

# 7. İSLAM İKTİSADI ATÖLYESİ

5-7 NİSAN 2019, İSTANBUL

Tebliğ Özetleri / Abstracts



# **7<sup>TH</sup> ISLAMIC ECONOMICS WORKSHOP**

Monetary Issues in Islamic Economics

## **7. İSLAM İKTİSADI ATÖLYESİ**

İslam İktisadında Para

# 7.İSLAM İKTİSADI ATÖLYESİ

## İslam İktisadında Para

5-7 Nisan 2019 İstanbul

İslam İktisadi Araştırma Merkezi'nin (İKAM) düzenlediği 7. İslam İktisadi Atölyesi, 5-7 Nisan 2019 tarihlerinde "İslam İktisadında Para" başlığı ile İstanbul'da gerçekleştirilecektir. İlmî Etüdler Derneği (ILEM), Türkiye İktisadi Girişim ve İş Ahlakı Derneği (İGİAD) ve Marmara Üniversitesi işbirliğinde gerçekleştirilecek olan atölyede bu sene "İslam İktisadında Para" konulu tebliğlere yer verilecektir.

Atölye'de Türkiye'den tanınmış hocaların yanında, ayrıca para çalışmaları ile bilinen M. Fahim Khan, Mabid Ali Al Jarhi, Adam Abdullah ve Sajjad Zaheer, gibi önde gelen isimler de bildiri sunacaklar.

Neredeyse insanlık tarihi kadar eski bir maziye sahip olan para, asırlara sığmayacak tarihi boyunca insanın olduğu her yerde var olmuştur. Devletlerin, imparatorlukların, diktatörlüklerin, krallıkların gücünün sembolü, savaşların, sömürgelerin sebebi olmuştur. Her ideoloji parayı kendi perspektifinden yorumlamıştır. M.Ö. 700'lerde Lidyalılarla kullanılmaya başlandığına inanılan para günümüze gelene kadar değerli madenler, kâğıtlar, banknotlar, değersiz madenlerden yapılmış, sanallığın hâkim bir kavram olduğu günümüz dünyasında para da artık sanal bir araç haline almıştır. Bu kadar köklü bir tarihi olan, insanın olduğu her yerde var olan para için gariptir ki hak ettiği oranda kafa yorulmamıştır. Asırlar boyunca gelen her uygarlığın, ideolojinin yeniden ele aldığı paranın İslam'da da elbette bir

yeri vardır. İKAM gerçekleştireceği 7. İslam İktisadi Atölyesi'nde parayı gündeme taşıyacak, günlük hayata indirgenmesinin hayali kurulan bir İslam iktisadi tasavvurunda para yeniden ele alınacak, İslam'ın öngördüğü perspektiften tartışmaya açılacaktır.

Genel anlamıyla İslam İktisadi Atölyesi'nin temel amacı başta Müslüman Ülkelerde karşılaşılan problemler olmak üzere, mevcut iktisadi sistemin ortaya çıkardığı sorunlara karşı çözüm bulmaktır. İslam iktisadi, literatürde giderek artan bir şekilde ele alınmakta ve birçok mecrada tartışılan güncel bir arayış haline gelmektedir. Bu atölyelerle birlikte İslam iktisadi alanında seçilmiş konu başlıkları üzerine odaklanılmaktadır. Bu çalışmalar üzerinden mevcut durumlar yeniden değerlendirilerek gelecekte yapılması gereken yeni çalışma alanları da tespit edilmektedir. Bu bağlamda, hem teorik hem de uygulama alanları hakkında farklı perspektiften meseleler tartışılarak bugünün iktisadi sorunlarına katkı yapılması amaçlanmaktadır. Ayrıca bu atölyeler vesilesiyle Müslüman dünyanın son birkaç yıldır içerisinden geçtiği ekonomik ve siyasi kargaşadan çıkmasına yardımcı olabilecek şekilde güncel ve somut katkılar yapılması hedeflenmektedir.



