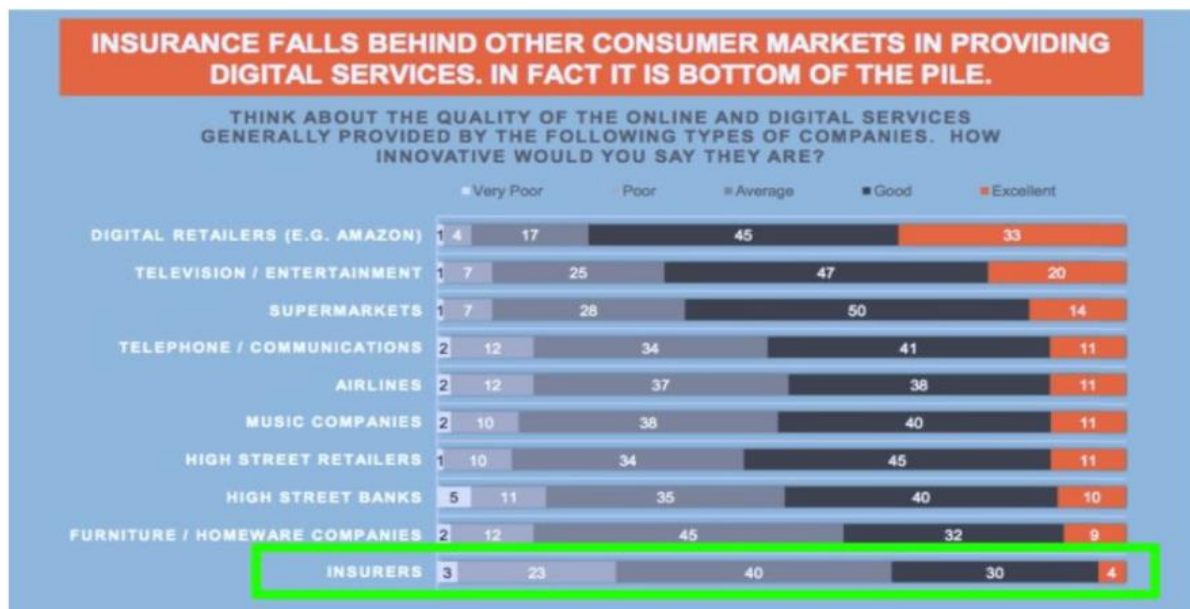
Associate Director, Cognizant Technologies, Saudi Arabia, PhD Student at INCEIF,
impactfin75@gmail.com

Extended Abstract

Background of the Topic

Takaful is rapidly gaining momentum, particularly in the Asia Pacific and the GCC region, owing to a large Muslim population. Muslims currently account for a fifth of the total global population and these levels are expected to further increase in the future. In 2018, the value of Takaful assets worldwide amounted to 46 billion U.S. dollars while the top 3 markets of Saudi, Iran and Malaysia had assets worth 37 billion USD. The fastest growing markets worldwide were Maldives, Pakistan and Brunei (Statista, n.d.)¹.

There has been very little innovation in the Takaful industry in the last decade and its simply mimicking the conventional insurance industry. Even the insurance industry is at the bottom of the list when it comes to providing digital services as can be evidenced from the figure below (Cicero Research, UK Fig 2: Research shows Insurers are bottom of the list in the eyes of UK consumers when it comes to digital, n.d.)².



Covid-19 forced every industry to speed up their Digitalization efforts to survive in a world which rapidly moved towards a contact less operation and a virtual model. This along with the 4th industrial revolution (Big Data, AI/ML etc.) and the rapidly changing customer expectations

¹ <https://www.statista.com/statistics/1090916/worldwide-value-of-takaful-assets-by-country/>

² Cicero Research, UK Fig 2: Research shows Insurers are bottom of the list in the eyes of UK consumers when it comes to digital

forced the industry to embark on a journey towards a new digital and flexible normal – areas where very few insurers/Takaful companies can claim success/expertise even to this day.

The penetration of conventional insurance is relatively low in affluent Muslim regions like the GCC and OIC countries³ (world penetration ratio is 6% vs around 2% in GCC countries). As a result, Takaful is perceived as a key instrument to raise insurance awareness and has huge opportunity in these countries. Factors such as an ethical investment policy, strong growth prospects and price competitiveness, make Takaful a strong business proposition.

Gaps in current research

There is very little research on impact of Digital technologies and platforms with specific focus on the Takaful industry. For the purpose of this study we focus on how digital technologies/platforms impact 3 Key metrics - 2 business metrics (New business revenue and NPS) and 1 efficiency metric (Cost of Claims).

1. New business revenue impacts the topline.
2. Improvement in NPS/Customer Experience can lead to customer intimacy and customer loyalty.
3. Reduced cost of claims impacts the bottom line

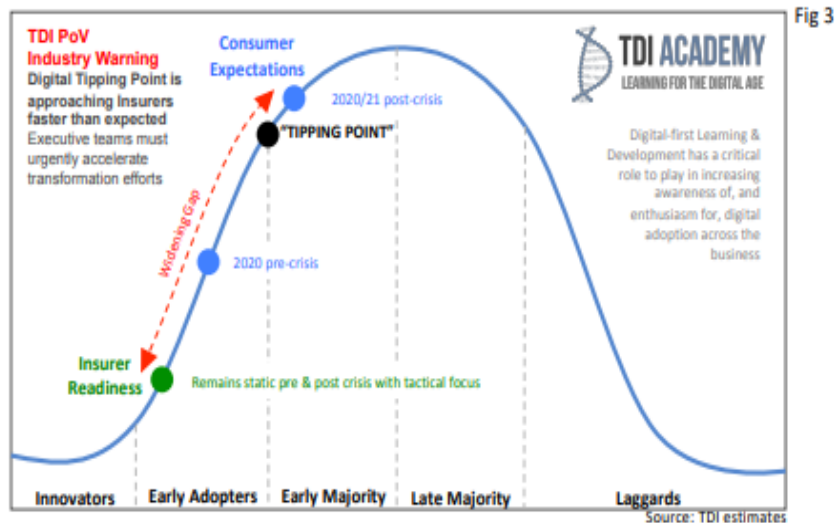
A combination of these can give a holistic view of the impact of Digital Platforms on Takaful business.

