



**Masudul Alam Choudhury. *Islamic Financial
Economy and Islamic Banking***

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The book was first published in 2016 by Routledge. It has 12 chapters and 260 pages. The author of the book, Professor Masudul Alam Choudhury, is a very famous academic scholar in the field of Islamic economics and finance, especially in addressing the epistemological underpinnings of Islamic economics and finance. He has published numerous books and articles in the field of Islamic economics and finance. Moreover, he has lectured and did research in many prestigious universities including Harvard and Oxford. A brief summary of the book is given in the following paragraphs.

The author tries to constitute an epistemological framework for Islamic economics by introducing *Tawhidi* methodology in the book. For this purpose, he argues philosophy of knowledge in *Islam* and touches upon the relationship between religion and social economics. He then tries to employ the concept of *Maqasid al-Shariah* to evaluate the financial tools used currently in Islamic finance. Therefore, it could be stated that the author places the *Tawhidi* methodology at the center of his arguments/methodology in the book in order to introduce a theoretical framework for an economic system based on *Qur'an* and *Sunnah*.

Let us look at the arguments he has presented in the book. According to him, there can only be a unique economic system if it is based on *Tawhidi* methodology, which means Oneliness, unity of God, in the light of *Qur'an* and *Sunnah*. Accordingly,

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the economic system derived from *Qur'an* and *Sunnah* in compliance with the concept of *Tawhidi* methodology is applied to the world system. It is then reconsidered in compliance with the IIE (Interaction, Integration, and Evaluation) process by taking into account time and space dimensions which takes us to unity of knowledge.

He concludes that current Islamic economics and finance are not on the true structure since they do not take into consideration the *Maqasid al-Shariah*. To him, the concept of realism in the mainstream economics is a false concept and needs to be replaced with *Tawhid* leading Islamization of knowledge. Consequently, he argues that ethical values must be included to economic theory to solve the current problems of economic system that are caused by mainstream economic approach.

As far as the critique of the book is concerned, firstly, we should express that we were sometimes lost while reading the book due to the lack of connection between some chapters and density of technical terms such as *Maqasid Shariah*, unity of knowledge etc. As we understand, most of the chapters of the book were written as individual articles or are chapters from other books and have been brought together in this book. Therefore, at the beginning of almost every chapter there are repetitive expressions about some terms such as *Maqasid al-Shariah*, which is a broad concept. It needs to be explained carefully and in details since the author ties almost everything to this concept, or unity of knowledge and to some verses from the Holy *Qur'an*. Hence, if the author had penned the chapters in an easy-to-follow method for readers, it could have been better for readers to understand the arguments of the author. There could also be a part containing conceptual framework regarding abovementioned terms at the beginning of the book. For instance, the author refers to *Tawhid* methodology in all chapters which is both unnecessary and uninteresting for the readers. Instead of doing this, he could have handled this theme at the beginning of the book in details

Another criticism could be the fact that this book was written for scholars of Islamic economics and finance as well as for economists. Therefore, in the prologue of the book, the author could have shed some light upon basic concepts for readers with limited knowledge of economics and Islamic economics and finance.

On the other hand, there are some printing mistakes in referencing of several *Qur'anic* verses as is the case of the verse given as a reference in the prologue i.e. it has been referenced as 51:53 mistakenly and instead should have been 41:53).

In addition, some comments by the author are hard to understand and are not clear which lead to confusion. For instance, to him, *murabaha* financing model does

not comply with the idea of *Tawhid* but in the next chapters he proposes a model called MMM which includes *murabaha* financing. Another example may be given from the usage of the term *Tasbih*. We could not understand the concept of *Tasbih* in economics. It seems that he uses this term in a different meaning. As known, *Tasbih* generally means remembrance of Allah (*dua* or *zikrullah*). So, to us, its connection with application of *ijtihad* is not clear. One more example of the confusion can be given from chapter 7 (A Generalized Islamic Development-Financing Instrument). In this chapter, verses 2:164-167 from *Qur'an* have been given as the source of development policies. However, when we look at these verses, we see that these verses are related to the believing in God, therefore, we could not understand the connection of these verses with *musharaka* or development policies as indicated by the author. Finally, the relationship between increase in labor force participation rate and decrease in structural unemployment rate is not clear. Had he clarified the aforementioned sections and arguments, it would have been more understandable for the readers. Finally, we may say that the issues handled in this book are too broad for a 260 pages book hence create a lot of confusion.

Our last criticism about the book is related to its title “Islamic Financial Economy and Islamic Banking”. Frankly, we were a little bit confused after reading the book since the book is about Islamic economics. Hence, to us, the title of the book does not fit to its content.

To conclude, we may state that the author tries to put forward something in the field of Islamic economics and finance theoretically which is a valuable effort in context of the existing deficiency in the field. Therefore, the author’s commitment towards Islamic economics and finance by introducing a methodology to improve or introduce new financial tools under the concept of *Tawhidi* methodology and *Maqasid al Shariah* to improve financial engineering in Islamic finance is substantial and his efforts deserve appreciation.

According to the author, since current instruments in Islamic finance are far from the *Tawhidi* methodology, Islamic finance and economic faces challenges and criticism. As said by the author, this study presents a different approach to the mainstream Islamic financial economics. Therefore, to us, it is worth reading. Last but not least, one as a reader may be lost while reading the book since it requires a prior knowledge of economics as well as of Islamic economics and finance.