7.İSLAM  
İKTİSADI  
ATÖLYESİ

5-7 NİSAN 2019, İSTANBUL

www.ikam.org.tr

**5 NİSAN 2019, 18.00 - 21.00**  
Marmara Üniversitesi İlahiyat Fakültesi  
Prof. Dr. Raşit Küçük Konferans Salonu

• AÇILIŞ PROGRAMI

• İSLAM İKTİSADI ÖDÜLTÖRENI

• AÇILIŞ PANELİ

İslam İktisadında Para  
Fatih Savaşan, Sakarya Üniversitesi  
Melikah Ütük, Albaraka Türk  
Mehmet Babacan, Medipol Üniversitesi  
Hasan Hacak, Marmara Üniversitesi

**6 NİSAN 2019, 09.30 - 18.00**  
Marmara Üniversitesi İlahiyat Fakültesi  
Prof. Dr. Ali Özek Salonu

• ATÖLYE OTURUMLARI

**7 NİSAN 2019, 10.00 - 13.15**  
Marmara Üniversitesi İlahiyat Fakültesi  
Prof. Dr. Ali Özek Salonu

• ATÖLYE OTURUMLARI

# 7<sup>TH</sup> ISLAMIC ECONOMICS WORKSHOP

## Monetary Issues in Islamic Economics

April 5-7<sup>th</sup>, 2019 Istanbul

Research Center for Islamic Economics (IKAM) in collaboration with Scientific Studies Association (ILEM) and Turkish Entrepreneurship and Business Ethics Association (IGIAD) is organizing 7th Islamic Economics Workshop, which is being hosted by Marmara University from 5 to 7 April, 2019. The theme of this year's workshop is "Monetary Issues in Islamic Economics."

A major part of problems existing in contemporary economies are attributed to the existence of fiat currencies. The current monetary system is not only a key source of exorable increase in interest rates but also a principal cause of inflation and collapse in value of money in many countries. This modern usurious alchemy is at the heart of fractional reserve banking and its controversial ability to create fictional purchasing power by charging interest on money. The challenges in international context are equally abstruse where few reserve currencies are ruling over international market with exorbitant advantage over others leaving the weaker ones exposed to daily artificial fluctuations of exchange rates.

An Islamic monetary system is certainly a solution theoretical foundations for which have long been laid by pioneers of Islamic Economics discipline. The pioneers have blazed the trail, what is left is the development of

a comprehensive theory of Islamic monetary economics. Hence, this year's workshop's aim is to argue, debate and elucidate misconceptions related to monetary conundrum in Islamic economics. Experienced academia from Islamic economics discipline would offer different perspectives, critically evaluate the existing works and propose suggestions for reducing differences to set a common future course of action.

In this framework, different topics related to monetary issues in Islamic economics will be discussed. The workshop will be spread over three days. In the opening session on Friday, April 5, 2019, experienced academicians and industry leaders will sit together in the inaugural panel to discuss the monetary issues in context of Islamic economics. On the same day, IKAM's Islamic Economics Awards will be presented under different categories to distinguished academicians, professionals and organizations. This will be followed by two intense days of workshop sessions where senior researchers and faculty members coming from over seven countries will present their works before a large audience.

**7<sup>TH</sup> ISLAMIC ECONOMICS WORKSHOP**  
5-7 APRIL 2019, ISTANBUL

[www.ikam.org.tr/en](http://www.ikam.org.tr/en)

**5 APRIL 2019, 18.00 - 21.00**  
Marmara University Faculty of Theology  
Prof. Dr. Raşit Küçük Conference Hall

- OPENING SESSION
- PRESENTATION OF ISLAMIC ECONOMICS AWARDS
- INAUGURAL PANEL  
Monetary Issues in Islamic Economics  
Fatih Savaşan, Sakarya University  
Melikşah Utku, Albaraka Türk  
Mehmet Babacan, Medipol University  
Hasan Hacak, Marmara University

**6 APRIL 2019, 09.30 - 18.00**  
Marmara University Faculty of Theology  
Prof. Dr. Ali Özek Hall

- WORKSHOP SESSIONS

**7 APRIL 2019, 10.00 - 13.15**  
Marmara University Faculty of Theology  
Prof. Dr. Ali Özek Hall

- WORKSHOP SESSIONS

# GEÇMİŞ ATÖLYELER (2013-2018)

- 2013** ♦ **IEW 1**  
Temel Kavram ve Fikirler  
İstanbul Greenpark Otel
- 2014** ♦ **IEW 2**  
İslam İktisadı ve Piyasa  
İstanbul Şehir Üniversitesi
- 2015** ♦ **IEW 3**  
İslam İktisadı ve Emek  
İstanbul Ticaret Üniversitesi
- 2016** ♦ **IEW 4**  
İslam İktisadı  
Perspektifinden Sosyal Adalet  
İstanbul Üniversitesi
- 2017** ♦ **IEW 5**  
İslam İktisadı  
Perspektifinden Faiz  
Sakarya Üniversitesi
- 2018** ♦ **IEW 6**  
İslam İktisadı  
Metodolojisi  
İstanbul Üniversitesi