Why the study is important & timely

Takaful industry is at tipping point where consumers are demanding best in class services like the ones offered by Uber, Booking.com, Airbnb etc. With the proliferation of Internet, smartphones and 5G the expectation of consumers is at an all-time high. Furthermore, Covid-19 and the 4th Industrial revolution have altered the business landscape with customers expecting contact less Digital services with world class customer experience at a very competitive price. There is a widening gap between the consumers' digital expectations and Takaful operators' readiness to meet their needs as illustrated in the figure below.

³ Islamic Finance in Saudi Arabia – Leading the way to Vision 2030- Report by IRTI, ISDB-2020

The widening gap between consumers' digital expectations, and insurers' readiness to meet their needs



Digital tipping point is approaching Takaful companies faster than expected⁴ and companies that will survive and thrive in the future will be the ones which can meet these consumers digital expectations and deliver world class customer experience while ensuring product innovation at the same time. Platform businesses help companies scale with very little incremental cost while enabling rapid innovation.

Research objective

The key research objectives of this study are

1. To research existing Digital Platforms in the Takaful industry (if any) and
2. To research Digitalization efforts of incumbent Takaful companies.

Research Methodology

Given the nature of the topic the focus will be on Qualitative research as the objectives are exploratory in nature. Focus of data gathering is from some of the top companies in the General Takaful space (Motor, Health, Personal Accident Insurance). A combination of Primary research, Secondary and exploratory research is being used to identify data, analyze responses and arrive at possible solutions. Expert interviews are being conducted from some of the top Takaful companies to understand the current Takaful Process and impact on Customer experience. Technology experts are consulted to understand the trends, key requirements, challenges in order to enable the key objectives of this research.

Additionally, review of published reports like World Insurance report 2020, Fintech Notes from World bank and detailed review of other research reports by IRTI and published reports by leading institutions like The Digital Insurer(TDI) will form key inputs for this research.

Tentative/Expected Findings

At the end of this study we aim to discuss

⁴ The Digital Insurer (TDI) – Digital Tipping point- https://www.the-digital-insurer.com/tdi_pov_papers/tdi-pov-industry-warning-digital-tipping-point-is-approaching-insurers-faster-than-expected/

- i. Key areas of focus for implementing a Digital Platform
- ii. Collaboration between Fintechs and Digital Takaful companies
- iii. Role of government and regulators and
- iv. How Big data could be a source of Non-linear disruption

This research would lead to the development of a feasible Digital Takaful platform model for the Takaful industry to adopt resulting in greater innovation, higher revenue generation, increased customer satisfaction and lower cost of claims. It would go a long way in ensuring sustainable development while enabling greater innovation in an industry that has been trying to play catch-up with its conventional insurance counterparts.

13th Session

“Islamic Social Finance”

Integrated Islamic Financial Technology for Halal Value Chain in Indonesia: A Conceptual Paper

Erika Takidah

Faculty of Economics Universitas Negeri Jakarta Indonesia

erikatakidah@unj.ac.id

Salina Kassim

IIUM Institute of Islamic Banking and Finance, International Islamic University Malaysia

Abstract

The paper aims to uncover the issues encountered on Islamic fintech products to develop halal value chains in Indonesia. The issue of the halal value chain is not only focused on large industries but also micro, small and medium enterprises. This conceptual paper methodology is based on literature reviews from journal articles, these proceedings and conferences, books and online news related to the keywords and research area. Islamic fintech business models such as using peer to peer lending, crowdfunding, payments, insurance (takaful), and blockchain is the latest product from Islamic fintech that will support the halal value chain, especially in Indonesia. The issue of the halal value chain in Indonesia also involves policymakers, starting from halal certification, halal traceability, and shariah-compliant products and supply chains. The need to develop a halal value chain is tremendous, considering that Indonesia has the most significant demand for halal consumption globally. Further research, both empirical and non-empirical, must be done to uncover more issues relating to Islamic fintech and the halal value chain. Plus, the study only covers the role of Islamic fintech for the halal value chain and identifies the types of the halal supply chain in detail.

Background

This paper aims to provide a new point of view regarding the halal value chain. Porter (1985) has created a value chain concept that is used as a value chain guide in the world. Halal value chain is the development of the value chain concept which will certainly have a huge impact on the halal industry in the world. Many scholars have researched the halal value chain but are still very focused on the halal industry. For instance, Halal Risk (Tieman, 2017), halal supply chain (Haleem, Khan, & Khan, 2020) and halal logistics (Hashom, Ariffin, Sabar, & Ahmad, 2020). institution. On the other hand, the development of financial innovation through fintech is growing very rapidly. Likewise, the development of Islamic finance that adopted technology so that Islamic fintech was born. With a very new business model that is fast, accountable and transparent, it is hoped that it can help the development of the halal value chain.

Therefore, this paper was written to integrate the financial side and the halal industry to build a healthy ecosystem. Besides that, the strength of Indonesia's micro, small and medium industries currently control 80% of the food and beverage sector, which means that the need for halal assurance is enormous. This potential will continue to grow considering that Indonesia is a country with the most seasonal consumers in the world.

Aims of the paper

This paper aims to provide an overview and solutions for developing the halal value chain in Indonesia. Islamic fintech with a very innovative business model is expected to strengthen the halal value chain in Indonesia. Of course, this paper is projected to make a real contribution to realizing the strengthening of the halal industry in Indonesia to make Indonesia the largest halal hub in the world 2024.

Research Questions

- How to integrate the business model of Islamic fintech within the framework of the halal value chain?
- How to adopt the halal value chain concept for the halal industry in Indonesia?

Methodology

The methodology applied in this paper is to collect literature related to Islamic fintech and the halal value chain. Marek (2015) , states that developing a conceptual paper needs complete literature to support the research. After the documents are collected, it is started to separate several internal and external factors that influence this research topic. The following steps to develop recommendations (see figure 1) include reflective, analysis, integration, and further analysis to get the most appropriate model to build recommendations for practice.

