

A: They may keep their faith, but at the same time they must be in appropriate appearance.

Q: *What is the status of Islamic banking in Pakistan?

A: Going pretty good in the first sense which I have mentioned above.

Q: Is it possible that you (Pakistan) can be a model in the Islamic banking?

A: We have tried to do so, because in fact, in the second sense (Mudarabah and Musharakah based Islamic banking), it is difficult to apply, it can only be through the help of Government of Pakistan, and the application of Islamic banking on the basis of the government, we have tried for that and it still continues until now. The major portion of Pakistani banking system is conventional and the decision is in hand of government, however, government seems still not convinced with it (Islamic banking).

بقیہ صفحہ نمبر ۹۰ سے آگے)

دوسرا تحفہ جناب شاہد مدنی صاحب نے مراخ الارواح کا بھیجا ہے۔ یہ علم صرف پر ایک معروف درسی کتاب ہے جس پر ضیاء الاصباح کے نام سے حواشی بھی ہیں کتاب کی جلد مضبوط مگر کاغذ کمزور ہے۔ جبکہ یہ کتاب طلبہ کے زیر استعمال آنے والی نصاب کی کتاب ہے۔ شاید قیمت کم رکھنے کے لئے کاغذ ہلکا استعمال کیا گیا ہو۔ ملنے کے پچ متعدد درج ہیں شائع مکتبۃ المدینہ کراچی نے کی ہے

ایک اور تحفہ لاہور سے ادارہ معارف نعمانیہ کی جانب سے موصول ہوا ہے جس کا عنوان ہے ایمان کیسے بچائیں یہ کتاب مفتی محمد شہاب الدین نوری صاحب کے قلم سے نکلی ہے جو کہ دارالعلوم فیض الرسول براؤں بھارت شریف میں سلک تدریس سے وابستہ ہیں۔ کتاب ۲۰۸ صفحات پر مشتمل ہے اور ۵۰ روپے کے ذاک ٹکٹ ارسال کر کے ادارہ معارف نعمانیہ ۳۲۳ مرکزی جامع مسجد حنفیہ نوشیہ شاد باغ لاہور سے حاصل کی جاسکتی ہے۔ ایک اور کتاب کا تحفہ جناب محمد احمد ترازوی صاحب نے عنایت فرمایا ہے جس کا نام ہے "تحریک تحفظ ختم نبوت مدین اکبر شاہ احمد نورانی صدیقی" کتاب عمدہ مرورق کے ساتھ افق پبلی کیشنز نے شائع کی ہے ۱۵۰ صفحات پر مشتمل یہ کتاب صرف ۳۹۰ روپے میں B/77 سیکٹر 35A گلشن حالی زمان ٹاؤن کورنگی نمبر ۴ کراچی سے طلب کی جاسکتی ہے۔ علاوہ ازیں معروف کتب خانوں پر دستیاب ہے۔ کتاب کا مفصل تعارف کسی آئندہ اشاعت میں شامل کیا جائے گا (انشاء اللہ) اردن عمان سے جو علمی تحائف ملے ہیں ان کی فہرست طویل ہے جن کا تعارف آئندہ کسی اشاعت میں پیش کیا جائے گا (انشاء اللہ)

with regards to the real assets, it is whether Murabaha or Ijarah or Istisnaa', all modes are based on the assets real bought and sold and rented out, while traditional (interest-based) funding is not based on real assets at all. Therefore you see that there is a big market for derivatives and the volume of these derivatives exceeds the size of the real assets and (this volume) is 12 times bigger than their real value on the earth and this is what has created today's severe economic crisis. These Islamic institutions are far away from such operations which have no assets, they are all based on the assets, which is a great service (provided by Islamic institutions). So we can not say that they did not provide any service such as getting rid of Riba, the real transactions.

Q: Some people believe that you (scholars and industry practitioners) copy conventional banking practices and try to Islamize them rather than distinguishing with originality (innovativeness)?

A: In fact this point is valid in my view, and this is what I fear too, and Islamic financial institutions should have distinguished themselves from the traditional system through emphasis on the objectives (objectives of Shari'ah) not by mere staying away from Riba, I mean by searching ways for the ensuring objectives of Shari'ah. But with sorrow I say there is a tendency of mimicking and copying everything that is offered by traditional banks and efforts made to have a substitute for that (traditional product) in the Islamic Bank as well, and this trend is what I do not agree with.

Q: But are not there your academic contributions in this area?

A: There are areas where we have distinguished and some other areas where we copied and simulated and I am not in agreement with copying of everything from the conventional banking system as the difference is not only the picture, but there should be a marked difference in terms of real achievement of the objectives.

Q: Why some people have shown their unhappiness when you demanded that the female staff of Islamic institutions should observe Hijab?

A: When a bank claims that it is an Islamic bank, it should be an Islamic, not only in its dealings, but in the attire, the environment and all other thing in a way that there should be a general appearance of decency inside the bank.

Q: But some of them are non-Muslims?

