## Contents

_Abbreviations_ vii  
_Acknowledgements_ viii  
_Introduction_ ix  

1  **Why Islamic finance?** 1  
1.1  Introduction 1  
1.2  The origins: Maulana Maududi 1  
1.3  Digression: the Islamization of the financial system in Pakistan; a chequered history 4  
1.4  Islam against the rest of the world? 5  
1.5  Conclusions 8  

2  **Sources of Islamic law** 10  
2.1  Introduction 10  
2.2  Primary and secondary sources 10  
2.3  Law schools 15  
2.4  How strict should one be in observing the _sharia_? 17  
2.5  Muslims among a non-Muslim majority 20  
2.6  Conclusions 23  

3  **The Islamic economy** 25  
3.1  Introduction 25  
3.2  _Zakat_ 27  
3.3  _Riba_ 31  
3.4  _Gharar_ and _maysir_ 45  
3.5  The economic order 48  
3.6  Dreams of a separate Muslim economy 49  
3.7  Conclusions 50  

4  **Financial instruments** 52  
4.1  Introduction 52  
4.2  Halal instruments 53  
4.3  Grey areas 67  
4.4  Islamic contract law 75  
4.5  Conclusions 79  

5  **Islamic banks** 81  
5.1  Introduction 81  
5.2  The liabilities of Islamic banks 81