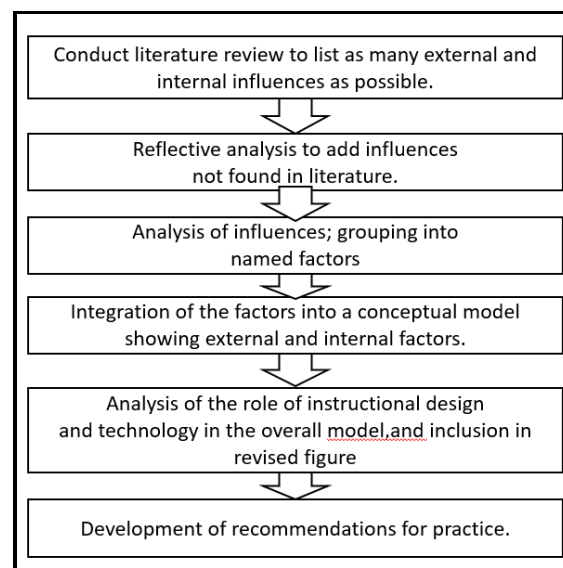


Figure 1. Methodology of conceptual paper

Source: Marek (2015)

Concepts Developed

This concept was built to integrate Islamic fintech, business models. Which consists of crowdfunding to collect investors, peer to peer (P2P) lending for financing, Takaful technology (takatech) for insurance guarantees and Islamic fintech payments for payment transactions. Islamic fintech will support the realization of a Halal value chain starting with inbound to outbound so that this halal guarantee will reach the customer (see figure 2).

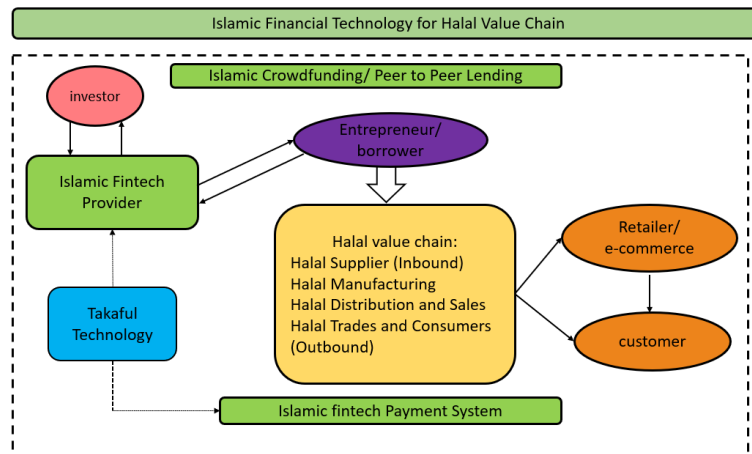


Figure 2. Conceptual framework

Keywords: Islamic Fintech, Halal, Halal Value Chain, Micro Small Medium Enterprise

The Use of Zakat in The Pandemic Response: The Case of Islamic Relief and Baznas in Indonesia

Altea Pericoli

*PhD Candidate, Catholic University of the Sacred Heart, Italy - Durham University Business
School, UK
altea.pericoli@hotmail.com*

Abstract

The core principles of Islam lay great emphasis on social justice, inclusion, and sharing of resources between the haves and the have nots. Islamic finance addresses the issue of "financial inclusion" or "access to finance" from two directions - one through promoting risk-sharing contracts that provide a viable alternative to conventional debt-based financing, and the other **through specific instruments of redistribution of the wealth among the society** (Mohieldin et al., 2011). These instruments, such as zakat, sadaqa and waqf, can offer a comprehensive approach for eradicating poverty and could fill the gap of humanitarian financing. In 2016, the High-Level Panel of the United Nations Secretary-General on Humanitarian Financing (HLP) published a report *Too important to fail addressing the humanitarian financing gap*, which formed the basis for the Grand Bargain negotiations in early 2016. It contained recommendations under three pillars:

- Shrinking needs by bringing development financing into crisis situations; it also referenced reducing conflict but did not make specific recommendations.
- Broadening the resource base, including bringing in new donors and the private sector.
- A Grand Bargain on efficiency in which donors would provide more and better-quality funding with a reduced reporting burden in exchange for aid agency reforms around localisation, transparency, participation and needs assessment, among others.

Regarding the second point, Islamic social financing instruments are pointed out as key tools to enhance. However, there has not yet been a revolution in attracting more funding from the traditional Islamic social finance modalities of zakat and waqf towards the international humanitarian system; and in developing new structures and partnerships with Islamic funders. Some UN agencies already receive zakat contributions – for example UNHCR has a Refugee Zakat Fund for individuals to donate their zakat towards UNHCR activities in eight target countries. This amounted to \$43 million in contributions in 2019, its first year of operation (UNHCR, 2020), but is a tiny proportion of its budget and the billions of zakat given annually. Questions remain over how comfortable those who make such contributions are with directing it towards global agencies rather than local or national charities (Willitts-King and Spencer, 2021). In this regard, looking at national initiatives or civil society faith-based organizations is useful to understand how zakat and waqf could be managed and enhanced by state and non-state Muslim actors and if best practices emerge from those cases.

Emergency created by the spread of the pandemic has provoked a mobilization of funds from different donors and actors across the world. Islamic tools, such as zakat or waqf, represent

resources that have been deployed for responding to the needs of vulnerable communities. This study considers and compares two organizations: **Islamic Relief UK and Badan Amil Zakat National (BAZNAS) in Indonesia**.

Research Objective

The research goal is to compare different approaches in managing Islamic social financing instruments, such as zakat and waqf, implemented by governmental and non-governmental organizations. To achieve this, this study takes into account BAZNAS in Indonesia and Islamic Relief Worldwide. Moreover, this research has also the aim to identify a shift in the resources allocation and management of zakat by Islamic Relief UK and BAZNAS in a time of Covid-19.

The Indonesian context represents the attempt to include zakat practice in the national effort to promote social justice and address poverty. According to some studies (Andiani 2018; Al Arif 2012; Al Anshory 2020), integrating zakat in the national fiscal system could have a positive impact on the eradication of poverty and stabilization of income. Instead, the non-governmental and civil society organizations' approach results untied from the national and political logic but follows their ideological strategy in collecting and investing zakat. Both of these two actors have improved their capacities to unlock zakat potentials for the pandemic response, re-modelling collection and redistribution of funds.

Methodology

Regarding the methodology, the study is based on qualitative and quantitative data and interviews conducted with these two institutions. Interviews are built on common criteria in order to collect and compare data:

- Resources and funds employed for financing projects.
- Sectors of projects financed and implemented before and after Covid-19 crisis.
- Strategy and values of the two organizations.
- Level of collaborations with Muslim and non-Muslim NGOs and other international organizations.
- Methods of collection and distribution of zakat.
- Changes in programming during the Covid-19 crisis (impact, collecting methods, effectiveness in response, targeted communities).

