

QUESTION #02

write down Principles of Islamic Financial system. Is Interest free financial system possible in 21st century?

1. INTRODUCTION

The Supremacy of Allah is the basis of everything in Islam. No matter what is its nature, whether spiritual, social, political or economical, Islam is basic code of life, without which no society could move towards betterment and growth. Allah is the creator and owner of everything in this world, He is omnipresent, omniscient and omnipotent. In the form of Deen e-Islam, Allah provided humanity a comprehensive and systematically design way of life. Similarly, Economical or financial system of Islam is also providing a complete set of guidance and principle to keep society moving with cooperation and harmony. <sup>Islamic</sup> Financial system is a prudently designed system which helps

humankind in all the matters of finance. If muslim Ummah starts following all the fundamentals of Islamic financial system, it could shape a balanced and interest free system in the present century.

## II. What is Islamic Financial System?

Islamic financial system as Dr. Khalifa Abdull Hakim says;

“It is a comprehensive guideline which has covered all the perspectives of modern life and provides such a vigilant and balanced system of wealth management which was never possible for the west to obtain.”

## III. PRINCIPLES OF FINANCIAL SYSTEM

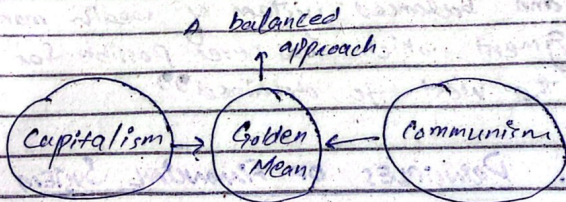
Islamic financial system provides a set of guidelines and principles to build a cooperative and balanced financial system. Hazrat Muhammad SAW & his companions (Sahabas) followed all of existing principles of financial system and promoted circ-

ation of wealth in the muslim society. Islamic financial system is equal for everyone, no matter what their caste, race and color is.

Following are some of important fundamental principles of Islam..

### 1- GOLDEN MEAN

One of the most important and just principle of Islamic system is holding a balanced approach of "Golden Mean" which stands for a system in between <sup>extreme</sup> Capitalism and extreme communism of western societies.



Golden mean system of Islamic finance relating virtues of both communism and capitalism and without including their evils, is a balanced system. There is no totalitarian regimentation and no unrestricted freedom in the golden mean system of Islam.

## ii - INDIVIDUAL & SOCIAL NATURE

Islamic financial system provides all rights and basic opportunities to individuals, so that they could spend their lives as they want. "There is no compulsion in Islam" (Al-Quran).

Similarly, Muslims are also free in choosing their work or enterprises.

They have complete freedom to earn living, for that matter knowledge and getting training is their basic right. By giving freedom, Islamic financial system ended rivalry and jealousy. It develops a system of cooperation, love, peace and brotherhood.

In this system, no rights are reserved and no liberty is curtailed; no part of wealth is taken away forcefully. Consequently, it eliminates evil thoughts, rivalry, unhealthy competition, greed, selfishness and self-interest. Instead it makes state a flourished and hearty society.

## iii - OBLIGATION OF LAWFUL EARNING

According to the philosophy of life and Islam, Muslim has a temporary

phase of stay in the world. Afterwards he has to resurrect to his God. Therefore every aspect of Islamic life gives us a lesson of doing things under the blessings of Allah only and stops us from every evil deed because all of muslims have to be answerable to Allah hereafter. The Holy Quran refers to the wealth as a man earns by hard, honest and fair efforts and it also asks humanity to earn living by honest means, without any unfair, injustice and harsh way.

Quran Says:

وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ وَلَا تَنْسَ لِنَفْسِكَ مِنَ الدُّنْيَا وَحَسْبٌ مِمَّا حَسِبَ اللَّهُ الْبِرَّ  
وَلَا تَبْتَغِ الْفُسَادَ فِي الْأَرْضِ، وَاللَّهُ لَا يُحِبُّ الْمُفْسِدِينَ

“ And seek by means of what Allah has given to you, and do not neglect your portion of this world and do good as Allah has done good to you, and do not spread mischief in the land, as Allah does not love the mischief-makers ”

So, Allah has clearly mentioned how muslims are supposed to get their living in fair means.