Kapitalist İktisadi Sisteme alternatif bir sistem arayışı yıllardır farklı açılardan tartışılmaktadır. Bu tartışmalar bazen hâkim iktisadi sistemin eksikliklerinin kapatılması gerektiği şeklinde ortaya çıkmış bazen de komünizmde olduğu gibi tamamıyla farklı bir düzen teklifi olarak karşımıza çıkmıştır. İslam iktisadı tartışmalarını da bu bağlamda, Müslüman düşünürlerin İslami Ölçütler çerçevesinde şekillenen alternatif bir piyasa arayışı olarak ifade etmek mümkündür. Ancak 1980'lerden itibaren yapılan çalışmalar sonucu gelinen noktaya baktığımızda, alternatif sistem arayışlarının mevcut sistem içerisinde var olma çabalarına doğru evrildiği görülmektedir. İktisadi bir sistem oluşturma arayışları, özellikle finansal boyutuyla sınırlandırılmış ve faizsiz bankacılık hizmetlerinin başlatılması ile Müslümanlara sistem içerisinde yer açılmıştır.

İLKE Derneği, İlmî Etüdler Derneği (İLEM), Türkiye İktisadi Girişim ve İş Ahlakı Derneği (İGİAD) işbirliği ile ilk defa 2013 yılında düzenlenen bu atölye çalışmasının amacı "İslam iktisadı" alanında yapılan araştırmalar ışığında ilgili alanın çerçevesinin, alt başlıklarının ve temel konularının belirlenmesidir. Ayrıca bu toplantılar aracılığıyla finansal sistemin dışında, İslam iktisadının farklı yönlerinin de ele alınmasıyla, gelecekteki çalışmalar için bir çerçeve çizilmesi hedeflenmektedir.

Atölye çalışmasında, sadece bildirilerin tebliğ edilmesine değil aynı zamanda Türkiye ve diğer ülkelerde iktisat alanında çalışmalarını bulunan akademisyenlerin konuları derinlikli tartışabilmesine de imkân veren uzun soluklu oturumlar gerçekleştirilmektedir. Böylelikle külli bir sistemi meydana getirebilmek için gelecekte ne tür çalışmalar yapılması gerektiğinin de farklı boyutlarıyla tartışılması amaçlanmaktadır. İslam İktisadı Atölyesi ayrıca İslam iktisadına dair ilmi üretim gerçekleştiren ve bu başlık altındaki konulara ilgi duyan akademisyenlerin birbiri arasındaki irtibatı güçlendirmesini hedeflemektedir.



Bu minvalde; 1. İslam İktisadı Atölyesi Mart 2013'te Temel Kavramlar ve Fikirler, ikincisi Nisan 2014'te İslam İktisadı ve Piyasa, üçüncüsü Nisan 2015'te İslam İktisadı ve Emek, dördüncüsü Nisan 2016'da İslam İktisadı Perspektifinden Sosyal Adalet başlığıyla gerçekleştirilmiştir. Türkiye, Mısır, Malezya, İngiltere, Pakistan, ABD, Katar, Cezayir, Suudi Arabistan, Güney Afrika, Endonezya gibi birçok ülkeden İslam iktisadı alanında çalışma yapmış olan akademisyenlerin katılımıyla gerçekleşen atölye; farklı çalışmaların paylaşılmasına ve tartışılmasına vesile olmuştur. Her atölyenin sonunda, tebliğlerden ve tartışmalardan çıkan tespit ve öneriler bir sonuç bildirgesi ile kamuoyuna ilan edilmektedir.

