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Can The Religions Of The Book Teach Modern Finance?

Usury – The History Of Abrahamic Lending

Webinar

Thursday 01 October 2020





A Word From Today's Chairman



**Professor Michael
Mainelli**

Executive Chairman

Z/Yen Group



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Agenda



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|---------------|--|
| 14:00 – 14:05 | Chairman's Introduction |
| 14:05 – 14:30 | Keynote Address – Imam Sayed Ali Abas Razawi |
| 14:35 – 14:45 | Questions & Answers |



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**Imam Sayed Ali Abbas
Razawi**

Chief Imam & Director
General

Scottish Ahlul Bayt
Society

Long Lessons – Can The Religions Of The Book Teach Modern Finance?

Usury – The History Of Abrahamic Lending



~ Imam Sayed Ali Abbas Razawi FRSA

What is the '*religions of the book*'?

- ◆ Judaism, Christianity and Islam are traditionally referred to as the 'religions of the book' or 'people of the book' -- The people of the book take their origins from Abraham.
- ◆ Abraham as the patriarch is beautifully brought out in the Hebrew Bible, Gospel and the Qur'an. Abram, programmatically renamed as 'Abraham', later interpreted as 'father of many nations', is clearly the ancestor of both the children of Israel, the spiritual father of the Christians and the children of Ishmael (Arabs).
- ◆ There are three fundamental qualities that define the quiddity of these three religions and therefore in the Greek sense of the term religion, only these three qualify as religions. Eastern faiths were historically referred to as 'traditions', and would not define themselves as as religions in the Western sense of what religion entails.

What is the '*religions of the book*'?

- ◆ These three qualities are – (a) dogma; (b) a moral law, (c) a form of worship/ rites and rituals.
- ◆ There are fundamental overlaps in dogma, more so between Judaism and Islam – belief in the Abrahamic Monotheism, Prophecy, Holy Books, shared Prophets. There are also commonalities in forms of worship – times of prayer, liturgy, fasting, and underlying jurisprudence, with divine laws and principles to govern prayer and worship.
- ◆ Moral code in the three religions is based on Abrahamic 'virtue ethics', coupled with charity which will also have guiding principles similar to other other forms of worship, what you have is a system of life which caters for both the physical and spiritual needs of the human being – as an individual and collective.

Business & Trade – as old as religion itself

- ◆ Though the discussion is still raging as to whether the first homo sapiens appeared in Africa or elsewhere, it is recognized that the earliest cultures, society and high religions developed before the civilizations of the Indus Valley, the Shang Culture in the valley of the Yellow River and probably the Egyptian culture in the Nile Delta. It is thought that the first society was in southern Mesopotamia, where the ancient city of *Sumeria* became the hub for the creation of the wheel, the wagon, writing and the oldest system of calculation, used in Temples, for what can only be referred to as '*Temple Economy*'.
- ◆ So began trade -

Vices which immediately followed

1. Fraud
2. Bribery
3. Gifts
4. Lying
5. Cheating
6. Price gauging
7. Inappropriate products
8. Political involvement
9. Discrimination
10. Employee compensation – human exploitation
11. Tax evasion

The role of religion begins

- ◆ If the role of religion is to provide felicity and human perfection – a roadmap to happiness / the light and most importantly the Divine. It therefore became important that those traits which deviate an individual aware from goodness be curbed.
- ◆ Religion regards human life as a unity between the physical and immaterial.
- ◆ Islam and by extension the Abrahamic monotheism is does not just look at the soul or life hereafter, but is firmly rooted in finding the Divine in the material world, with human day to day interactions being the main focus of this quest.

What can religion give?

- ◆ The methodology religions approach a problem is holistic and works from the core.
- ◆ Religion provides structures and mechanisms for equitable trading that benefit the individual, corporations, society and governments as a whole.
- ◆ Introducing spirituality enhances the values and practices in corporate culture.
- ◆ It strengthens existing principles & values.
- ◆ Spirituality can play a greater role when differentiating between practices & values.
- ◆ Religion gives universal principles.

What can religion give?

- ◆ Kant believed that moral actions must conform to universal principles – virtue ethics.
- ◆ Spirituality can significantly impact management practices; with an impact on the vision, humanity and spirituality of the manager. It provides the ability to positively motivate, build teams and hold accountable stakeholders. More so, it can enhance values in practices and provide an ability to enrich ethical behavior in important decisions.
- ◆ This implies corporations are also a part of society and therefore have a social responsibility.