#### iv. HUMAN TO EXPLOIT NATURAL RESOURCES FOR BETTERMENT IN THIS WORLD and SUCCESS IN HEREAFTER.

This leaves no doubt that muslims are allowed to use natural resources for the betterment of societies and for the welfare of their brothers. Wealth is said as a trial for people, it is a test of human that how they use it and how and through what means they get it without exploiting rights of poor and needy. Therefore, Allah has granted permission to human beings to use natural resources present in the land, as Quran says;

وهو الذي جعلكم خلائف في الارض ورفع  
بعضكم فوق بعضكم درجات لئيبكوكم  
في ما اتاكم ان ذلك سر ليع العقاب.  
وانك لغفور رحيم

66 And it is He who has made you successors in the land and raised some of you over others by grades, that He might try you by what He has given you; surely your Lord is quick to requite (evil) and he is the Merciful and Forgiving.

## V. FORBIDS Asceticism and unchecked materialism.

Islamic financial system has no room for asceticism and materialism.

Islamic system asks for adopting a middle way so that you (muslims) would not get in trouble and evil deeds.

To highlight this point, once Hazrat Muhammad (SAW) said:

“Islam is very easy and simple and whosoever creates difficulties in it will be overpowered by them, adopt the middle way in life and remain close to moderation and be happy”

(Bukhari)

on Another event Prophet (SAW) said:

“I am sent to you with easy and convenient religion”

(Mishkat)

Above mentioned Hadiths extended the clarity that how exaggeration in Islamic system is forbidden. So, muslims must adopt middle way avoiding extremes.

## vi. Welfare of Individual & Society.

Islam is the religion of ease and peace, therefore, it always give lessons of cooperation, brotherhood, harmony and integrity for the betterment of society.

Likewise, Islamic financial system forces welfare of individuals (who are needy and deserving) and society as a whole at large.

As Quran says:

قل من حرم زينة الله التي اخرج لعباده  
والطيبات من الرزق

“Say who has prohibited the embellishments of Allah, which He has brought forth for His servants and the good provisions”.

Hence, Islam is the deen of people, for mankind, it is for the ease of people, therefore, people should bow to the principles of Islamic system.

## vii - Duties of Employee and Employers:

Financial system of Islam is



completely divine, therefore, what is advised in it, is completely and directly from Allah. Islam does not give importance to anyone, for Islam, every man is equal to other one. So, it asks man to treat others with equality. Islamic financial system assigns duties to both employee and employers, so, that none of them cross boundaries.

The Employee is supposed to do his duty so diligently, efficiently and honestly and the employer is supposed to give just and reasonable wage to employee without any delay.

while

Elaborating the duties of employee and employers, Hazrat Muhammad (SAW) said, narrated by Abdullah Bin Umar:

“Give the labourer his wages before his sweat dries”

Similarly, Abu Hurairah narrated that; Prophet (SAW) said:

“There are those whose adversary I shall be on the day of Resurrection. One of them is a man who hired a worker and after receiving full

Service did not give him his wages."

(Bukhari)

Hence, it is explained how beautifully and precisely Islam has mentioned fundamental dynamics of Islamic financial system, which is an absolute success not only in this world but the world hereafter, and after following such a comprehensive system, all of the problems of materialistic societies could be tackled.

## 2. Is Interest free Financial system possible?

In 21st century when humanity is trapped in the shackles of modern society's evils and frustration, Islamic financial system is the only way to combat with greed and evil thoughts of business people, entrepreneurs and common people.

## 2. How it is possible?

To follow Islamic traditions and culture is such an easy thing as, Islam is a religion of ease and leniency.

So through following abovementioned principles and characteristics of Islamic financial system we can fight with 21st century's problems.

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Islam has provided such a guideline and detailed principle of Islamic finance system, which is helpful and conducive in understanding how to produce, consume and distribute things in the Muslim ummah, so that no one has to rely on interest methods to earn their living.

### Conclusion

Thus, the financial system of Islam is based on the concept of complete harmony between individual and social goods.

