



Daromir Rudnyckyj, *Beyond Debt: Islamic Experiments in Global Finance*, Chicago: University of Chicago Press, 2018. viii, 263 p.
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Daromir Rudnyckyj's *Beyond Debt* explores alternatives for debt-based finance models worldwide. In Malaysia, through observing the state that follows the direction of the central bank, it seeks to make Kuala Lumpur the Islamic financial centers like New York of the Muslim world. Rudnyckyj expounds on how it facilitates better risk-sharing and profit-sharing schemes, an improvement in their business skills, as well as engaging in more effective cooperation so as to foster better economic practices.

Daromir Rudnyckyj specializes in anthropology, globalization, and economic studies. He is currently based at the University of Victoria in British Columbia, Canada where he teaches in anthropology of finance, religion and development. His main research interests are religion and ethics, their impact on the economic processes in the world and on the South East Asia in particular. Among them, Rudnyckyj has been acknowledged for studying potentiality of Islamic finance and other non-Western financial systems as the model of contemporary global finance.

Chapter 1 discusses Malaysia's role in aligning Islamic communities with global finance. In this project, initiated in 1998 during the Asian financial crisis, Malaysian planners sought to establish an Islamic capital market that would function alongside conventional markets. The author emphasizes that the development of Islamic finance has evolved over the past three decades, highlighting the active promotion of Islamic



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banks in construction and infrastructure projects. Rudnycky discusses Malaysian dreams of the non-debt economy to which the criticism relates to the fact that its forms of financial organization are not as unique, as they seem to be, and gesture towards the conventional debt economy instead.

In chapter 2, author presents Malaysia's establishment of key Islamic finance institutions, private office educational institutions inside Bank Negara and the IFSB in Kuala Lumpur. The government urges conventional banks to establish Islamic banking units. Author points out that an increase in support for the Islamic opposition party as well as criticism of the ruling United Malay National Organization has forced Malaysia to become more Islamic. Although, the chapter focuses on the active involvement of the state in the Islamic finance, it fails to provide a more critical discussion on the ability of state-led reforms to constrain market-led innovation and may overlook the political agenda behind such reforms.

Taken together, sections 3 & 4 examine the emergence of Islamic finance in Malaysia from the nineteenth century to the twentieth century and in which the crucial actor was the central bank: Bank Negara Malaysia. The author mentions the Faedah program as a state sponsored initiative aimed to encourage the growth of Islamic banking and make it attractive to religious and non-Muslims. He explains how following the financial crisis of 1997 and 1998, Malaysia shifted the country's branding and marketing strategy to turn it into an international center for Islamic financial services. Moreover the author illustrates that establishing the International Shariah Research Academy (ISRA) in 2018 was essential in order to close the gap between the Sharia principles and the practitioners. He shows that Bursa Suq Al Sila, the financial exchange set up in August 2009, plays an equally critical role in the global infrastructure involving the Islamic financial system, with the responsibilities of managing the liquidity and financing arrangements.

Chapters 5-7 feature observations and debates between regulators working in Islamic finance, Islamic economists, and practitioners who have observed and interacted with the three main regulators during field work in conventional finance Malaysia: the staff of Negara Malaysia, the chief of the Securities Commission in Negara Malaysia, and the employees of the benchmark Islamic finance institutions in the world. The author finds that they are fully aware that Islamic finance is not just qualitatively different; it is also quantitatively distinct from the conventional one. Together with this, the author touches on another well-known contract in Islamic finance that is at present contentious among the arbitral circuits across the world: the bay'al-'inah contract, mimics a loan agreement, allowing a party to earn

a profit through two purchase transactions and two down payments. As for the admissibility criteria in Malaysia, the bay'al-'inah adhered to the formal criteria, but in the Middle East, has been deemed as impermissible since the very purpose of such a contract is similar to taking an interest-based loan.