So if this industry benefits everyone, then this is the underlying philosophy of the Islamic economy, which is possible through Mudarabah and Musharakah. So I am not satisfied (with the practices of industry) in second sense, thou I am satisfied (with practices of industry) in the first sense if all conditions are fulfilled meanwhile we do not say that every Islamic financial institutions fulfills and apply the conditions, instead there are "some" Islamic banks, which fulfill and apply the Shari'ah requirements of financial instruments.

Q: You are a member of the Islamic Council, and there are scholars who disallowed organized Tawarruq and some others allow it, how is this (contradiction)?

A: There is no absolute prohibition nor there is general permissibility. Some banned with certain conditions and others allowed with certain conditions. So there is no real conflict between the two resolutions, because if you review the standard, issued by the Shari'ah Council of AAOFIF you will find strict/tough conditions for permissibility of Tawarruq.

Q: Are these strict/tough conditions applied there (in the industry)?

A: So far as application of these conditions is concerned we can not give a general statement. They have implemented and this implementation is sometime appropriate and in other time is not. And this is not the case in Tawarruq only but in Murabahah and every other thing.

Q: In general perspective do you see that the Islamic banks served their communities?

A: As I mentioned they have provided some good services, as the institutions that fulfill (Shari'ah) conditions, have provided an opportunity for (Muslim) clients and struggled to make their business activities Shari'ah compliant, and this is no doubt a great and important objective. I mean they, before launch of Islamic banks, do not have options other than interest based dealings and now getting rid of Riba in itself is important, so if there was nothing helping them in getting rid of Riba then this (opportunity) is a great objective (of Shari'ah) and a great service, and these institutions provided this service. I said the instruments which are used in Islamic banks, are not the preferred/favorite instruments, the preferred modes, as I stated, are Mudarabah and Musharakah. Despite this observation in these instruments (which are practiced now in Islamic banking) there is (obvious) advantage for use of these instruments and this advantage is

Q: When you said two years ago about the Sukuk market, do you expect the market to crash like this?

A: I had no thought about what would happen in the Sukuk market, I just expressed what I observed from Shari'ah perspective, because I was of the view that some reforms were necessary in the mechanism of Sukuk from Shari'ah aspect, but for what happens in the market I have no role.

Q: But you did not disclose the reality of the case but only when you have been asked by a journalist?

A: No, I have spoken about the market at that conference and other conferences, and have written about it too and also I spoke about it in more than one occasion.

Q: Has the situation in the market now improved?

A: I did not review the new instruments, because I could not get a chance for that because the Islamic finance industry is not my only job, I have engagement in other works, also my area of work is far from Middle East as I am based in Pakistan, and sometimes I am not aware of what is happening in the market.

Q: Are you satisfied with the financial instruments offered by Islamic banks?

A: Satisfaction here has two meanings; the first is that if these instruments comply with all its conditions, then they are allowed from Shari'ah view. The latter meaning of satisfaction is with regards to the best practices which represents the philosophy of Islamic economics. I think that the best/recommended way for the Islamic financial industry, is adoption of Mudarabah and Musharakah as medium of financing, because through these mediums the actual profits can be passed on from banks to the general depositors. The situation now in the conventional market depends on that depositors deposit their money in banks and these banks utilizes the whole money and those who use these funds are few, so actually these few are benefiting from the funds of all depositors. These few generate profits through huge business activities which are in there easy approach and give to bank small share in earning called "interest" from which a portion is paid to the depositors. This proportion that the depositors receive may not be equal to the rate of inflation, this means that the public do not benefit from these funds.

A significant deficiency in the Islamic Banking Industry.

An Interview of Maulana M. Taqi Al usmani.

By: Mohammed AlHamzani (Daily Asharq Al-Awsat)

One of the prominent scholars of the Islamic banking at the moment and an expert of the industry, Sheikh Taqi Usmani, Chairman of the Shari'ah Council of the Accounting and Auditing Organization for Islamic Financial Institutions, has endorsed that the Islamic banking has provided great services to the communities in which it operates, however he also pointed out a significant deficiency in the Islamic banking industry.

Sheikh Usmani said that the Islamic banking industry in current times contributed a lot to rescue Muslim societies from dealing in financial derivatives, and in keeping them away from Riba which is Haraam, also it contributed in protecting them from the consequences of the global financial crisis.

Sheikh Usmani, who lives and works in Pakistan, has explained that there are Islamic banks that fulfill and apply the conditions recommended by the Shari'ah Boards, along with this he also acknowledged that few banks may have over sighted these conditions in some products, but these products do not reflect its actual situation.

He told in an interview with «Asharq Al-Awsat» at the end of Shari'ah Boards Conference which was held recently in Bahrain, that Islamic banking in Pakistan is still below the desired level, and that there are significant efforts to work on the spread and growth of Islamic banking.

The details of the interview:

Q: How would you rate last Shari'ah Boards conference?

A: The conference was goods and has been well attended by many scholars of Islamic banking, good research work was presented, and some new topics were also discussed which have not been dealt with in previous conferences, such as liquidity management, especially in view of the financial crisis, which caused problems, thought Islamic institutions have not been affected greatly but because of its some affected customers, Islamic institutions have received some effects.