

[THE MAJLIS VOL 23 NUMBER 12](#)



“VOICE of ISLAM”



Roses have thorns!
The Haqq too has thorns!
“We strike baatil with the Haqq. Then it crushes the brains of baatil.” (Qur’aan)

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A MUNAAFIQ IN THE MUSJID

“The Mu’min in the Musjid is like a fish in the water while the munaafiq in the Musjid is like a bird in the cage.”

THE HARAAM SHENANIGANS OF THE SCHOLARS FOR DOLLARS

How Sharia-compliant is Islamic banking?

BBC News

By John Foster

Former editor, Islamic Business & Finance magazine

The Islamic finance industry has often battled with the question: How Islamic is Islamic banking?

The question's pertinence was raised in March last year, when Sheikh Muhammad Taqi Usmani, of the Accounting and Auditing Organization for Islamic Finance Institutions (AAOIFI), a Bahrain-based regulatory institution that sets standards for the global industry, said that 85% of Sukuk, or Islamic bonds, were un-Islamic.

Usmani is the granddaddy of modern-day Islamic finance, so having him make this statement is synonymous with Adam Smith saying that free-markets are inefficient.

Because Sukuk underpin the modern-day Islamic financial system, one of its pre-eminent proponents arguing that the epicentre of the system was flawed sent shockwaves through the industry.

It also gave ammunition to the

many critics who see Islamic finance as an industry more driven by cultural identity than practical problem solving: as a hodgepodge of incoherent, incomplete, impractical and irrelevant ideas.

Recognisable products

The products that modern-day Islamic bankers have created are very similar to conventional products.

So similar, in fact, that to an outside observer they could be considered the same.

Islamic banks now offer Islamic mortgages, Islamic car loans, Islamic credit cards, Islamic time deposit and guaranteed return accounts, Islamic insurance and some even offer Islamic managed and hedge funds.

This point is conceded by Samir Alamad, Sharia, or Islamic law, compliance and product development manager of the Islamic Bank of Britain.

“The industry does not want to alienate its products,” he says.

“They have to be recognisable, produce the same outcome as conventional products, but remain within the guidelines of Sharia.”

No interest

The core of Islamic economics is a prohibition on interest.

This immediately creates a problem for Islamic banks, as conventional banks charge borrowers an interest rate through which they can reward their depositors and make some profit for being the broker.

With interest ruled out it is harder to make money.

The modern Islamic banker has found a way around this prohibition, however.

As in many Islamic products, the bank enters a partnership with its depositors and invests his money in a Sharia compliant business.

The profit from this investment is then shared between the depositor and the bank after a set time.

In many cases this “profit rate” is competitive with the conventional banking system's interest rate for savers....

To the casual observer, a spade is a spade.

Whether the product is dressed up in Arabic terminology, such as Mudarabah, or Ijarah, if it looks and feels like a mortgage, it is a mortgage and to say any-

thing else is semantics.

However, this new generation of Islamic bankers had cut their teeth in the City and Wall Street, and were used to creating sophisticated financial products.

They often bumped heads with the Sharia scholars who authorised their products as Sharia compliant.

However, these bankers had a way of dealing with this, as one investment banker based in Dubai, working for a major Western financial organisation explains:

“We create the same type of products that we do for the conventional markets. We then phone up a Sharia scholar for a Fatwa [seal of approval, confirming the product is Shari’ah compliant].

“If he doesn't give it to us, we phone up another scholar, offer him a sum of money for his services and ask him for a Fatwa. We do this until we get Sharia compliance. Then we are free to distribute the product as Islamic.”

No consensus Fatwa Shopping

This “Fatwa shopping”, which

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THE SIGNS OF ATHAAB

“When Our chastisement overtook them, why did they not become humble (and submit in obedience)?

But, their hearts became hard and shaitaan adorned for them their perpetrations.

Thus, when they forgot the admonition with which they were remind-

ed (and warned), We opened for them the doors of everything (of all bounties). (They recklessly pursued their desires) rejoicing proudly in the bounties which were bestowed to them until they were suddenly apprehended (by His Athaab),

then suddenly they lay sprawled (in ruin

and destruction).” (Al-An’aam, Aayat 43 and 44)

Muslims in South Africa should not dwell in deception and recklessly and proudly rejoice with their affluence. The ‘affluence’ of Muslims today come within the scope of Allah’s statement in the aforementioned ayat. “We opened

for them the doors of all things.”

Instead of heeding the Divine Punishment which has overwhelmed and ruined the Muslims of Syria, Burma, Palestine, Iraq and other lands, and turning unto Allah Ta’ala with humility, repentance and the pledge of obedience, the hearts of our community have hardened as is mentioned in the Aayat above. In fact,

the political upheavals of anarchy, strife, corruption, etc. wracking the country are signs of His Impending Athaab. The anarchy will overspill.

Be not mistaken! Labour under no deception regarding the Impending Athaab overhanging South African Muslims. We are not a chosen community of the Ummah which will be spared the

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