


Chapter 2

Islamic Finance: Abrahamic Faiths and History, Potential, and Challenges

Shaista M. Mukadam

 <https://orcid.org/0009-0001-8712-5935>

Birmingham City University, UK

ABSTRACT

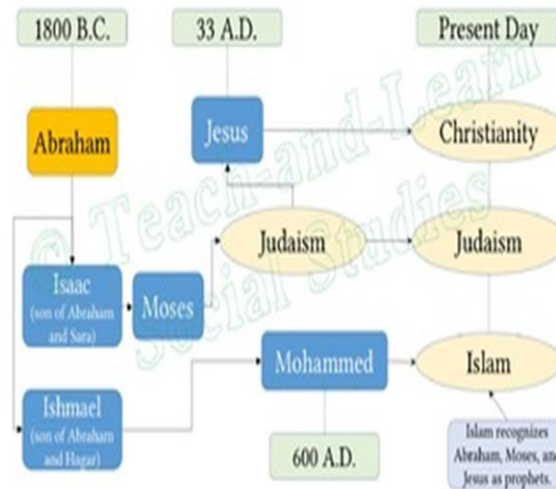
*This chapter explores the intricate connections between Islamic finance and the financial principles of other Abrahamic faiths—Judaism and Christianity. It delves into the shared ethical foundations that underpin these traditions, emphasizing fairness, social responsibility, and ethical conduct in financial transactions. Key similarities are examined, like the prohibition of exploitative interest, the emphasis on charity and social justice, and the promotion of ethical investments. This chapter provides a comprehensive overview of the history of Islamic finance, tracing its evolution from the time of Prophet Muhammad almost 1450 years ago to the present day. It begins with the foundational principles established in the *Quran*, which prohibit interest (*riba*) and promote ethical financial practices such as profit-sharing and risk-sharing. The chapter explores the development of financial instruments during the Golden Age of Islamic Civilization, including the use of *sakk* (precursors to checks) and *suftajeh* (letters of credit).*

DOI: 10.4018/979-8-3373-6706-4.ch002

INTRODUCTION

The Abrahamic Religions (Judaism, Christianity, and Islam).

Figure 1. Abrahamic religions flow chart



According to tradition Judaism began with a covenant between God and Prophet Moses. Fundamentally, it consists of the revelations God presented to Prophet Moses on Mount Sinai. Those laws and commandments are contained in the oral *Torah* (holy book of the Jews). There were several phases of the Judaic religion. (Fudulu, 2017; 29-30). This prophetic tradition had their own laws and regulations (Shariah) and was revealed via the Prophet Moses to the Israelites. Unfortunately, due to it being an oral tradition and the loss of the original revelation the alterations reduced it to a religion following only the religious observations and the commandments relating to a way of life with its related political, social and economic dictats were lost. The principles which linked to the conduct of economics evolved over the centuries according to the decisions of the various sects and the Rabbis and hence cannot be traced back to the original text of the *Torah*. There is a lot of man-made alterations, and the focus is on supporting the Jews exclusively rather than the whole of humanity.

Muslims believe that when the Jews had completely lost the ideals Prophet Moses was sent with, God sent Prophet Jesus via a divine birth to the Earth. God revealed the holy book, *Injeel* (Parts have been saved in the Old and New Testament) and encouraged the Israelites to revert to the monotheistic religion followed by Abraham.

34 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/islamic-finance/388854

Related Content

Exploring Bilingual Dynamics: Students' Perspectives in Islamic Studies Classrooms Across English and Arabic Medium International Schools

Syeda Rabia Tahir (2024). *International Journal of Contemporary Islamic Studies* (pp. 1-12).

www.irma-international.org/article/exploring-bilingual-dynamics/360654

Religion and Politics: A Troubled Relationship in a Volatile World

Keren Sasson (2021). *Research Anthology on Religious Impacts on Society* (pp. 432-454).

www.irma-international.org/chapter/religion-and-politics/259623

Exploring Bilingual Dynamics: Students' Perspectives in Islamic Studies Classrooms Across English and Arabic Medium International Schools

Syeda Rabia Tahir (2024). *International Journal of Contemporary Islamic Studies* (pp. 1-12).

www.irma-international.org/article/exploring-bilingual-dynamics/360654

English and Arabic Language Learning Environments: Islamic Universities Undergraduates' Experiences

Noraisikin Sabani, Anita Jimmieand Hanin Naziha Hasnor (2020). *Global Perspectives on Teaching and Learning Paths in Islamic Education* (pp. 178-204).

www.irma-international.org/chapter/english-and-arabic-language-learning-environments/234918

Exploring Bilingual Dynamics: Students' Perspectives in Islamic Studies Classrooms Across English and Arabic Medium International Schools

Syeda Rabia Tahir (2024). *International Journal of Contemporary Islamic Studies* (pp. 1-12).

www.irma-international.org/article/exploring-bilingual-dynamics/360654