



Muhammad Amjad Saqib and Aneeqa Malik.
***Integral Finance - Akhuwat: A Case Study of the
Solidarity Economy***

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Reviewer: Serhan Yildirim

A book that carries the term “finance” in its title could hardly bear less elements from the dominant finance literature than *Integral Finance* does and yet, from my point of view, is a source of legitimate pride for Akhuwat and the author.

Author commences by trying to give a sense of her very motivation that roots back to her homeland, Pakistan, and describes her still existing characteristics linked to cultural and religious facets of Pakistani land even though she long ago migrated to the west. She thinks most of the worth to tell stories of her homeland go untold and that she had the responsibility to make Akhuwat’s story known to the world.

Living in the western world, precisely London, UK, she observes the clear lines that divide people that have different religions and nationalities. She defines her interest in finance as “incidental” that motivated her to go after a key question; “why financial models and practices were so averse to adopting a spiritual philo-

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sophy and if there were any such models that could be studied and (re)presented in such a light”? And followingly she asks:

Why a model that worked 1400 or even 500 years ago seems less potent and has not evolved into a system where poor Muslim countries may reach a self-sufficient economy (except for some oil rich GCC countries and Malaysia)? She later responds to the same question that religious motivations such as sacred knowledge base has been misplaced, religious sources have been lost and motivation has weakened.

First of all the sequence of different sections of the book is hard to keep up with for any reader since the author is trying to draw a parallel line between her own motivation and the very inspiration of Akhuwat. One can hardly grip the philosophy behind the organizations such as GENE, SOUL-idity, TRANS4M etc. given their little known aspects. Thus linking these organizations’ motivation to the one for Akhuwat on rational grounds becomes even more challenging for readers and from my humble point of view obscures Akhuwat’s unique universality and recognition. It was interesting in the beginning of the book to hear the story of the very early days of Akhuwat from its founder and the difficulties he faced at first hand. For those who wonder how Akhuwat was doing in its early period, first part provides a detailed description of it.

The author raises a general criticism to the existing financial order by quoting Oxfam report on global wealth inequality along with the renowned economists’ outcry regarding the fallacy of existing financial hegemony. Calls from the mainstream economists regarding the necessity of reforming current financial system is, as the author states, naturally embedded in Akhuwat’s business model; benevolent loans, respectful treatment to borrowers irrespectful of their wealth and thus achieving a more distributive wealth generation.

The author on one hand tries to explain the inspiration behind Akhuwat that it inherited from the brotherhood relationship between Muhajirin and Ansar (emigrants and the helpers who hosted them in the early days of Islam) and on the another hand attempts to draw a parallel line explaining her self-inspiration that comes from integral finance approach witnessed in the organizations such as SOUL-darity, GENE-IUS and TRANS4M. These abbreviations stand for some organizations that are abstract even though they have been defined several times by the author. Additionally, a financial markets disciplined reader, can find it really hard to engage herself or himself with the book since the specific and rarely known

facts the book contains are mostly writer oriented and beyond the understanding of the practical world. And this is so even the fact that the Akhuwat is a proven, practical and successful Shari-a compliant financing model. Tasawwuf and Sufi traditions are addressed several times in the book, with their different points of views that paved the way for Akhuwat's main philosophy. One distinguished aspect of tasawwuf that is inner wisdom (soul-wisdom as authors put it); one's discovering of himself or herself as not separate from the God and thus have direct possession of Hikma, led the founder of Akhuwat to place Akhuwat in a position where it serves every human being without discriminating between them based on religion, race or nationality. For an institution such as Akhuwat, it is the human beings that all things were created for and thus a decent way of living should be available to everybody. To support this argument, the author describes the peculiar characteristics of Akhuwat as follows;

1. Engaging religious places (For operational and marketing purposes),
2. Granting interest free loans,
3. Reciprocal Endowment (borrowers turning into donors),
4. Reviving the spirit of volunteerism (Employing volunteers as representatives).

Directly quoting the author, "we briefly explored the 4 C's (Call, Context, Co-creation and Contribution) of Pakistani society and the 'impulse of solidarity' as an aftermath of partition from India and then in the absence of an equitable stately infrastructure. The benevolence of Pakistan's civil society and voluntary, charitable giving is what sustains not only Pakistani under-privileged communities but is also what is fostering Akhuwat's 'reciprocal endowment'."