Ayrıca atölye çıktılarının kalıcı hale gelmesi ve İslam iktisadı alanında yapılan diğer çalışma ve tartışmalara katkı sağlaması amacıyla sunulan tebliğler editöryal okumadan geçerek kitaplaştırılmaktadır. İlk atölyenin tebliğleri Türkçe'de İslam İktisadını Yeniden Düşünmek, İngilizce'de Islamic Economics: Basic Concepts, New Thinking and Future Directions ismiyle yayımlanmıştır. İkinci atölyenin tebliğleri ise İslam İktisadı ve Piyasa ismiyle yayımlanmıştır. Üçüncü atölyenin tebliğleri ise Türkçe'de İslam İktisadı ve Emek, İngilizce'de Labor in

Islamic Setting ismiyle yayımlanmıştır.

5. İslam İktisadı Atölyesi, 1-2 Nisan 2017 tarihinde Sakarya'da düzenlendi. Geniş katılımlı açılış paneli ile 31 Mart 2017'de İSAM- İslam Araştırmaları Merkezi'nde başlayan etkinlik, Sakarya'da iki gün boyunca önemli tartışmaların yapıldığı toplam 6 oturum ve bir özel sunum ile gerçekleşti. 7 farklı ülkedeki üniversitelerden akademisyenlerin katıldığı, alanındaki en küresel organizasyonlardan olan "İslam İktisadı Atölyesi"nin beşincisi bu yıl "İslam İktisadı Perspektifinden Faiz" başlığı altında gerçekleştirildi.

6. İslam İktisadı Atölyesi, 6-8 Nisan 2018 tarihinde İstanbul'da düzenlendi. Geniş katılımlı açılış paneli ile 6 Nisan 2018'de İstanbul Üniversitesi'nde başlayan etkinlik, İstanbul Üniversitesi Rektörlük binasında iki gün boyunca önemli tartışmaların yapıldığı toplam 8 oturum ile gerçekleşti. 10 farklı ülkedeki üniversitelerden akademisyenlerin katıldığı, alanındaki en küresel organizasyonlardan olan "İslam İktisadı Atölyesi"nin altıncısı "İslam İktisadı Metodolojisi" başlığı altında gerçekleştirildi.



# HISTORY (2013-2018)

- 2013** ♦ **IEW 1**  
Basic Concepts and Ideas  
Istanbul Greenpark Hotel
- 2014** ♦ **IEW 2**  
Islamic Economy and Market  
Istanbul Sehir University
- 2015** ♦ **IEW 3**  
Labor in Islamic Economics  
Istanbul Commerce University
- 2016** ♦ **IEW 4**  
Social Justice from the  
Perspective of Islamic  
Economy  
Istanbul University
- 2017** ♦ **IEW 5**  
Interest from the Perspective  
of Islamic Economics  
Sakarya University
- 2018** ♦ **IEW 6**  
Methodology of Islamic  
Economics  
Istanbul University

The quest of an alternative system to Capitalist economic system has been debated from different point of views for years. These debates have taken place sometimes in the manner of the necessity that the gaps of the dominating economic system must be bridged and sometimes have taken place as a proposal for a different order, like socialism. In this respect, the debates of Islamic economics may be expressed as an alternative system quest of Muslim philosophers which is shaped around Islamic criterion. As distinct from past efforts, the quests incepting in 60s have deepened after 70s and the perspective of economics of Islam has developed as an alternative system search with quests of identity.

After 1980, however, it's been observed that these alternative system quests, depending on the global economic and political changes, evolved to the efforts of existence in the contemporary system. As a result of the developments merely in Islamic banking and finance industry, the theoretical and methodological developments in Islamic Economics have decelerated. In this process, Islamic finance has increasingly been integrated into, and has almost become an integral part of the mainstream market system. From 90s, when the prioritization of Islamic banking and finance started, if we consider the fact that the studies about Islamic economics were at the minimum, concurrently the urgent need for a more comprehensive and independent discipline was realized.

In this context, the first "Islamic Economics Workshop", entitled Basic Concepts and Ideas, took place in March 2013. It was a joint organization of İLKE (Science, Culture and Education Association), which works, together with its foundations, in the areas of business ethics and entrepreneurship, academic studies and common



education of religion and pioneers in developing the strategic aspects for these topics, İLEM (Scientific Studies Association), which works in order to raise qualified scientists, to reinterpret the scientific understanding based on the roots of Islamic civilization, and to create the necessary knowledge for a new order of life, and İGIAD (Economic Enterprise and Business Ethics Association), the one and only non-governmental organization which aims to inform people for encouraging entrepreneurship and disseminating business ethics; and to create an ethical precision via its publications in the public and especially in the business world.

