

Ghada G. Mohamed, the First Annual Conference of Islamic Economics & Islamic Finance organized by ECO-ENA, Inc., Canada and held in Chestnut Conference Center, Toronto University, Toronto, ON, Canada (2013)

## **Islamic Economics & Islamic Finance: Conceptual Confusion**

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It is very important to emphasize on main concepts of the subject before proceedings for exploration and analysis. Islamic Economics as a field of study suffers in my opinion from the lack of conceptual foundation resulted from the translation from Arabic to other languages worldwide. Islamic Economics derives its principles from the holy Quran, the Sunnah; Prophet Mohamed's words; and the Ejtihad; primitive recognized Muslim scholars' diligence. Accordingly the whole literature that builds the foundation of Islamic Economics have been derived from Arabic sources. I have realized that some English translations of the main concepts of Islamic Economics don't give the same meaning as it's in Arabic which can create confusion in understanding those main concepts. Moreover; many concepts are pronounced completely wrong and the problem here is that the wrong pronunciation of those concepts became as they are the original utterance. It is also important to know that the diligence schools in Islam have some differences in interpretations and intuitive approaches that affected the methodology of scientific papers Islamic economists adopt.

On the other hand; the term of "Islamic Economics" is a very controversial terminology because embedding a divine religion's principles into external scientific framework may lead to adopting surrealistic methodologies by scholars to avoid debatable arguments. Economics is science and all its theories are subject to the proof. Yet; creeds' theories are taken as beliefs and they are not subject to the test hence we cannot describe their abstracts as scientific ones. This can give an explanation of why some scholars of Islamic Economics – if we can use this term "Islamic

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Economics” as a conventional term – utilize Islamic transactions’ principles as external ethical variables and embed them in existing framework of the existing literature. This type of manipulation in the adopted methodology cannot provide new implications to the existing economic literature because ethical variables have been already addressed throughout the humanitarian history in general and they were the premise of the whole classical economic theories. Other scholars of Islamic Economics are more practical and they try to address instead Islamic principles of financial transactions as regulations and rules must be adopted by Muslims. Therefore; they may use the term of ‘Islamic Economics” or “Islamic Finance” as a mere expression to “Islam’s principles of financial transactions”. Those principles have been extracted from the holy Quran, the Sunnah, and the Ejtehad as mentioned above. The main rule that classifies the Islamic transactions from other conventional transactions is the rule of “Halal” and “Haram”; the “good” and the “bad”. The good is good because God said it is good and the bad is bad because God said it is bad so in the foreground it’s all God’s word. Hence; nothing should be described as “Islamic Economics” because divine principles are not subject to the “scientific controversies” – We may call it “Muslims’ economy” or “Muslims’ economic life”. However; we may use the term “Islamic Economics” as a conventional term as a simple classification to an economic system from the Islamic perspectives.

I also realized that some information regarding the history of Islamic economics and Islamic finance in some recent literatures are not accurate and I believe that this resulted from the lack of the mastery of the Arabic language by many scholars who attain their knowledge from translated versions where errors in translations were accumulated over the history. Regulations of financial transactions had been set by Prophet Muhammad himself since his migration with his followers from Mecca to Al-Madina the city. In Al- Madina the first Islamic bank has been established in addition to a comprehensive insurance system that aimed to maximize the social welfare of its people.

Nowadays some serious attempts are taken worldwide to organize, expurgate, and band together that literature by recognized international institutions mostly financed by Saudi Arabia, Bahrain, Qatar, and United Arab Emirates where they found United Kingdom a friendly haven for their adventures followed by USA.

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Because Islamic transactions worth trillions of dollars in the present day the world is racing in its investment. Islamic stocks and Islamic bonds are traded internationally in almost all international financial markets and fundamental movements that counter the invasion of the Islamic transactions in international financial markets are tailing beside the lure of money.

*“The religion may make money but the money has no religion.”*

Ghada Mohamed