The book is presented in a scholarly manner and is well documented. Many will find it a useful teaching and learning aid whose contents are clear, concise and eminently readable. The approach adopted is promising and the book is a welcome addition to the field of Qur’anic studies.

Ayaz Afsar


There has lately been a proliferation of literature on the novel experiment of Islamic financing generally in the form of articles, booklets, notes and news stories. This experiment, as we know, started modestly in the 1980s but has gradually gained momentum. Thanks to the growing importance of Islamic finance, some universities are now offering academic courses on the subject. Thus while a great deal of material on Islamic finance had accumulated, it had largely remained scattered and was hardly accessible to teachers and students, let alone interested general readers. Muhammad Ayub has rendered a great service to all those interested in Islamic finance by bringing together almost every relevant material of any significance. He has tried to encompass all possible details of the practices adopted by Islamic financial institutions in all parts of the world. His effort also proves as to how, by paying attention to a few verses of the Qur’an and a few *ahādīth* of the Prophet (peace be on him) touching on the subject, bases were found for establishing a parallel financial system in the twenty-first century with the help of the insights provided by Islam’s jurists and scholars.

This publication is not only the first comprehensive treatment of the functioning of the present day Islamic financial institutions but is also an attempt to present an overview of the Islamic economic system. The book is divided into three parts. Part I deals with the fundamentals and is comprised of identifying the distinguishing features of Islamic economics and finance, including its main dos and donts. Part II consists of a discussion of the legal aspects of Islamic finance and trade. The last part deals with Islamic finance products and procedures such as mark-up in credit sale, deferred delivery sale,
bargaining on price, manufacture on order, leasing, different kinds of business partnerships and sukuks (bonds). This part is actually the *raison d’etre* of the book, hence one finds in it a very thorough discussion of the subject.

Ayub came into prominence in the academic circles after the appearance of his first book entitled *Islamic Banking and Finance—Theory and Practice* which was published by the State Bank of Pakistan in 2002. The present book is a refurbished, enlarged and a much more comprehensive version of this earlier work. Having been a senior member of the research team charged with research on matters relating to Islamic economy and finance, Ayub has been well aware for long of the ins and outs of the Islamic financial practices both within and outside the country. A glance at the Bibliography and the list of books recommended for further reading gives a good idea of his extensive study of all aspects of the subject which has made the work an authoritative document.

The effort to develop Islamic financial modes and instruments in Pakistan goes back to more than a quarter of a century. The Council of Islamic Ideology played a pioneering role in providing a theoretical framework for Islamizing the conventional financing practices, especially eliminating interest. Necessity and practical compulsions, however, guided the central bank of the country to make adjustments and expansions in this framework, in order that they are able to provide a wider range of choice and a freer hand to the bankers, the underlying idea being to provide a blueprint of Islamic banking that would spare causing any interruption in the functioning of the financial institutions. It is, by and large, this framework that the newly established Islamic financial institutions have adopted in most of the Muslim countries as well as in a number of non-Muslim countries of the world.

The three parts of the book are further subdivided into 18 different chapters comprising 480 pages exclusive of Acronyms, Glossary and a Bibliography of English, Urdu and Arabic sources. In his ‘Introduction,’ the author has raised his voice against the excessive individualism of the market economy and has made out a strong case for the Islamic economic system. In Part I he has discussed the basic features in the framework of which the economic system is required to function. This Part also explains in detail what is permissible and what is impermissible in financing from the Islamic perspective. Part II deals with the rules of trading and lending and their ancillary contracts like pledge, guarantee and surety, etc. Part III, which is the most comprehensive part of the book, deals with financial products and all the available modes of finance. The author has also devoted a full chapter to Islamic insurance. In his closing chapter he has evaluated the arguments put forth by the critiques of the new system and has also discussed the challenges
facing the system. Chapter 12 is the longest one (consisting of 40 pages, pp. 307–346) covering Shirkah and Mudarabah. Chapter 13 is concerned with ancillary contracts like agency, commission, etc. and covers only 10 pages (pp. 347–356).