Keywords: Zakat, Waqf, Islamic relief, BAZNAS, Covid-19 response

Islamic Microfinance Institution (MFI) Performance in Indonesia: A Critical Survey of Literature

Murat Yaş

Marmara University, Turkey

murat.yas@marmara.edu.tr

Extended Abstract

Introduction

Microfinance institutions (MFIs) are the main actor in financial inclusion and poverty alleviation in Indonesia. In two decades, there has been notable growth in MFI literature, yet there is a limited number of studies investigating the literature on MFI performance in Indonesia. This study considers more than 80 research papers to undertake a critical survey of the literature on the performance of Islamic MFIs in Indonesia. The aim is to provide an understanding of the literature, identify key issues and challenges, and explore best practices for improving MFI performance in Indonesia. Our survey reveals that (a) linkage programs (b) IT infrastructure and innovation (c) microprudential regulations and supervision (d) cost efficiency have become major determinants of MFI performance in Indonesia. Lack of data availability and a wide range of MFI practices are crucial challenges for MFI research in Indonesia.

Determinants of MFI Performance in Indonesia

a. Linkage programs

Many researchers showed an important role of linkage programs in the performance of Islamic MFIs since the early years of their activities. Seibel and Dwi Agung (2006) highlighted that Permodalan Nasional Madani (PNM) put more emphasis on the human resource development of Islamic MFI in cooperation with PINBUK and ABSINDO. Rusydiana and Devi (2013) also argued that Islamic MFIs need to strengthen coordination with PINBUK in organizing training for Islamic MFIs' employees and managers. Adnan et al. (2003) conducted questionnaires and interviews with 47 Islamic MFIs and found 43 of them have good cooperation with other institutions, particularly with PINBUK and Dompot Dhuafa.

One of the most crucial functions of the linkage programs is the extension of financing to micro and small businesses. Unlike Islamic commercial and rural banks (BPRSs), Islamic MFIs are likely to know micro and small enterprises in rural and remote areas better than commercial banks. Moreover, many Islamic MFIs have remarkable expertise and experience in providing financial services to micro-entrepreneurs. Thus, a linkage program represents a win-win investment for all parties involved. In turn, Islamic MFIs that lack funds will be greatly helped by linkage programs enabling them to channel financing to micro and small enterprises (Hamada, 2010; Rusydiana & Devi, 2013; Sutiyo, Pitono, Raharjanto, & Sinaga, 2020). Fitriasari (2019) collected qualitative information by conducting in-depth interviews to investigate the impact of linkage programs on the performance of Islamic MFIs and found that linkage program funds have an essential role to improve the performance of Islamic MFI.

b. IT Infrastructure and Innovation

Recently, many qualitative and quantitative studies showed that Islamic MFIs have inadequate management information systems infrastructures and it negatively affects their financial performance (Hosen & Sa'roni, 2012; Iswanaji, 2019; Rusydiana & Devi, 2013). Many studies show that launching IT initiatives such as mobile banking, automated teller machines (ATMs), and digitalizing operational activities can reduce operating costs, attract more members and improve the performance of Islamic MFIs (Ledgerwood & White, 2006; Mukhtar, 2014).

Most Islamic MFIs still rely on manual paper-based systems to record the history of financial transactions (Hadisumarto & Ismail, 2009; Yeow, Chuen, Tan, & Chia, 2018). Iswanaji (2019) used samples of 100 Islamic MFIs in Indonesia and found that the use of accounting information systems by Islamic MFIs positively affects the services of Islamic microfinance institutions, both individual accountants and organizations. Nevertheless, it takes long hours for field officers to enter all the paper-based transactions into standalone computer systems and increases the operating costs of Islamic MFIs.

c. Microprudential Regulations and Supervision

Currently, Islamic MFIs are subjected to the same regulation and supervisory policies as other non-financial cooperatives. Many scholars argue that the lack of tighter regulation and supervision for financial activities of Islamic MFIs has been a key challenge for their performance (Widiyanto & Ismail, 2009). Moreover, several studies claim that a large number of Islamic MFIs are already dormant or technically bankrupt due to lax controls of MoCMSME on Islamic MFIs (Seibel, 2015). There was an increasing number of controversies surrounding Islamic MFIs in recent years. Many people have raised the question of whether Islamic MFIs have led to greater exploitation of the poor (Effendi, 2013; Sandberg, 2012). Several economists highlighted the need for a system of prudential regulation, mandatory auditing, and effective supervision by an appropriate financial authority rather than MoCMSME (Seibel, 2015).

d. Cost Efficiency

Islamic MFI services are often very costly. This is also reflected in the high mark-up or profit rates that Islamic MFIs charge members. The high cost is related to several underlying reasons, such as labor costs, transportation costs, fixed asset costs, and funding costs. Today, it is well documented that there is a positive relationship between cost efficiency and Islamic MFIs' financial performance (Maulana & Akbar, 2019; Mawardi, 2005; Wulandari & Kassim, 2016). Therefore, it is important to discuss what factors can drive cost efficiency in detail to improve Islamic MFIs' financial performance.

In terms of efficiency, Islamic MFIs in Indonesia have difficulty in managing two categories of pressure: cost and revenue pressures. Thus, either members of Islamic MFIs absorb them by higher cost of financing or Islamic MFIs improve efficiency through the operational processes to reduce costs (Yeow et al., 2018). Many Islamic MFIs undergo high operating costs for providing financial services to the unbanked poor in remote and rural areas. The cost of transportation, search costs to reach the poor, staff shortage, and low frequency of meetings often end up with low asset quality and cost inefficiency for Islamic MFIs (Effendi & Utami, 2016; Perdana & Maxwell, 2005).

Notes on Data and Methodology

Although there are thousands of Islamic MFIs implementing distinguished microfinance practices, the number of research on Islamic MFIs' performance remained still limited. Moreover, few studies on this topic have been published in high-rank journals by reputable researchers despite the high growth rate of publications on poverty alleviation and microfinance practices in the world. Limited data availability and distinguished microfinance practices are important challenges for conducting empirical research on MFIs in Indonesia.

