



**Hasan Kazak & Osman Okka, *İslami Finans Ekonomik Kalkınma ve Sosyal Barış (Islamic Finance Economic Development and Social Peace)*, İstanbul: Nobel Yayıncılık, 2022, 325 p.**


**Reviewer: Büşra Öztürk**

### Book Introduction

Islam, which is expressed in its entirety through the principles of aqâ'id (the basic principles of the religion of Islam, the obligatory provisions to be believed) and the principles of worship, ethics, and treatment as a complement to these principles, holistically and comprehensively and it has introduced measures that cover all areas of life. Principles that affect all aspects of life are outlined in the Holy Quran, the holy book of Islam, along with its fundamental principles. Information about the institution of the economy and some examples of its applications are also mentioned in the Holy Quran and Sunnah of the Rasulullah, and with this feature, they have been the main source of Islamic finance.

In light of Islamic finance, the ethics of the Holy Quran and Sunnah, which serve as its primary sources, and various issues like social peace and economic development, it is imperative that research into these areas be expedited. These studies can help regulate the interpersonal correlation of institutions shaped by mainstream economics, ethics, and political structure in the modern era. When the financial structure, ethics, and legal system are organized according to the belief system of Muslim societies, a prosperous society and development will be achieved.



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One important contribution to the field is the recently prepared book in Turkish entitled “Islamic Finance Economic Development and Social Peace” by Hasan Kazak, a member of Necmettin Erbakan University, and Osman Okka, a member of KTO Karatay University. The book offers valuable insights into the topic of Islamic finance and its impact on economic development and social harmony.

The book being examined documents the development and release of the doctoral thesis entitled “Evaluation of Islamic Finance in the Context of Economic Development and Social Harmony: A Model Proposal for Turkey”, written by Hasan Kazak under the supervision of Osman Okka. Hasan Kazak and Osman Okka, who have presented a series that aims to fill the gaps in the field of Islamic Finance, have presented this book to their readers as a continuation of the Islamic Finance series. The book, which has been prepared in a highly systematic manner from a methodological point of view, is also a basic source for undergraduate and graduate education, especially for those interested in the subject, for reasons that will be explained in detail below, with its scope and extensive literature content.

The book, published by Nobel Publications in 2022, consists of an introduction, 5 main chapters, an evaluation and epilogue, an appendix, and an index, and at the end of each chapter there is a bibliography of the chapter. The book is written clearly and understandably in terms of language and style. It is understood that care has been taken to ensure that the topics are consistent with their titles and that the text is fluent and interconnected.

In the introductory chapter welcomes the reader, to draw attention to the burden of interest and its negative consequences on society, and the exploitation scheme in Türkiye is revealed in figures with data taken from the BDDK (Banking Regulation and Supervision Agency of Turkey). The authors have expressed the share of interest payments in the Turkish economy with numerical data that shows the amount of interest paid by the Turkish economy is approximately 700 billion TL (about 50 billion dollars) which corresponds to 12% of Turkey’s annual gross national product, and it requires urgent consideration and action (p.2).

At this point, with the introduction of the Islamic Finance system, the economic development of societies will be the result of the social, cultural, moral, legal, technological, and international commercial developments working as a whole, and the reasons for considering economic development as a whole with Islamic Finance and social peace are explained (p.1-6).

In the first chapter, the main title of which is Islamic Finance, there are 7 sub-headings. In the first sub-heading, conventional finance and Islamic finance are defined and the differences between them are mentioned. In the second sub-heading, the relationship between economy and finance is discussed and table visuals are included.

The third sub-heading, “The Emergence and Development of Islamic Finance”, focuses on the dynamics of economic development in Islamic societies chronologically from the foundation period to the modern period. In fact, the purpose of historical studies in this field is to shape the practices that we can put forward with the ancient ties that we transfer to the future by carrying the legacy of the past to the present. The main purpose of this book is to present a new economic model that will contribute to economic development and social peace from the perspective of Islamic Economics. It is seen that this model has been prepared based on our historical culture.

In summary, this chapter discusses Ibn Khaldun’s contributions to Islamic economics, as well as the place of economic matters in the Qur’an and Sunnah, which were shaped by the emergence of Islam. In addition to the political, administrative, and economic reform periods of the Umayyad and Abbasid dynasties, details of the developments in the Ottoman period are included (pp.10-57). Unlike the literature, the emergence and development stages of Islamic finance are analyzed in six stages. In this respect, it makes an important contribution to the literature.

Under the title “Management Philosophy of Conventional and Islamic Finance”, both concepts are briefly explained, and it is emphasized that the conventional finance philosophy is based on individual interests and shaped according to the philosophical structure of the doctrine of capitalism, while Muslims should read these effects well and develop their strategies and visions on the axis of halal and haram:

*The Islamic human seeks an understanding of the relationship between Allah, the universe, and absolute truth. They hold the belief that man was not created with unrestricted freedom and instead serves as Allah’s representative on earth. To fulfill this responsibility, individuals must comply with the commands and prohibitions of Allah, and cannot refuse or postpone following them (p. 60).*

In the following section, the importance of capital management in Islamic finance philosophy is emphasized, and details are given about the necessity of preventing the waste of resources by avoiding extravagance and the necessity of earning wealth in halal ways with mutual consent (pp.57-62).