Three – fold principle

1. God is the ultimate resource
2. Centrality of the community
3. Work to transform the lives and raise the standard of living of the whole.

Therefore business has a social responsibility, where good business ethics actually improves the public image of business.

Why?

- ◆ Society allows for business to exist.

Immediate principles

1. Legal directives and moral imperatives,
2. Mechanisms to avoid fraud,
3. A body to enforce,
4. Protection from harm,
5. Prevention of fraud

Case Study - Islam

- ◆ A contributing factor as to why Medieval Islamic Civilization was the most advanced group of societies for a number of centuries was;
 1. The person of the Prophet
 2. An ability to develop financial and mercantile structures – this was the world of the silk road, the golden web (Asia to Western Europe), where a financial guarantee written up in Baghdad was honored in Shanghai.
 3. Distribution of wealth that prevented a feudal system prevalent in Europe.

Islamic Jurisprudence – twofold

1. Worship
2. Interactions and contracts, which included 18 books;

Financial transactions, mortgage, bankruptcy/ inability to pay one's debt, guarantee, drafts, compromise, partnerships and its sections, renting, borrowing, agency, gift, charitable endowment, loaning etc.

Some principles

- ◆ Mercantile calling is an honorable calling,
- ◆ Idea of the pious mercantile or 'mercantile piety',
- ◆ Business is worship,
- ◆ Zakat, Sadaqa, and other form of charity,
- ◆ Qur'an addresses the corrupt trader even before introducing principles of worship
- ◆ Deceit, lying, overcharging, poor quality goods,
- ◆ The baker's dozen!

Wealth distribution

- ◆ Zakat, Khums and other forms of charity
- ◆ Waqf
- ◆ Social institutions providing charitable services

The Trades House

Usury

A working definition -

- ◆ A practice of making unethical or immoral monetary loans that unfairly enrich the lender,
- ◆ A condemnation of taking advantage of the misfortune of others.

Torah

- ◆ Take thou no interest of him or increase; but fear thy God; that thy brother may live with thee. Thou shalt not give him thy money upon interest, nor give him thy victuals for increase. (Lev. 25:36-37)
- ◆ Thou shalt not lend upon interest to thy brother: interest of money, interest of victuals, interest of any thing that is lent upon interest. Unto a foreigner thou mayest lend upon interest; but unto thy brother thou shalt not lend upon interest; that the LORD thy God may bless thee in all that thou puttest thy hand unto, in the land whither thou goest in to possess it. (Deut. 23-20-21)

Christianity

- ◆ The [First Council of Nicaea](#), in 325, forbade clergy from engaging in usury.
- ◆ Lateran III decreed that persons who accepted interest on loans could receive neither the sacraments nor Christian burial.
- ◆ [Fifth Lateran Council](#) in the 16th century for the first time defined usury as;

For, that is the real meaning of usury: when, from its use, a thing which produces nothing is applied to the acquiring of gain and profit without any work, any expense or any risk.

Islam

- ◆ For, that is the real meaning of usury: when, from its use, a thing which produces nothing is applied to the acquiring of gain and profit without any work, any expense or any risk. (*Al-Imran 3:130*)
- ◆ Whatever loans you give, 'only' seeking interest at the expense of people's wealth will not increase with Allah. But whatever charity you give, 'only' seeking the pleasure of Allah – it is they whose reward will be multiplied. (*Ar-Rum 30:39*)

Islamic Principles found in law

- ◆ Liability of damage
- ◆ Avoidance of disadvantage has priority over benefits gained
- ◆ Contracts are based on intentions,
- ◆ Cannot cooperate in a sinful venture.

Conclusion

- ◆ The source of material gain is God, therefore we are all answerable to Him,
- ◆ Religion preaches equity and social responsibility,
- ◆ In business, these manifest in the form of virtuous principles,
- ◆ Mechanisms, checks and balance must be based on these virtuous principles to allow for a culture of virtue to exist in business and trade,
- ◆ Education is of the utmost importance.

QUESTIONS & DISCUSSION, ANSWERS?



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- Thursday 08 October (12:30) [Why Do People Do Hostile Profiling?](#)
- Wednesday 14 October (09:00) [Financial Centres Of The World 2020: Focus On Labuan IBFC](#)

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