Conclusions

In this study, we explore that the literature so far suggests that linkage programs, cost efficiency, IT infrastructure, and innovation of Islamic MFIs have a significant association with their performance. Therefore, MFIs, governments, regulatory and supervisory bodies, partners of MFIs such as NGOs, commercial and rural banks must pay special attention to each of these to improve the performance of Islamic MFIs. There are several challenges in the data and methodology of Islamic MFIs research in Indonesia. Therefore, Islamic MFIs, OJK, MoCMSMEs, and Microfinance Associations such as ABSINDO and Perhimpunan Islamic MFI Indonesia can play a crucial role to facilitate academic research on Islamic MFIs through collecting and sharing a wide range of data on MFIs in Indonesia as well as sponsoring MFI research.

14th Session

“Islamic Economic Development”

Küresel Kalkınmanın Sorunları: İslami ve Katolik Eleştirel Yaklaşımların Karşılaştırması

İsa Yılmaz

Dr. Öğr. Üyesi, Siyasal Bilgiler Fakültesi, İktisat Bölümü, İstanbul Medeniyet Üniversitesi

isayilmaz88@gmail.com

Genişletilmiş Özet

İktisadi kalkınma küresel ölçekte yüksek refah, ilerleme ve maddi gelişmenin vazgeçilmez bir şartı olarak kabul edilir. Farklı ekonomik seviyelere sahip olan ülkelerin özellikle son iki yüzyıldır gelişmekte olan ve gelişmiş ülkeler gibi kalkınma ekseninde bir tasnife tabi tutulması kavramın nasıl merkezi bir önemi olduğunu gözler önüne sermektedir. Ülkelerin yerel ekonomi politikaları farklı toplumsal ve kültürel şartları da göz önüne alarak geliştirilse de nihayetinde evrensel olarak kabul gören, içeriği Dünya Bankası (WB) ve Uluslararası Para Fonu (IMF) gibi uluslararası kurumlar tarafından savaş sonrası dönemde belirlenen ve sürekli güncellenen, Avrupa menşeli olması nedeniyle etno-merkezci bir iktisadi kalkınma anlayışı tüm ekonomileri aynı hedef doğrultusunda bir araya getirmekte ve yarıştırmaktadır.

Bu tutum özellikle Aydınlanma sonrası Batıda yaşanan sosyal ve iktisadi gelişmeler düşünüldüğünde oldukça anlamlıdır. Zira aynı zamanda kilisenin egemenliğini de yıkan bir gelişme olarak tüm metafizik anlatıları reddeden ve bilimsel bilginin nihai ve tek kabul edilebilir bilgi olmasını şart koşan seküler dünya görüşünün Avrupa ülkeleri için sunduğu kalkınma modeli o bölgenin kültürel ve tarihsel bağlamına bir cevap üretmeyi amaçlamaktadır. Ancak, tarihsel süreç içerisinde Batıdaki iktisadi ve toplumsal gelişmeleri yaşamayan toplumlar için iktisadi kalkınma ve maddi ilerleme farklı bir anlam ihtiva etmesi gerekirdi. Halbuki, küreselleşen dünyada insan iyiliği ve toplumsal refaha dair tüm sorunların hâkim kalkınma ideolojisi etrafında ele alınması küresel kalkınma sorunlarını ne Batıda ne de toplumsal olarak farklı bir formasyona sahip olan diğer toplumlarda ortadan kaldırmıştır.

21. yüzyılın ilk yarısında küresel toplum eşitsizlikler, gelir adaletsizliği, işsizlik, yoksulluk, terör, siyasi istikrarsızlığa dayalı göç hareketlerinin yarattığı sosyal ve psikolojik yıkımlar, çevre tahribatı, iklim değişiklikleri gibi temel pek çok sorunla karşı karşıyadır. Bu sorunlar ve daha fazlası için Birleşmiş Milletler tarafından Sürdürülebilir Kalkınma Hedefleri (SDGs) geliştirilmiştir. Bu hedefler daha adil bir küresel sistem yaratmak üzere tasarlanmış olmayı vadederken coğrafya, kültür, tarih ve toplum gibi farklılıkları gözetken bir çeşitlilik ve zenginliğe sahip olmadığı için hâkim kalkınma söylemi ve politikalarının çerçevesinin dışına çıkamamıştır.

Küresel ekonomi politikalarının kalkınma başlığı altında ele alınan konulara dair kalıcı bir çözüm sunmada yetersiz olması karşısında her ülkenin sahip olduğu kültürel ve toplumsal farklılığı gözeten, tarihsel ve coğrafi etkenleri dikkate alan, merkezi ve standart olmayan, evrensellik iddiası barındırmayan alternatif kalkınma teorileri ortaya çıkmaya başlamıştır. Bu teoriler arasında özellikle İslami değerler ışığında geliştirilen kalkınma söylemi sömürge sonrası dönemde daha sık dile getirilmeye başlanmıştır. Zira, sömürge döneminde Müslüman toplumların yaşadığı maddi geri kalmışlığın sebebi Avrupamerkezci kalkınma politikalarına dayandırılmaktadır. Modern dönemde İslam iktisadı çalışmalarını ortaya çıkaran en önemli hususlardan biri, bu anlamda, İslami bir iktisadi kalkınma alternatifi oluşturma gayesidir.

İslam iktisadı çalışmalarına dair yapılan ilk çalışmalar üzerinden yaklaşık seksen yıl geçmesine rağmen İslam iktisadı küresel kalkınma sorunlarına dair alternatif bir yaklaşım geliştirebilse de farklı bir paradigmadan beslenen bir kalkınma söylemi oluşturma hususunda oldukça sınırlı kalmıştır. Batının kalkınmacılığı bir fetiş haline getirmesi karşısında iktisadi kalkınmayı maddi ilerlemeden bağımsızlaştıran ve sermaye birikimini de kalkınmanın ön koşulu olarak tanımlamayan değer temelli bir alternatif paradigma günümüzde İslam iktisadının öncelikli hedeflerinden olmalıdır. Bunun karşısında mevcut çalışmalar sanayileşmeyle birlikte sermaye birikimine dayalı yüksek refah üretimini sağlamayı hedefleyen Weberyen bir kalkınma teorisini bir yönüyle sürdürmektedir. Bu yüzden Müslüman ülkelerde birikimciliğin ötesinde sermayeden bağımsızlaşan bir iktisadi kalkınma önerisi oldukça yavaş gelişmektedir. Böyle olunca, mevcut küresel sorunlara karşı sunulan yaklaşımlar bir tür eklektizm ve taklitçilik barındırmaktadır.