In the following year, in 2014, the second workshop was organized by the same organizations in cooperation with Istanbul Sehir University under the title of Islamic Economy and Market. Next year the third workshop was hosted by Istanbul Commerce University and sponsored by Istanbul Chamber of Commerce (İTO), under the title of Islamic Economy and Labor. This was followed by a workshop held in 2016 this time under the theme, “Social Justice from the Perspective of Islamic Economy”.

5th Islamic Economics Workshop, this time under the theme “Interest from the Perspective of Islamic Economics” was organized in March/April 2017 under auspices of Reasearch Center for Islamic Economics (IKAM) for the first time. The focus of this workshop were the economic, political and social problems caused by the contemporary economic system. The aim was to find real solutions for the current problems within the framework of Islamic economics. In the workshop experts presented and discussed their papers on various issues such as the role of Interest from the perspective of Muslim Societies; the alternatives against this system; the transition process from an economic system based on interest to an interest-free system; the role of government in an interest-free system; the relations of production in interest-free system and the future of debt based economic structure.

The 6th Islamic Economics Workshop was hosted by Istanbul University from 6 to 8 April, 2018 and was organized under the theme “Methodology of Islamic

Economics.” In the opening session of the workshop on Friday April 6, 2018, Islamic Economics Awards were also presented. Experienced voices from around the world presented their works addressing the issue of methodology of Islamic Economics in 8 different sessions each of which was moderated by a chair. Within the framework of the topic of methodology, papers were presented, and evaluations and discussions were made for three consecutive days and the economists gathered under the auspices of IKAM reasserted the pertinence of revising contemporary methodology towards understanding Islamic Economics.

These six workshops hosted academics from various countries including Turkey, Egypt, Malaysia, the United Kingdom, Pakistan, the United States, Saudi Arabia, South Africa, Algeria, Qatar and Indonesia, who have richly contributed to the field of Islamic Economics. Since the Islamic Economics Workshop is also expected to be a medium for sharing intellectual insights and discussing ideas, in these programs around 100 academics from Turkey and various countries presented papers and participated in much needed debates in order to strengthen the connections among Islamic economics scholars and researchers.

For it is also aimed to perpetuate the outputs of this organization and to contribute to the existing literature on Islamic economy, after every workshop, the presented papers are published in form of a book. The papers of the first six workshops have already been published in Turkish language in form of edited books. The proceedings from the first workshop were compiled and published in and English title namely, Islamic Economics: Basic Concepts, New Thinking and Future Directions by Cambridge Scholars Publishing. It was followed by an edited book entitled Islamic Economy and Market containing articles from the 2nd IEW. Those of the third workshop were published in English, under the title, Labour in Islamic Economy in 2016. The English titles from the 5th and 6th IEWs are in the pipeline and will shortly be published.

## DÜZENLEME KURULU ORGANIZING COMMITTEE

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Adam Abdullah, International Islamic University Malaysia (IIUM)  
Ahmet Faruk Aysan, Istanbul Sehir University  
Fahim Khan, Professor Emeritus  
Mabid Ali Mahmoud Al Jarhi, Anakara Sosyal Bilimler University  
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Mehmet Saraç, Istanbul University  
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Zeyneb Hafsa Orhan, Sabahattin Zaim Üniversitesi