Another subsection entitled “Principles of Islamic Finance” outlines the fiqh regulations that form the fundamental basis of Islamic Finance. After noting the eradication of interest from all financial transactions and the inclusion of valid components or exclusion of prohibited elements in transactions between parties or companies, commercial instruments based on the Sharia provisions of Islam - also known as Islamic Finance products - are classified as “Basic Financing Models utilized in Islamic Finance.” These models can be divided into two branches: trust and partnership-based models, in accordance with *maslahah*, where participants share profits and losses, and trade-based financing models (p.62-102). This distinction is significant and could serve as a foundation for further studies in Islamic finance.

The second section of the book discusses “Conventional Economics and Islamic Economics.” It covers the socio-economic developments in the historical process of the conventional economy and the main doctrines that emerged as a result. The economic doctrines’ material and spiritual aspects and their political and social classifications have been thoroughly examined. From the perspective of Islamic Economics as a distinct discipline, the religious and moral aspects of its doctrines have been revealed through social, cultural, and legal contexts. This evaluation examines the overall structure of the Islamic economy and its differences from conventional systems. Additionally, the Islamic view on the factors of production is analyzed (pp.115-157).

In the third chapter, the most fundamental topic of the book, “Economic Growth/Development and Social Peace in Islam” is analyzed. In the first part of the chapter, the concept of underdevelopment, its characteristics, and measurement are discussed. Then, the policies involved in the development of traditional and contemporary theoretical approaches to development theories are explained separately and the emergence of development as a discipline in the historical process is explained. After this section, it is stated that acting in accordance with justice in production, consumption, and distribution is seen as the guarantee of social peace and tranquility by transitioning to the issue of social peace, which is one of the pillars of development. In addition, to ensure economic development and social peace in Islamic societies, the main normative rules regarding the factors that threaten social peace are summarized under headings.

Among the economic and social behaviors that fall on the Muslim human model according to the principles of the authors in this regard, an issue is particularly noteworthy. which is ensuring education for all. This title is important in that it contains messages about the importance of education, training, and upbringing for

social welfare, not only in a religious sense, but also in terms of knowing the jurisprudence of what one does first and foremost, and then endeavoring to put it into practice. The authors state that access to education is of the same importance for everyone without any discrimination. Furthermore, for the economic development of Islamic societies, it is essential to emphasize the impact of consumption and expenditure behavior on savings, which is the primary source of financing. These behaviors are crucial factors for ensuring economic progress social equilibrium and harmony in the society (pp.163-243).

The fourth chapter of the book presents the empirical application of the relationship between economic growth and finance for the Malaysian region in the time series range of 2006-2010. This research was conducted within the framework of the VAR model to analyze the relationship between variables, using the Johansen co-integration test, impulse response functions, and variance applications. In the study, the effect of variables on Gross Domestic Product (GDP) was also analyzed. With this analysis, the impact of finance on economic growth is analyzed for Malaysia, which has made significant developments in terms of Islamic finance. As a result of the analysis, it was found that the variables used move together in the long run (p.251-253). Supporting the theoretical information with econometric analysis has made the study even more valuable.

In the last chapter of the book, “A Model Proposal in terms of Islamic Finance, Economic Development, and Social Peace: The Case of Turkey”, the current economic and social situation of Türkiye is first determined and then the proposed model for Türkiye is presented. In this section, some policy recommendations are also included for the proposed model to function better. In light of these suggestions, the authors stated that they tried to put forward a model in which the weaknesses in the current economic system can be eliminated as much as possible and positive outputs can be maximized in the eyes of the society:

*In Muslim geographies such as Turkey, the fact that Islam is not fully known that conventional systems dominate the economy and society, and that existing financial systems cannot work as effectively as in Western countries due to society's sensitivity to interest, have left economies behind. This distance from conventional financial systems can only be overcome by developing financial systems in line with the beliefs and values of the people living in these regions (p.255).*

In the Financial System sub-heading of this chapter, it is suggested that zakat (alms)/sadaqa (charity), Qard Al-Hasan (an interest-free loan), and the lendable bank model (pp.255-308) be considered as the preferred main sources of funding.

There are also several restrictions and issues with the book. The following is a list of these:

- To enable other researchers to use the model, details regarding which other nations the model might work in could have been provided.
- Islamic financial products were touched on briefly; for the readers' sake, a more thorough examination may have been conducted.
- More details, particularly on case studies or nations where Islamic finance is used or effective, would have been beneficial for readers to have included.

Consequently, Islamic Finance is currently developing in Türkiye. The book has the potential to raise social awareness at the individual level. Its objective is to bridge the gap within the field through a realistic model proposal that upholds the effectiveness and moral philosophy of Islamic Finance. The behaviors of individuals, who are the basic building blocks of the social and economic structure of the country, towards production, consumption, savings, investment, and the principle of justice are included in different practices and directions from the modern economic understanding. It is envisaged that education, which is seen as one of the conditions for the realization of prosperity, will contribute positively to economic life. It is obvious that this book, which has an important claim in achieving the goal of Islamic finance and economic development, will make a significant contribution to the process of better understanding and analyzing the building blocks of this system and developing appropriate policies.