Finansal Yeniliğin Ekonomik Büyüme ve Sürdürülebilir Kalkınma ile İlişkisi: Eleştirel Bir Yaklaşım

Erhan Akkaş

Öğretim Görevlisi, Ağrı İbrahim Çeçen Üniversitesi

Misafir Araştırmacı, Durham Üniversitesi

Genişletilmiş Özet

Kalkınma çalışmaları, ekonomik büyümeyi hızlandırmak için ekonominin merkezinde yer alan finansal sektörün iyileştirilmesinin gerekli olduğunu ortaya koymaktadır (Demetriades ve Adrianova, 2004). Öncelikle, reel sektörün yenilik ve teknolojik ilerlemeye yönelik teşvikleriyle finansal kalkınmanın ekonomik büyümeye yol açtığı ileri sürülmektedir. Schumpeter (1911), finansal sistemin, firmalara ve girişimcilere ekonomik büyümeyi teşvik eden fonlar sağlayarak finansal yeniliklere yardımcı olduğunu belirtmektedir (Jalil ve Ma, 2008). Ayrıca, içsel büyüme teorisi bakış açısından finansal sistem, yatırım kararlarında, teknolojik süreçte ve yenilikte önemli bir rol oynamakta ve bu nedenle uzun vadede ekonomik büyümeye olumlu katkıda bulunmaktadır (Demirguc-Kunt 2006; Cihak vd., 2012; Levine 1998).

Postmodern zamanlarda, bazı teorisyenler, finansal gelişimin teknolojik, finansal yenilikleri ve yatırım fırsatlarını iyileştirmede rolü olduğunu de belirtmişlerdir (Bhattacharya ve Subramanian, 2003: 925). Ayrıca, finansal kalkınmanın sermaye birikimi ve teknolojik değişim yoluyla ekonomik büyümeye yol açması beklenmektedir (Levine, 1998). Böylece güçlü bir finansal sistemin, girişimcilerin inovasyonu sağlamasına destek vereceği düşünülmektedir. Bu nedenle, finansal kurumlar, rekabette öncü olmak için finansal pazarda yeni ürünler ve süreçler sunmak amacıyla yeni teknolojiler ve yenilikler finanse etmeye odaklanmıştır (Thiel, 2001). Bu doğrultuda, finansal sistemde finansal yeniliklerin önemini kabul edenlerin (Faulhaber ve Baumol, 1988; Merton, 1990; 1992) temel görüşü, finansal sistemin modernleşen çağda artan müşteri talebini karşılamak ve teknolojiye ayak uydurmak için yenilikçi teknolojiler uygulaması gerektirdiği ve aynı zamanda finansman inovasyonunun nasıl ekonomik büyümeye yol açabileceğine dayanmaktadır (Akhavain, 2001; Merton, 1990). Ancak, burada sorulması gereken asıl soru bu finansal kurumların ülke refahına ve kalkınmasına ne derece etkisi olacaktır. Tam olarak bu aşamada İslami finans uygulamaları ve sürdürülebilir kalkınma hedefleri çerçevesinde finansal yeniliklerin adaptasyonu önem arz etmektedir. Dolayısıyla, modern iktisadın finansal sistem ve ekonomik büyüme yaklaşımı kalkınma ve refah sağlayacak sürdürülebilir bir ekonomiyi destekleyen İslam ekonomisi bağlamında değerlendirmek yerinde olacaktır.

Bu çalışmanın diğer odak noktası ise finansal yenilikler ile Sürdürülebilir Kalkınma Hedefleri (SDGs) gibi uluslararası organizasyonlar tarafından yürütülen merkezi kalkınmacı yaklaşımlarla ilişkisidir. Son dönemlerde işsizlik, gelir dağılımı adaletsizliği, iklim değişiklikleri, yoksulluk ve sosyal adaletsizlik gibi sorunlar nedeniyle sürdürülebilir kalkınmanın önemi vurgulanmaktadır. Ancak, sürdürülebilir kalkınma politikalarının sosyal formasyonu dikkate almayan ve merkezi politikaların farklı toplumlara benzer şekilde uygulanması alternatif çözüm arayışlarını gerekli kılmıştır. Örneğin, İslami bakış açısı bir

alternatif sunarak, bu dünyada ve ahirette bireysel *felah* (kurtuluş) elde etmek, bireysel felahın ötesine geçmek ve birbirine bağlı ve birbirine bağımlı doğal ve sosyal dünyamız aracılığıyla nihai bir amaç olarak *ihsan* (ihsan) tesis etmekle ilgilenir. Dolayısıyla, İslami bakış açısında insan ve insan refahı merkezi noktadadır. 2002 yılında Cidde’de düzenlenen sürdürülebilir kalkınma konusundaki bildirgede yoksulluk, borç, ekonomik ve sosyal koşulların bozulması, nüfus artışı arasındaki dengesizlik ve bölgesel çatışmalar gibi meselelerinin yanı sıra mevcut doğal kaynak önemi, teknik yeteneklerin yetersizliği, çevre yönetiminde uzmanlık ve beceri eksikliği gibi sorunlara da dikkat çekilmiştir. Dolayısıyla bildirgede ekonomik çıkarımların yanı sıra sosyal ve çevresel konuların da yer aldığını söylemek mümkündür. Bu koşullar altında, İslam’da sürdürülebilir kalkınmanın temel hedeflerinden biri kalkınmanın merkezinde olan beşeri sermayenin gelişimidir.