## DÜZENLEYEN

### İslam İktisadı Araştırma Merkezi (İKAM)

İLKE Derneği tarafından 2016 yılında kurulan İKAM İslam iktisadı düşüncesinin külli bir şekilde inşası için yetkin fikir ve teorilerin üretilmesini teşvik etmeyi ve yeni çalışmalara zemin teşkil etmeyi amaçlamaktadır. Uzun zamandır gerçekleştirdiğimiz İslam iktisadı çalışmalarını daha etkili bir zemine taşımak; İslam iktisadı alanında giderek genişleyen talep ve ihtiyacı karşılayabilmek amacıyla İslam İktisadı Araştırma Merkezi (İKAM)'ni kurduk. İKAM "İslam iktisadı" düşüncesinin külli bir şekilde inşası için yetkin fikir ve teorilerin üretilmesini teşvik etmeyi ve yeni çalışmalara zemin teşkil etmeyi amaçlamaktadır. İKAM, kapitalizmle el ele gelişerek büyüyen mevcut iktisadı sisteme alternatif adil, helal kazancı teşvik eden, insana ve insan emeğine saygılı bir sistemin oluşması için uzun soluklu, derinlikli, bütünlüklü, nitelikli çalışmaların yapılmasını amaçlamaktadır. İslam iktisadını hem teorik hem de pratik zeminde ele alacak olan bu merkez, İslam iktisadının konularını farklı boyutlarıyla ele alarak muhtelif platformlarda genişleten ve çeşitli etkinliklerle zenginleştirilerek alanda çalışan kişiler için faydalanabilecekleri bir yapı oluşturmayı amaçlamaktadır. Merkezde araştırma, yayın, eğitim, konferans ve çalıştay gibi faaliyetler yürütülecektir.

## MÜŞTEREK DÜZENLEYENLER

### İlmi Etüdler Derneği (İLEM)

İLEM, İslam medeniyetinin köklerinden hareketle günümüz ilmi anlayışını yeniden yorumlamak ve sahih bir hayat nizamı için gerekli bilgi birikimini ve tecrübe paylaşımını oluşturmak gayesiyle 2002 yılında kuruldu. Bu amaç doğrultusunda 16 yıldır çeşitli çalışmalar yürütmekte ve eğitim programları düzenlemektedir. İLEM bünyesindeki çalışmalar, çağın ruhunu ve kendi medeniyetimizin esaslarını kavrayacak dirayet, feraset ve siyaset sahibi ilim adamlarının yetişmesi için çok yönlü ve mukayeseli bir yaklaşımla yapılandırılmıştır. Bir diğer deyişle İLEM, yitik hikmetin peşinde olanlar için ilmî bir muhit olma çabasıdır.

### Türkiye İktisadi Girişim ve İş Ahlakı Derneği (İGİAD)

2003 yılında kurulan İGİAD, iş ahlakı ve girişimcilik alanlarında faaliyet gösteren ilk ve tek sivil toplum kuruluşudur. İGİAD, tüm enerjisini girişimciliğin teşvik edilmesi ve iş ahlakının yaygınlaştırılması hususunda bilgilendirme, eğitim ve yayın faaliyetleriyle toplumda özellikle de iş dünyasında ahlaki bir duyarlılık oluşturmak için sarf etmektedir. İGİAD, iş ahlakı alanında mevcut düşünce ve söylemi etkileyerek iş ahlakı düşüncesini ve iş dünyasında helal kazancın adil bölüşümünü yaygınlaştırarak bu alanda önemli bir boşluğu doldurmaktadır.



## ORGANIZER



### Research Center for Islamic Economics (IKAM)

IKAM was founded in year 2016 under Science and Culture Association (ILKE) with an aim to produce competent ideas and theories in order to build Islamic Economic Thought in a holistic manner. IKAM under this aim works to promote economic justice and prosperity through quality research, develop pragmatic policy perspectives, and business and trade practices strictly confounded to the contextual maps of ethically grounded Islamic Economics. In addition to its research projects and publications, IKAM conducts intensive lectures, conferences, symposiums, student training, support and internship programs as well as social events and activities for general public. IKAM's workshops in this context have proved to be milestones in achieving our mission of producing distinguishable policy relevant research where illustrious works have been shared by notable scholars from across the globe.

## CO-ORGANIZERS



### Scientific Studies Association (ILEM)

ILEM was founded in 2002 in order to raise qualified scientists, to reinterpret the scientific understanding based on the roots of Islamic civilization, and to create the necessary knowledge for a new order of life. Following the path of our scientific traditions for twelve years and endeavoring to build a new intellectual perspective, ILEM creates a new milieu by preparing the ground for the upbringing of young scientists and carries out scientific studies that seek solutions to the problems of whole humanity.



