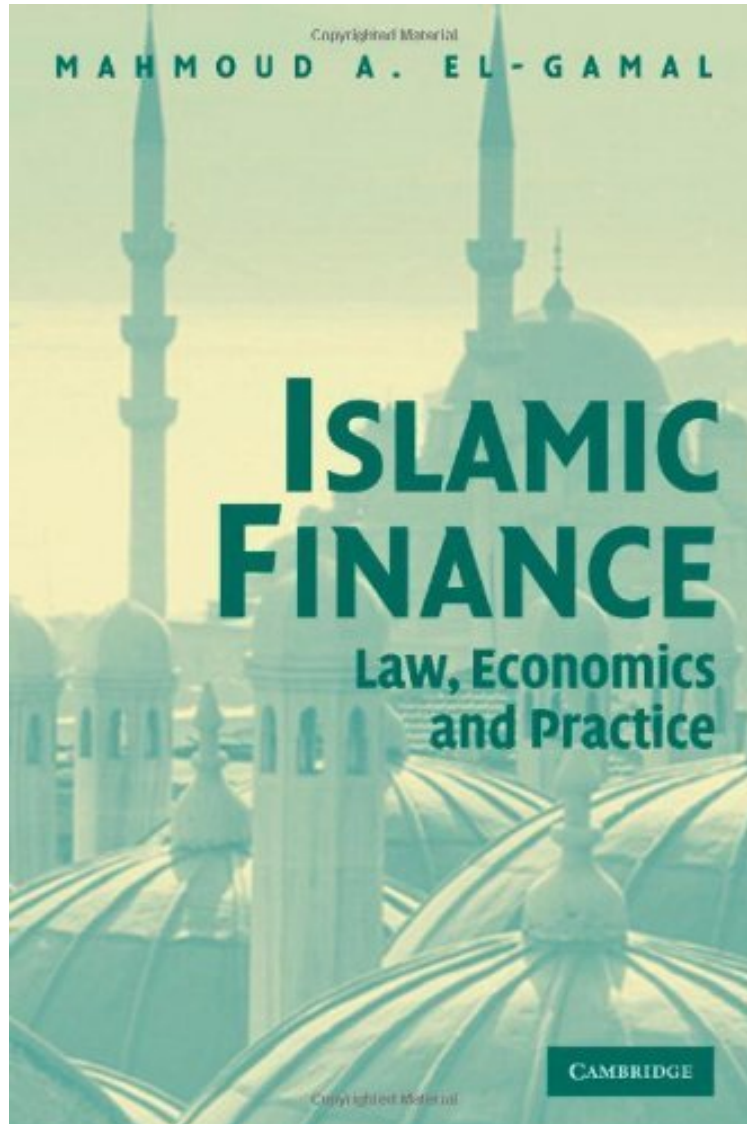


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Islamic Finance: Law, Economics, and Practice

Mahmoud A. El-Gamal

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Mahmoud A. El-Gamal : Islamic Finance: Law, Economics, and Practice before purchasing it in order to gage whether or not it would be worth my time, and all praised Islamic Finance: Law, Economics, and Practice:

5 of 5 people found the following review helpful. Suberb analysis and insights.By twilightProf. Mahmoud is one of the few scholars who are well versed in Shari'a and economics. He provides a plausible account of the faults of the existing models of Islamic finance "IF", most of which comply with the letter but not the spirit of Islam. The term Shari'a arbitrage, which he coins, is simply is the practice of adding fees for making superficial modifications to a conventional product to make it comply with the formalistic aspects of the Shari'a without altering its unjust economic

effect. Unfortunately, Mahmoud's skepticism was ill-received by the Islamic finance industry and those who benefit from Shari'a arbitrage. Those who turned out to be quite dogmatic, exclusionary, and inexplicably sensitive to criticism. Rather than challenging his thesis in a civilized and academic manner, influential Islamic economists preferred to act in contrary to the precepts of Islam by simply alienating him for no valid reason. They tend to take the best of both worlds, theoretically they persistently emphasize that IF is all about risk-sharing and justice, while practically even the Islamic Development Bank, which is presumably the most Islamic of all, has little to no risk-sharing composition of its loan portfolio as shown in its annual reports. In any event, *Islamic Finance Law, Economics and Practice* is a must read for those interested in genuine, neutral, edifying insights into the realm of Islamic finance. Among all books on IF, it provides a balanced approach to the topic calling for mutuality as a possible alternative framework that for all its faults is more compliant with the Shari'a than the existing framework. IF is doomed to fail unless views of scholars like Mahmoud are taken into consideration to formulate better practices and policies as it grows to maturity.

2 of 2 people found the following review helpful. Great, refreshing view on Islamic Finance
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In conducting research for my thesis, I found El-Gamal's book to be an incredible resource. His scholarship brings new light to the perspectives on Islamic finance. This is a must-read for anyone looking to research the subject.
0 of 0 people found the following review helpful. Five Stars
By Hu Yitien
Excellent in-depth introduction.

This book provides an overview of the practice of Islamic finance and the historical roots that define its modes of operation. The focus of the book is analytical and forward-looking. It shows that Islamic finance exists mainly as a form of rent-seeking legal-arbitrage. In every aspect of finance - from personal loans to investment banking, and from market structure to corporate governance - Islamic finance aims to replicate in Islamic forms the substantive functions of contemporary financial instruments, markets, and institutions. By attempting to replicate the substance of contemporary financial practice using pre-modern contract forms, Islamic finance has arguably failed to serve the objectives of Islamic law. This book proposes refocusing Islamic finance on substance rather than form. This approach would entail abandoning the paradigm of 'Islamization' of every financial practice. It would also entail reorienting the brand-name of Islamic finance to emphasize issues of community banking, micro-finance, and socially responsible investment.

"This book is by far one of the best that has been published on the topic of Islamic finance and banking." - Choice
"This is a timely book providing an analytical critique of contemporary Islamic Finance by a leading Muslim scholar.... an important contribution." - International Journal of Middle East Studies
About the Author
Mahmoud A. El-Gamal is Professor of Economics and Statistics at Rice University, where he holds the endowed Chair in Islamic Economics, Finance, and Management. Professor El-Gamal has also served in the Middle East Department of the International Monetary Fund (1995-6), and was the first Scholar in Residence on Islamic Finance at the U.S. Department of the Treasury in 2004. He has published extensively in the areas of econometrics, finance, experimental economics, and Islamic law and finance.