Bu çalışma, ekonomik büyümeyi destekleyen finansal yenilikler yaklaşımını ve sürdürülebilir kalkınma hedefleri doğrultusunda kalkınma odaklı yaklaşımı incelemeyi hedeflemektedir. Bu bağlamda çalışmada, İslam iktisadının kalkınmaya yönelik bu iki yaklaşımdan farkı tartışılarak özcü bir kalkınma teorisi ele alınacaktır. Her iki yaklaşımda da uluslararası organizasyonların yukarıdan aşağıya dışsal baskılarıyla merkezci bir büyüme ve kalkınma anlayışı tüm topluma ve kurumlara benzer şekilde toplumların oluşumu dikkate alınmadan uygulanmaktadır. Böylece büyümeci ya da kalkınmacı bu yaklaşımlar diğer toplumları öz değerlerin uzaklaştırarak merkezci bir büyüme ve kalkınmacı anlayış neticesinde yukarıdan aşağı empoze edilen kurallar bütünlüğüne yakınlılaştırarak homojen bir büyüme ve kalkınma anlayışı oluşturmaktadır. Ancak böyle bir anlayış farklı sosyal oluşuma sahip toplumlarda farklı neticelere sebebiyet verebilir. Bu durumda sürdürülebilir kalkınma hedefleri gibi uluslararası organizasyonlar tarafından oluşturulan merkezci kalkınma önerilerine yönelik alternatif kalkınma yaklaşımlarını tartışmak önem arz etmektedir. Buradan yola çıkarak, bu çalışma küresel finansal yeniliklerin ekonomik büyümeyi etkilediğini, ancak bu tür neoliberal büyüme politikalarının kalkınma açısından yetersiz olduğunu iddia etmektedir. Ayrıca bu çalışma, sürdürülebilir kalkınma modellerinin büyümeci yaklaşıma nazaran daha adil bir toplum inşa etme çabasının olduğunu, ancak homojen bir kalkınma modeli sunmasının farklı sosyal oluşuma sahip toplumlarda farklı sonuçlar oluşturmaya neden olduğunu iddia etmektedir. Dolayısıyla bu çalışma, neoliberal politikaların kapitalist saiklerine ve uluslararası organizasyonlar tarafından yukarıdan aşağı empoze edilen politikalara uygun bir finansal yenilik yerine bu yeniliklerin alternatif özcü bir kalkınma modeline yönelik oluşturulmasını tartışacaktır. Bu tartışmalar da İslam İşbirliği Teşkilatı (İİT) üyesi ülkeler üzerinden ele alınacaktır. Böylece mevcut finansal gelişimin bu ülkelerin ekonomik büyümesini ve kalkınmasını ne yönde etkilediği ve bu gelişimin İslami bir kalkınma modeli için yeterli olup olmadığı ikincil verilere dayanılarak tartışılacaktır. Özetle bu çalışma, finansal yeniliklerin ekonomik büyüme odaklı ve uluslararası organizasyonlar tarafından inşa edilen kalkınma anlayışına yönelik olmasından ziyade alternatif bir kalkınmacı anlayışa yönelik geliştirilmesi, İslami kalkınma modeli çerçevesinde ve İİT ülkeleri üzerinden tartışılacaktır.

İslam Ekonomisi Açısından Fayda Maliyet Analizine Dair Bir Değerlendirme

Harun Şencal

Dr. Öğr. Üyesi, İstanbul 29 Mayıs Üniversitesi

harun.sencal@gmail.com

Genişletilmiş Özet

Geleneksel iktisat doktrininin en temel kabullerinden biri bireylerin karar verme sürecinde rasyonel tercihler yaptığıdır. Rasyonel seçim teorisine göre, maliyetleri aynı olduğu takdirde bir kişi her zaman daha fazla faydayı sağlayan seçeneği tercih eder. Öte yandan, davranışsal iktisat alanında yapılan son zamanlardaki çalışmalar bu ideal resmin her zaman doğru olmayabileceğini, bireylerin daha ziyade tahmin edilebilir rasyonel olmayan davranışlar sergileyebileceğini göstermektedir. Buradaki “rasyonel olmayan” davranış, ana akım iktisadın varsaydığı rasyonel davranış kalıplarının dışında hareket etmek demektir. Ana akımın bu rasyonel birey tanımı evrensellik iddiasındadır. Bireylerin sergiledikleri öngörülebilir irrasyonel davranışlar bu kuralın istisnasını oluşturmaktadır.

Bu tür evrensellik iddiası taşıyan bazı kabuller, İslam iktisadı alanında çalışan araştırmacılar tarafından da benimsenmekte ve iktisat disiplininin ortaya koyduğu evrensel kuralların aslında İslami kaynaklarda ifade edildiği ve İslam alimleri tarafından da savunulduğu ortaya konmaya çalışılmaktadır. Genel argüman, Müslümanlar cehennem azabından korunmak, cennetin nimetlerine yakınlaşmak isterler. Bunu gerçekleştirmek için Allah’a kul olarak görev ve sorumluluklarını yerine getirmeleri gerekmektedir. Araştırmacılar, Allah’a kul olmanın “maliyeti”, -uzun dönemde gelecek olan- faydasından daha az olduğu için de bir Müslümanın ibadetleri yerine getirmesini ve Allah’ın sınırlarına uymasını rasyonel seçim teorisi bağlamında açıklayabilmektedir.

Hegemonya sahibi olan ana akım iktisat anlayışıyla ortak bir zeminde buluşmanın verdiği huzur, rasyonel seçim teorisinin doğruluğunu ayetlerle desteklerken ve Müslümanların rasyonelliğini vurgularken yüzeysel benzerliklere odaklanmaya yol açmaktadır. Halbuki, yüzeysel benzerliklerin ötesine geçip fayda-maliyet analizi yapmanın ön kabullerine odaklanarak Müslümanın karar verme süreci ve fayda-maliyet analizi arasındaki farklılıkları incelediğimizde iki farklı paradigmaya ait karar verme süreciyle karşı karşıya olduğumuzu görürüz. Bu farklılıkları iki ana başlık altında toplayabiliriz.

İlk farklılık pozitif bir bakış açısı yerine normatif kaideler üzerinden fayda-maliyet analizine yaklaşma gerekliliğidir. Müslüman olmayı, yani Allah’a kul olmayı bir ahlak haline getirmiş bir mükellefin, günlük davranışlarını ahlakının bir parçası olan Allah’ın rızasına uygun hareket etmeye göre tanzim etmesi beklenir. Bu yüzden, karar sürecinde fayda-maliyet ikiciliği yerine Allah’ın rızasına uygun davranışa uygunluk esastır ve hatta bu karar sürecinin bir meleke haline gelmesi beklenmektedir. Peki her Müslüman bu seviyede midir? Tabi ki hayır. Bu da bizi modern akademik çalışmaların vurguladığı bireylerin davranış kalıplarını araştırmak yerine, bireylerin davranışlarının nasıl olması gerektiğini araştıran ve modern bireylerin davranışlarının bu normatif prensiplere nasıl uygun hale geleceğini ele alan aksiyoner tarafı ağır basan bir

araştırma alanına götürmektedir. Buradaki normatif kurallar bütününe özetle Allah'ın rızasına uygun olarak yaşamak şeklinde tanımlayabiliriz.