As the author puts it above, had it not been the philosophical background of Pakistan, it would not have been possible for Akhuwat to flourish and reach out to such a wide community around the world. Having replenished its cultural heritage over and over again with the help of being a habitat for various nations namely Aryans, Greeks, Arabs, Mongols, Persians and so on throughout its history, Pakistan hosts, according to the author, a unique set of intrinsic values that reveals the very fundamental motivations of Akhuwat.

From the demographical point of view, Pakistan, according to the data provided by the author, holds the sixth largest diaspora in the world, around 8 million people, a remittance repatriation of approximately 18 billion USD thus has a crucial potential.

A considerable space in the following sections and the book is mainly dedicated to Pakistan and its cultural and social essentials that the author likens to the many of Akhuwat's characteristics. Readers can also find information about an inspirational community called "Chinioti" from which the founder of Akhuwat has inherited the ways of its solidarity paradigm and created his micro financing model. The information about this community could be of high importance for researchers since none of this community's members suffered poverty because of the indigenous collaboration among the members of the community.

In the next section, some Sufi orders are mentioned, especially the one that forms one of the pillars of Sufi movement in the history and whose famous mystic Moinuddin Chishti played a crucial role in spreading Islam in the Pakistani region. His legacy is introduced as the core spring of Islam and its spiritual teachings flourished among the Pakistani people.

Stepping into the colonial period, author outlines Islam as the first distinguished element of Pakistan and its very existence. Even though the early leaders of the political movement, as stated in the book, were from secular wing of politics and did aim to establish a British style democracy rather than an Islamic state. Even reaching its independence in 1947 did little for Pakistan at the beginning because of the legacy of the British management that left sort of a polarized community which hindered Pakistan from thriving for its aforementioned Islamic spiritual values.

The following section begins with the first ever social security, as claimed by the author, the one practiced by the second Caliph Umar ibn al-Khattab (634–44 AH/1237–47 CE) to cultivate Ihsan that translates into solidarity between the community members. Crystallizing Ihsan into the business model, the author elaborates on the borrowers and partners, and the methods that the organizations who want to follow Akhuwat model, should follow.

In the second part of the book, the Mawakhat (Solidarity) paradigm is explained. Here Akhuwat is not defined purely a micro finance institution because of its interest free loans and more importantly its success in transforming its borrowers into donors. Main principles of Akhuwat are also detailed in this section namely; Interest free loans, Mawakhat, central role of religious places and volunteerism. For any readers that would like to summarize Akhuwat's differences from other micro finance institutions, the below mentioned four principles are the key ingredients for a satisfactory outline. In the following section of the book author

states that four tenets of Islam are embodied by Akhuwat in determining its four distinguished principles; Iman (Faith) – Impulse – Sanctuary, Ikhlas (Sincerity) – Employ – Academy, Ihsan (Excellence) – Bond – Laboratory, and Ikhawat (Solidarity) – Effect – Community. These four tenets thus are transpired into Akhuwat's 4 principles;

1. Role of Religious Spaces – Iman – Faith: being a higher degree of Islam, Iman covers all faiths on a non-discriminatory basis as per Akhuwat's policy of non-discrimination for religion, race, class and gender.
2. Interest-Free Loans (Qard-e-Hasan) – Ikhlas – Sincerity: a derivative of Tawhid (Oneness of God).
3. Transforming Borrowers into Donors – Ihsan – (spreading) Excellence: the multiplier effect of virtue/barakah, further forming a solidarity bond amongst the community of Akhuwateers.
4. Volunteerism – Ikhawah – Brotherhood: the eventual effect of the solidarity GENE rhythm – transforming the spirit of solidarity into SOUL-idity. “

We also observe in this section that the teachings of Sufi movement were addressed again in an effort to link them to solidarity and impact orientation as the writer puts it.