A fair appraisal of any book is possible only after it is read from cover to cover. It is only such a reading that would enable one to appreciate the contents of the book and also make it possible for the reviewer to become aware of the mistakes or flaws of the author. But a careful reading of the book by this reviewer led to the pleasant surprise that the author has not ignored any aspect of the subject that is directly or indirectly related to Islamic finance. As a result, the book has come to be an encyclopaedic work on Islamic finance. A cursory evaluation of the author’s comprehension of the subject can be made from the sub-headings of any chapter. This will be evident by perusing the sub-headings of any chapter. Let us illustrate by considering the contents of Chapter 8 (pp. 179–212) titled “An Overview of Financial Institutions and Products: Conventional and Islamic:”

8.1 Introduction

8.2 What is Banking or a Bank?

8.3 Strategic Position of Banks and Financial Institutions

8.4 Categories of Conventional Financials Business

8.4.1 Commercial Banking:

8.4.1.1 The Deposits/Liability Side of Commercial Banks (i) Current Accounts (ii) Savings Accounts (iii) Fixed Term Accounts/Certificates of Investment/Certificates of Deposit (iv) Annuities/Perpetuities (v) Advance Profit-paying Products (vi) Cash Management/Fund Management Accounts

8.4.1.2 The Assets Side of Commercial Banks

8.4.2 Investment Banking

8.4.3 Other NBFIs

8.4.4 Conventional Financial Markets

8.5 The Need for Islamic Banks and NBFIs

8.5.1 The Structure of Islamic Banking

8.5.2 The Deposit Side of Islamic Banking

8.5.2.1 Current Deposits

8.5.2.2 Savings Deposits/Investment Deposits/Term Deposits

8.5.3 Instruments on Assets Side
8.5.3.1 Modes for Financing Trade, Agriculture and Industry
8.5.3.2 Household, Personal Finance, Consumer Banking
8.5.3.3 Treasury Operations — Liquidity and Fund Management
8.5.3.4 Foreign Exchange Operations
8.5.3.5 Government/ Public Sector Financing
8.5.3.6 Alternatives to Foreign Loans

8.6 The Issue of Modes Preference
8.7 Islamic Investment Banking
8.8 Islamic Financial Markets and Instruments
  8.8.1 Islamic Funds
    8.8.1.1 Asset Management through Equity Funds: (i) Regular Income Funds (ii) Capital Gain Funds (iii) Aggressive Funds (iv) Balanced Funds
    8.8.1.2 Screening and Purification Criteria
  8.8.2 Principles relating to Stocks: (i) Trading in Stocks of Companies (ii) Underwriting (iii) Object of Contract in the Sale of Shares (iv) Preference Shares (v) Borrowing on Interest for Investment in Shares
  8.8.3 Investment Sukuk as Islamic Market Instruments
  8.8.4 Trading in Financial Instruments
  8.8.5 Inter Bank Funds Market
  8.8.6 Islamic Forward Markets
  8.8.7 Foreign Exchange Market in Islamic Framework
  8.8.8 Derivatives and Islamic Finance

8.9 Summary and Conclusion

In this outline subheadings like an introduction to conventional banks and banking, their significance, classification and functions of different financial institutions and financial markets might appear to the better informed readers to be of a preliminary nature. But for all those who have any previous grounding in the subject, this book will substantially enrich their knowledge regarding the growth of Islamic financial system.

The author’s conspectus is contained in the introduction. Part I “Fundamentals” (pp. 1–98) deals with outliving the basic features of Islamic economics, business and finance. Given its thoroughness, were some additions to be made into it the part can well develop into an independent work on the Islamic economic system. Part II “Contractual Bases in Islamic Finance”
(pp. 99–176) explains the Islamic legal requirements of purchase, sale and credit. Discussion of these subjects in a book on finance seems necessary because, in an Islamic financial system, financial institutions will not be allowed to deal in money; they will have to deal in the real sector i.e. land, goods, machinery etc. through the the Islamically permissible modes of purchase, sale, lease, etc. A very detailed discussion appears in the book mainly on lending and borrowing and encompasses almost all possible aspects of lender-borrower relationship in an Islamic financial setting. Chapter 7 of this part read with chapter 3 Part I also debunks, in a convincing manner, the objections and doubts concerning the interpretation of the Qur’ānic term *ribā* (interest) that were raised by some scholars during the last century. Part III “Islamic Finance-Products and Procedures” (pp. 177–480) covers all aspects of the different modes of financing that the Islamic financial institutions are practicing in any part of the world.

It would require more space to highlight the commendable points of the author’s approach. For many persons the so-called Islamic financial system is a prolepsis but the author’s approach is not hindered by such nagging doubts. We have so far not come across any convincing alternative to the interest-bearing loans advanced by governments and international loaning agencies like World Bank and IMF. The author has also disposed of the issue of these foreign loans in a few lines (pp. 193–194) but it requires a sympathetic consideration. Let us wish some scholar will collect all such proposals to examine and determine whether all such proposals or some of them provide a convincing and practicable solution to the problem.

Despite the merits of the book, what vexes a reader is the generous use of Arabic terms. The Arabic terms that have been used in the book have their synonyms in English and had they been used that would have made the text easily comprehensible by the readers many of whom will be unacquainted with Arabic legal terminology. Without this the reader will be forced to strain themselves by constantly consulting the English synonyms of the Arabic terms. The use of abbreviatives is also excessive and somewhat vexing.