İkinci farklılık ise fayda-maliyet analizinin doğası gereği olan karar mekanizmasının öğelerinin mukayese edilebilmesi için gerekli olan nicelleştirilme ve standartlaştırma sürecidir. Karar mekanizmasına dahil olan her şeyi, fayda-maliyet analizine tabi tutabilmek için nicelleştirmemiz gereklidir. Bu da bizi iki önemli soruya götürmektedir: Her şey nicel değerler üzerinden ifade edilebilir mi? Bir şeyi nicel olarak ifade etmek için kullandığımız parametreler objektif olabilir mi? Fayda-maliyet analizinin standartlaştırıldığı kurumsal yapılarda, paha biçilemez olduğuna inandığımız bütün kavram ve varlıklara “objektif” değerler biçilmektedir. Bu değerler biçilirken de -her ne kadar objektif kriterler kullandığı izlenimi verilse de- kurumun veya nicelleştirmeyi yapan kişilerin değer yargıları etkili olmaktadır.

Burada iki önemli husus vardır. Birinci husus, her şeye değer biçilip biçilemeyeceği üzerinedir. Her şeye bir değer biçilebilir mi, yoksa, “Hayat” gibi değer biçilmez şeyler var mıdır? İçinde bulunduğumuz sistemin birçok şeye -ve belki ileride her şeye- değer biçebiliyor olması, İslam ekonomisi açısından da benzer bir yaklaşımın benimsenmesi gerektiğini ifade etmez. Bunun sebebi, ontolojik ve epistemolojik olarak farklı bir zemine kurulu olan İslam ekonomisinin, aydınlanmacı bir metafizik üzerine inşa edilen günümüz toplumunun gerçekliği üzerine inşa edilmesinin yanlışlığıdır. İkinci bir husus ise nicelleştirme yapılırken kullanılan kriterlerin nasıl belirlendiğidir. Diğer bir ifadeyle, objektif gibi gözüken bir insanın hayatının ne kadar edeceğini belirleyen parametrelerin belirlenmesindeki sübjektifliktir.

Bu farklılıklar bizi nereye götürmektedir? Acı bir azaptan kurtulmak isteyen veya Allah'ın rızasına uygun bir hayat yaşamayı bir ahlak haline getiren Müslüman biri ile Weber'in demir kafes olarak tanımladığı rasyonel bürokrasi içerisindeki kurumsal mantıkla karar veren/vermek zorunda olan bireyler farklı karar mekanizmalarına sahiptir diyebiliriz. Ancak günümüzde bu farklılık gündelik hayatta pek ortaya çıkmayabilir. Bunun en önemli sebeplerinden biri ilkokuldan itibaren aydınlanması rasyonaliteye ve bu rasyonalitenin ürünü olan bürokratik yapıya uygun birer vatandaş olarak eğitim alan öğrenciler olarak sıralardan geçmemizdir.

Burada bir itiraz İslam hukukundaki kan diyeti olarak 100 devenin ödenmesi mevzusuna getirilebilir. Bir hata sonucu, kasıtsız olarak öldürülen bir kişi için diyet olarak ölüme sebep veren kişinin âkilesi, yani erkek tarafından akrabaları 100 deve öder. Ancak burada önemli bir fark vardır. Kan diyeti, oruç diyeti veya yemin diyeti gibi kefaretlar mükelleflerin yapmaması gereken bir suçu işlemeleri sonrasında Allah'ın hududunu ihlal etmenin sonucu olarak taalluk eden bir bedeldir. Hatta Hanefi mezhebindeki yalan yere yemin etmenin (Yemîn-i Gâmûs) kefareti yoktur, çünkü bu ihlal herhangi bir kefaretle karşılanamayacak bir suçtur. Diğer kefaretlar ise, kul hakları bağlamında bir nevi karşı tarafın zararını -dünyevi imkanlar dahilinde- karşılamak, Allah hakları bağlamında da mükelleflere caydırıcı bir önlem ve hatanın büyüklüğünü hatırlatacak bedel olmaktadır.

Yukarıda konuştuklarımız bağlamında şunu söyleyebiliriz: “Müslümanın rasyonel davranışı” diye bir tanım yapmak anlamlı değildir. Çünkü rasyonel davranışın ne olduğu en başta neoklasik iktisat doktrini tarafından tanımlanmış bir davranış kalıbıdır. Bu yüzden Müslümanların davranışlarını rasyonel veya irrasyonel gibi kavramlara sığdırmak başkasının kurduğu kavramsal paradigma içerisinde kendimizi tanımlamaya çalışmak demektir. Müslümanın nasıl davrandığından ziyade, -belli bir zaman ve mekan bağlamında- nasıl

davranması gerektiği ve bu beklenen davranışları sergilemesi için ne tarz ilişki ve kurumların toplumda oluşturulması gerektiği önemlidir. Bu bağlamda pozitif bir yaklaşımdan ziyade normatif bir duruş gereklidir.

Diğer bir önemli husus, İslami açıdan baktığımızda her şeyin nicelleştirilmesinin mümkün olmamasıdır. Diyet bahsinde açıklandığı üzere, “iş işten geçtikten sonra”, yani biri öldükten veya bir zarar oluşturulduktan sonra bir nicelleştirme yapılsa dahi, bu zaruri bir durum neticesinde ortaya çıkan istisnai durumu temsil eder. Kimse diyet ödeyerek bir insanı öldürme hakkını kendinde bulmayacaktır. Ve yahut havayı kirletmenin zararını nicelleştirip sonrasında bunu kendisinde bir hak olarak görmeyecektir. Bu durumlardaki nicelleştirme, yapılması kaçınılmaz olan veya zaten vukû bulmuş olayları telafi etme amaçlı nicelleştirmelerdir.

Modernitenin en önemli özelliklerinden birisiyse her şeyi nicelleştirme, ölçme ve sonrasında mukayese etmektir. Bu sayede insanlar arasında kimin organ nakline önce ulaşacağı kararı dahil her şey bir protokole bağlanabilir. Eğer bu bağlamda bir nicelleştirme veya önem sıralaması yapılacaksa da İslam’ın amaçlarının öngördüğü şekilde yapılması gerekmektedir. Burada önemli olan noktalardan biri İslam’ın amaçlarını modern eğitim tarafından şekillenmiş akıllarımız üzerinden belirlemek yerine mümkün olduğunca Allah’ın bildirdiği şekilde İslam’ın gayesini ortaya koyacak metotlar kullanılmasıdır.