

ISLAMIC FINANCE





1. What is the Shariah definition of wealth?

Ans: The Shariah definition of wealth is that –

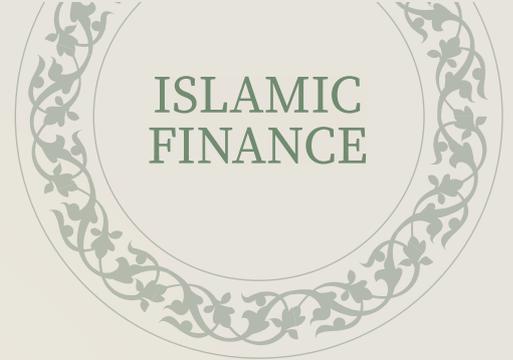
- i. It must be something lawful for people to use, own and transfer.
- ii. It must be something useful and beneficial.
- iii. It must be something that people are willing to pay for.

2. What is the Islamic attitude towards saved wealth?

If you have a lot of money, and you've saved it in the form of gold etc, and it's just sitting there in a safe somewhere, that is the money that has been taken out of circulation from the society. It cannot be used by people for their exchanges, so what happens?

Well, after a year you're going to have to pay 2.5% on it, and the second year and so on. And if you leave it around long enough, eventually Zakaah will eat up all that wealth. So, that's a penalty being imposed by the Lawgiver for monopolizing wealth and diverting it from its primary function, that is, that it is medium of exchange.





3. How is Riba (Interest) based economy not sustainable?

One of the impacts or the effects that's driving the world economy is the need to make a certain amount of profit to be able to cover the interest payment on debt. It's like an electric prod behind every enterprise in the world to increase to grow, but there are limits to growth. You can only grow big to a certain extent, and then when you've ripped out resources from here and there and depleted all the resources, the population will have to crash because there won't be enough resources to support the levels of human beings who are calling upon them. Therefore, a sustainable economic system cannot be achieved when the whole system is being driven by the internal logic of Riba.