In Section 8 and Section 9 of this paper, the author argues that risk sharing instead of risk transfer is what Islamic finance is. He critiques liberal views of the market, stating that liberals consider the market as if it were an arena of truth where aggregate risks of society are assembled and segmented. In the 2000's Malaysia creates a favorable climate for the foreign companies to repatriate cash to the country, for instance, the Malaysia Global Sukuk (MGS). One of the biggest turning points in the history of the Sukuk industry was the \$600,000,000 export in MGS, which is also the first time that flour from a nation state is exported. While analyzing risk-sharing vs. risk-transfer, despite the criticisms made by Rudnycky, the employment of Sukuk to mobilize global capital brings into question whether Islamic finance is providing an alternative to neoliberalism or is simply participating in it.

In chapters 10–13, the author provides insights into Sukuk, a popular product in Islamic finance that provides similar types of guarantees as conventional bonds and is conditioned by debt-based structures, and the dominance of interest-driven mechanisms. Additional to Sukuk, the other type of controversial contract - a type of asset mortgage known as the tawarruq is employed in the Islamic Banking Gulf region and in the Middle East. Tawarruq was developed by Malaysia's Islamic finance sector as a means of providing liquidity hereas it might violite the prohibition of riba (interest). Critics have stated that Islamic finance is actually 'replicating' conventional counterpart and is susceptible to the dominance of interest-based financial systems.

In Daromir Rudnytsky's book, "Beyond Debt: Islamic Experiments in Global Finance," the author examines how Islamic finance has changed from a debt-based system to one focused on investment and equity. Rudnitsky engages in discussions about Islamic finance, looking at different viewpoints. He mentions critics who doubt the originality of Islamic finance, stating that its tools often mirror those of traditional finance without reaching unique social and economic goals. On the other hand, Rudnitsky considers supporters like Muhammad Taqi Usmani, a prominent Islamic scholar and jurist. Usmani highlights the ethical basis of Islamic finance, which is grounded in Sharia principles such as justice, risk-sharing, and the ban on riba (interest). He argues that when done right, Islamic finance can provide

a solid alternative model that promotes fairness and social well-being, setting it apart from traditional interest-based systems.

In 'Beyond Debt,' Rudnyckyj uses key references to frame his take on Islamic finance. Instead of just listing them, he dives into Maxime Rodinson's 1973 work, 'Islam and Capitalism,' looking at how faith-based rules fit within market economies. Because it traces ideas over time, Rodinson's view helps make sense of how Muslim financial thinking changed alongside global markets. Rudnyckyj brings up El-Gamal's book from 2006 on Islamic finance - titled *Law, Economics, and Practice*. That study digs into today's Islamic banking tools along with their legal and economic roots. What makes El-Gamal stand out? He shows how these banks stick to Sharia rules even though they operate worldwide.

The book's strength lies in outlining the historical and modern growth of Islamic finance, especially in Malaysia. Rudnyckyj expertly maps the evolution of Islamic finance from the late twentieth century, explaining how Bank Negara Malaysia was instrumental in promoting this global financial system. By interviewing institutions like the IFSB and Bursa Suq Al-Sila, he adds reliability and richness to the narrative. What makes this book different from other readings is the ethnographic approach employed when conducting the study.

While the book is comprehensive, some topics, particularly financial instruments like bay' al-'inah and tawarruq contracts, may challenge general readers. Another source of criticism is that the authors pays much attention to the analysis of complex financial instruments as objectives of investment while the book has certain weaknesses: the fact that the data was gathered directly from particular institutions presents a potential problem of a systematic bias as there can be many institutions in the industry that the author did not conduct an interview with.

From the Islamic finance point of view, the author emphasizes that *Beyond Debt* is crucial for understanding the problem of liberal debt-based systems, as well as the opportunities of Islamic finance driven by ethical and religious concerns. The lesson gained is that how we organize our economic lives is only limited by our imaginations of what we consider moral.

References

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