### Turkish Entrepreneurship and Business Ethics Association (IGIAD)

IGIAD, which was founded in 2003, is the one and only non-governmental organization which is active in the area of business ethics and entrepreneurship. IGIAD spends all its energy to inform people for encouraging entrepreneurship and disseminating business ethics; and to create an ethical precision via its publications in the public and especially in the business world. IGIAD fills an important gap in the society by bringing forward the current ideas and statements in business ethics and disseminating the fair distribution of income.



MARMARA  
ÜNİVERSİTESİ



## DESTEKLEYEN

### Marmara Üniversitesi

Marmara Üniversitesi, Türkiye'nin bilimsel birikimine 125 yıllık mazisi, 2900 civarında seçkin öğretim elemanı ve 70.000'e yaklaşan öğrenci sayısı ile ülkemizin, en büyük kenti olan İstanbul'dan katkıda bulunmaya çalışan önemli, Türkiye'nin önde gelen yükseköğretim kurumlarından biridir. Dört dilde eğitim veren Marmara Üniversitesi İktisadi ve İdari Bilimler, Mühendislik, Tıp, Eczacılık ve Diş Hekimliği Fakülteleri'ni bünyesinde toplamaktadır. Üniversite bünyesinde 16 fakülte, 11 enstitü, 5 yüksekokul ve 4 meslek yüksekokulu bulunmaktadır. Bu yıl 7. İslam İktisadi Atölyesi Marmara Üniversitesi İlahiyat Fakültesi'nde gerçekleşecektir.

## SPONSOR

### Albaraka Türk Katılım Bankası

İslam İktisadi Atölyesi sponsorlarımızdan olan, Türkiye'de faizsiz bankacılığa öncülük eden Albaraka Türk Katılım Bankası; 1984 yılında kurulmuş olup 1985 yılında aktif olarak hizmet vermeye başlamıştır. Ortadoğu'nun güçlü sermaye gruplarından olan Albaraka Bankacılık Grubu (ABG), İslam Kalkınma Bankası (IDB) ile Türk ekonomisine yarım yüzyıldan fazla hizmet veren yerli bir sanayi grubunun öncülüğünde kurulan bir katılım bankası olarak, Türkiye'deki faaliyetlerini 5411 sayılı Bankacılık Kanunu'na uygun bir şekilde sürdürmektedir.



## SUPPORTING INSTITUTION

### Marmara University

Marmara University is one of the oldest educational institutions in Turkey. Having a glorious past of contributing to research and development for last 125 years, the university has rapidly expanded providing education, training and research activities from 1982 onwards. Around 2900 staff members and over 70,000 students are making contributions to Marmara University's academic activities today, making it one of the most important institutes of higher education in Turkey. The university has 16 faculties, 11 institutes, 5 colleges and 4 vocational schools. Its department of Theology was established in 1959 and will host the 7th Islamic Economics Workshop at its new campus located in Altunizade, Istanbul.



## SPONSOR

### Albaraka Turk Participation Bank

Albaraka Turk Participation Bank, was founded in 1984 by pioneering interest-free banking in Turkey and began actively serving in 1985. It provides services such as individual financing, corporate financing, leasing, and project based profit-loss partnership to our customers and supports the individuals and small businesses in their financial needs. Albaraka Turk is our sponsor for the 7th Islamic Economics Workshop.



# PROGRAM

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## AÇILIŞ PROGRAMI / OPENING SESSION

05 Nisan/April 2019 Cuma/Friday 18:00 – 21:00

Marmara Üniversitesi İlahiyat Fakültesi Prof. Dr. Raşit Küçük Konferans Salonu, İstanbul

### Karşılama Konuşmaları / Welcome Speeches

Lütfi Sunar, Düzenleme Heyeti Başkanı / Head of Organizing Committee  
Nihat Erdoğan, İLKE Mütevelli Heyeti Başkanı / Chairman ILKE Board of Trustees  
Erol Özvar, Marmara Üniversitesi Rektörü / Rector, Marmara University

### İslam İktisadı Ödül Töreni / Islamic Economics Awards

İslam İktisadına Katkı, İslam İktisadı Araştırma ve İslam İktisadı Uygulama Ödüllerinin takdimi  
Presentation of Islamic Economics Contribution, Research and Application Awards