In the fifth section of the book, there are some comparisons between Akhuwat and other micro finance institutions based in South Asia. In a similar research, Yildirim (2015) mentions that Akhuwat was ranked as 7th biggest microfinance institution among 37 others in Pakistan with a total number of 3.1 million borrowers in 2014. According to the author, the total number of institutions is now over 40 that have more than 5.2 million borrowers. The total amount disbursed was 623 million USD in 2014 which reached 1.6 billion USD in year 2018.

Regarding the practicality of the Akhuwat. Author so far tried to define the motivation that it thrived on the roots of historical and Islamic elements of Pakistan, but from my point of view, without elaborating on practice it would only stay as an academic gesture for wonderers as the most prominent characteristic of Akhuwat is its application and sustainability.

Therefore, the subsequent part of the book as author says, “firstly examines Akhuwat's operations and practices in the above light, and secondly presents Akhuwat's ‘solidarity bond’ as substantiated through our Integral Theory lens – that is, a circular solidarity economy model of integral finance. This is structured th-

rough the following two sections, wherein: Section one exhibits Akhuwat's various initiatives as a consequence of its fourfold philosophy of solidarity. From loan disbursement to replication of the 'Mawakhat Model', developing their social capital of employees and volunteers, Akhuwat's processes run in parallel to CARE-ing 4 Pakistan integrally as asserted in the previous chapter (Chapter 5).

Section two then reviews Akhuwat's local-global positioning as a distinctive model of finance by a brief comparison of other such models. As a matter of fact, Akhuwat is admittedly acknowledged as an Islamic microfinance organisation. Whereas, throughout the course of this book, we have taken an antithetical viewpoint originated through an integral dynamics (Lessem & Schieffer, 2013) perception of Akhuwat being one such dynamic model of Eastern (holistic) model of finance."

The four principles of Akhuwat are discussed in this part in further detail. Disbursing of benevolent loans has put Akhuwat in a different position in the eyes of borrowers. It has thus increased their fiduciary responsibility to serve their obligations first to keep their lines open. Muwakhat (Brotherhood) has also been providing Akhuwat with the human force it needs and subdues its operational costs. Use of religious places to grant loans and for marketing purposes were other factors that kept operational expenses under control and widened its reach to different communities coming from various religious and cultural backgrounds. Finally transforming borrowers to the donors increases its appeal to even low income borrowers and makes them feel as a part of the team or family.

The following section focuses on the lending methodology of Akhuwat. The types of loans granted by Akhuwat are as follows:

1. Family Enterprise Loan
2. Liberation Loan
3. Emergency Loan
4. Marriage Loan
5. Housing Loan
6. Education Loan

According to the writer, first type of loan (Family enterprise loan) comprises 91% of all loans. The operational procedures are described in this section and a description of sample loan is also provided on page 212. Following pages offer furt-

her information about the approval procedures that are involved and the credit evolution period.

In the section that is just before the concluding one, the author accommodates the stories of Akhuwat's beneficiaries. In addition, the multiplier effects, as the writer puts it, of Akhuwat's achievements are exemplified such as Akhuwat Health Services in which the patients are treated free of cost, Akhuwat Clothes Bank, whereby the old but good conditioned clothes are prepared for re-use of those who lack sufficient clothing and others like Akhuwat Volunteer Services, Akhuwat Food Bank and a couple more. This section is worth reading since it mentions the outcomes of the Akhuwat model and its embodiment in real life. To me the most distinguished specification of Akhuwat is its simplification of solidarity implication into the financing transactions. Of course that does not refer to neglecting the real motivation which is truly prophetic and Islamic in its essence, but to make this story a successful and universal one, Akhuwat relies on solidarity that belongs to human beings as a whole.

The last part of the book is a brief summary of what has been told throughout the book by the writer. The main principles and philosophies are revisited as closing remarks. However, my impression from the book was partly contradictory since the way it deals with Akhuwat was to a large degree subjective and causes an impression on the reader that Akhuwat clearly appeals those who have a certain mindset and religious background rather than representing common and well-respected values for everyone. I say it despite my sincere acceptance of the above-mentioned motivations peculiar to Islamic thought that paved the way to the birth of Akhuwat. Again, I would like to state that my humble understanding of the book should not shy readers away from researching about Akhuwat since its story is of great importance for Islamic finance.

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