Many details in Chapter 5 “Islamic Law of Contracts and Business Transactions” (pp. 101–128) seem to be redundant. The chapter should have been confined to setting out the legal requirements necessary for a contract.

The author insists on *Shari‘ah* boards, and rightly so, to ensure compliance with the *Shari‘ah* criteria for Islamic banks in making investments in companies that might lead to prohibited products or provide prohibited services. But the examples of prohibited products and services that the author has mentioned give rise to several questions. For example, he has included in this regard tobacco products. A small segment of ‘ulamā‘ disapproves cigarettes
but tobacco products are not confined to cigarettes alone. A harsh anological reasoning of a few ‘ulama’ cannot be allowed to overrule the overwhelming majority of ‘ulama’ who have regarded the issue of all tobacco products with indulgence. The author has also black-listed the companies whose interest income ratio is more than 5%, whose debt ratio is more than 10-33 % and whose total liquid assets are less than 10-33 % of their total assets. These quantitative standards also need Shaﬁ’ authority. If this is based on some analogy; it may change due to change in the situation raising the limit to any figures, as has happened in the case of defining a “fair rate” of interest in some Western countries.

The author’s erudition is at its zenith in Chapter 17 “An Appraisal of Common Criticism of Islamic Banking and Finance (pp. 443–456).” He has brought the whole battery of his arguments to silence the critics of the system. It is, however, felt that he needs to further reinforce his battery by recourse to sharper and more persuasive arguments.

Under the subheading 17.3.3, “Inflation and Interest” (p. 438) he is quite categorical and correct in claiming that one may resort to ijtihād only when a clear directive is not available in the Qur’an and the Sunnah. But the examples of ijtihād that the author has presented under para 17.3.6 (p. 442) seem to overlook this condition. His appraisal of the criticism in para 17.3.5 of charging interest from the rich debtors (p. 441) is appealing but needs to be made more convincing.

A very generous use of a loose form of agency is the cornerstone of a number of financing modes always involving the customer himself as an agent of the bank. The author is dissatisfied only with double agency. He observes: “Double agency for making payment as also for purchasing and taking delivery should be avoided because it may become a cause of misuse making murabaha a backdoor to interest.” A very liberal use of this agency is generally found in all the modes presently that needs to be reconsidered.

It would have been better to insert the acronyms in the beginning of the book rather than at its end.

Index is unjustifiably oversimplified and even defective in its alphabetical listing. The author would do well to add a note in Chapter 3 on the buyer’s option and at least a few paragraphs on the role of market ombudsman (mubtaseb) in the next edition of the book.

Despite some shortcomings the author should be applauded for presenting in a consolidated form all the up-to-date material on the functioning of Islamic financial institutions in considerable detail. In each chapter he has also made a tabular presentation of different modes and products under discussion to facilitate the understanding of their basic features.
at a glance. The addition of accounting treatment of different modes has made the work self-contained. The author should be applauded for writing such a splendid book and the publishers for its befitting production.

S. M. Hasanuzzaman


This work constitutes vol. 16 of the series “Aristoteles Semitico-Latinus project” supervised by the Royal Netherlands Academy of Arts and Sciences as part of the Corpus Philosophorum Medii Aevi project of the Union Académique Internationale. This project envisages the publication of the Syriac, Arabic and Hebrew translations of Aristotle's works, of the Latin translations of those translations, and of the mediaeval paraphrases and commentaries made in the context of this translation tradition. This volume presents a critical edition of the part on practical philosophy (the Books of Ethics, Economy and Politics) in the encyclopedia *Butyrum Sapientiae* (Cream of Wisdom) of the 13th century Syriac author Mar Gregory Abū al-Farağ b. Aaron Barhebraeus. This encyclopedia covers almost all the themes of the Aristotelean Oeuvre starting with the *Organon* and ending with the *Politics*.

Gregory Abū al-Farağ Bar ‘Ebrāyā (Gharīghūryūs Abū ’l-Farağ Ibn al-‘Ibrī (623–685/1225–1286), known in the West as Barhebraeus is one of the most eminent scholars of Syriac. He belongs to the period of Syriac Renaissance of the 12th–13th centuries. He was a Syrian Orthodox Christian. His scholarly interest covered a large number of fields such as biblical exegesis, dogmatic as well as moral-mystical theology, jurisprudence, philosophy, historiography literature, grammar, lexicography, the exact sciences and medicine. He wrote mainly in Syriac and partially in Arabic. He took Arabic or Persian books as his model and patterned his own works after them. He used to incorporate in his works materials taken from Arabic and Syriac sources. He came under the influence of some Muslim thinkers such as Muḥammad b. Muḥammad al-