It is based on fair play and justice and restricts people to use unfair means, such as gambling, usury, frauds, litigation and unhealthy socially harmful events. As the purpose of Islam is to provide equal means of subsistence among its members according to their needs. If people follow the system of Islam which is balanced and systematic then evil of interest can be toppled.

## QUESTION #02

### MUSLIM UMMAH? CHALLENGES & SOLUTIONS

#### INTRODUCTION

Muslim ummah refers to the community of believers who are glued together by one sense of religious, political unity, social identity and economic partnership and Islamic ideology. The concept of ummah has inspired imaginations of muslims from the very early days. Unity has been their strength, but now muslim ummah is

battling with a lot of internal and external challenges, such as extremism, declining image of muslims, negligence of Islamic teachings and disparities.

However, ummah must not forget the teaching of Quran and Hadith Muhammad (SAW) which is the only way left to take them out of their miseries of today's world.

#### I. MUSLIM UMMAH.

66 Muslim ummah is the community of believers who are bound in such a bond of religion, political unity, sociological identity, economic partnership and one goal!!

The muslim is mentioned in the Quran more than 60 times with different names, which shows their ties of religious, political and ideological identity. Muslim Ummah required integration of muslims on political, social, economic and spiritual lines.

## ii - Literal meaning.

The word Ummah is derived from 'Umm' which is the root and it means 'to aim at' or 'to attend to' or 'it is simply a desire to 'belong to' one place, generation or people.

• "Ummah is a nation based on muslim brotherhood. It is a group of people, a religious community, and humanity at large"

### a. Ummah in Quran.

Al-Quran says:

وَلَقَدْ جَعَلْنَاكُمْ أُمَّةً وَسِيْلًا لِّتَعْلَمُوْا اَنَّ اِلٰهَكُمْ اِلٰهٌُ وَّاحِدٌ ۚ سُبْحٰنَ عَنَّا الْمُرْتَبِبِ  
لِشْرٰكِ الْاِثْمٰنِ ۗ اِنَّ اِلٰهَكُمْ اِلٰهٌُ وَّاحِدٌ ۚ سُبْحٰنَ عَنَّا الْمُرْتَبِبِ

"Thus we have appointed you as an upright nation, that you may be

against mankind, and that the messengers may be witness against you<sup>99</sup>.

In addition to this, Allah praised the muslim ummah by saying in Quran:

﴿يَا أَيُّهَا الَّذِينَ آمَنُوا أَنْتُمْ خَيْرُ الْأُمَّةِ أُخْرِجَتْ لِلدُّنْيَا﴾

“You're the best community that has been raised up for mankind”.

The muslim ummah is socially and religiously bounded community, but since the day it left Allah's Quran and sunnah of Hazrat Muhammad (SAW), it is battling with multiple challenges which are follows:

### → CHALLENGES.

Muslim community is facing both internal and external challenges, such as:

### → INTERNAL CHALLENGES.

1. Political disunity of muslim world
2. Rich in resources but poor in Management
3. Fundamentalism and Rise of Extremism

- iv. Middle Eastern Crises.
- v. Prevalence of unbridled materialism and moral decline
- vi. Lagging behind in scientific research and advancement
- vii. Lack of education, science and Technology.

### B. External challenges.

- i. Globalization: modern forms of colonialism
- ii. Information technology, media, and cultural onslaught of the west

### ⇒ Solutions

The possible and necessary solutions which muslims must take for the increasing ills of their states and Islam are follows:

- i. Unified response of ummah
- ii. Rectifying themselves
- iii. Need for ijtihad.
- iv. Media to counter cultural onslaught
- v. Education.
- vi. Reinterpreting whole Edifice of Islamic Theology.
- vii. OIC needs to play effective role.



## Conclusion

As muslim ummah is a single community, the believers of Islam, the followers of Islam and Quran, they are united in religion, traditions, ideology and culture, they must not forget their basic purpose of to be created ahd to sent down on the land. They should show integrity and unity to face western world and internal evils. Through the rope of brotherhood, they can be successful again and could raise flags of Islam. As Quran says,

وَتَقْوَىٰ كَيْلِ اللَّهِ - صِبْغًا وَالْفُرْقَةَ  
(Al-Imran)

Hence, this is the time to be united for sacred purpose.