### Açılış Paneli / Inaugural Panel

İslam İktisadında Para / Monetary Issues in Islamic Economics  
Fatih Savaşan, Sakarya Üniversitesi (Oturum Başkanı / Chair)  
Melikşah Utku, Albaraka Türk  
Mehmet Babacan, Medipol Üniversitesi  
Hasan Hacak, Marmara Üniversitesi

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## ATÖLYE PROGRAMI / WORKSHOP PROGRAM

Marmara Üniversitesi İlahiyat Fakültesi Prof. Dr. Ali Özek Salonu, İstanbul

6 Nisan / April 2019

Cumartesi / Saturday

### 09.30-11.00 1. Oturum / Session

Oturum Başkanı / Chair: Hakan Sarıbaş

**Mabid Ali Mahmoud Al Jarhi**, The Islamic Macroeconomic Model: How to Apply it?

**Fahim Khan**, Monetary Economics and Monetary Policy in Islamic Perspective: Focus on Contemporary Muslim Economies Aiming at Making their Economies Islamic

- 11.30-13.00**      **2. Oturum / Session**  
Oturum Başkanı / Chair: Zeyneb Hafsa Orhan  
**Mehmet Saraç**, The Problems with Fractional Reserve Banking and Proposing a New, Shariah Compliant Full Reserve Banking Model  
**Zahra Afshari**, Towards Designing a Dynamic Stochastic General Equilibrium (DSGE) Model in an Islamic Framework
- 14.30-16.00**      **3. Oturum / Session**  
Oturum Başkanı / Chair: İsmail Cebeci  
**Shamim Ahmad Siddiqui**, Time Value of Money and Islamic Finance: Re-examining Differing Views  
**Salman Ahmed Shaikh**, Economic Analysis of Islamic Monetary Framework and Instruments
- 16.30-18.00**      **4. Oturum / Session**  
Oturum Başkanı / Chair: Buerhan Saiti  
**Abdul Rashid**, Impact of Monetary Policy Shocks on Credit Supply of Islamic Banks: An Empirical Study of Pakistan versus Malaysia  
**Md Akther Uddin**, Is GDP Growth Link Instrument Feasible for Islamic Monetary Policy?

**7 Nisan / April 2019**

**Pazar / Sunday**

- 10.00-12.20**      **5. Oturum / Session**  
Oturum Başkanı / Chair: Necmettin Kızılkaya  
**Adam Abdullah**, Re-examining Monetary and Financial Stability in a Modern Economy: Evidence from Turkey and Malaysia  
**Sajjad Zaheer**, Monetary Policy Management in the Presence of Islamic Banking  
**Ahmet Faruk Aysan**, Ethics of Monetary Policy, Central Banking as an Art and Science
- 12.30-13.15**      **Kapanış Paneli / Closing Panel**  
Oturum Başkanı / Chair: Taha Eğri  
**Katılımcılar:** Adam Abdullah, Ahmet Faruk Aysan, Hasan Hacak, Mabid Ali Mahmoud Al Jarhi, Mehmet Saraç



**TEBLİĞ ÖZETLERİ**  
**ABSTRACTS**

## The Islamic Macroeconomic Model: How to Apply it?

Islamic macro models are two categories. The first was inspired by Mannan (1970), Siddiqui (1981, 2006) and Chapra (1985, 1996). It is elaborated by Khan and Mirakhor (1994), Iqbal and Mirakhor (2011), in addition to Mirakhor and Zaidi (2007). It uses a pure equity-based system, keeping the concept of a stable equilibrium, to draw conclusions about efficiency, equilibrium and stability. It ignores the institutional details of the monetary and financial structure. The second proposes an institutional structure of the monetary of financial sector of an Islamic economic system, with distinctive features of money creation and finance allocation, with the necessary instruments for the anchor and conduct of monetary

policy. Shari'ah behavioral rules have been translated into an institutional structure. It uses an updated Al-Jarhi (1981, 1983) with several consequent modifications and improvements to do away with the neoclassical IS-LM, and prepare to switch to a more realistic disequilibrium structure. Based on Al-Jarhi's updated and modified model, is proposed for economic development and stabilization. Implementation highlights gradualism and institutional competition as driving forces. The legal and regulatory environment is modified to provide both conventional and Islamic institutions working side-by-side to have an equal opportunity, leaving competition to have the final say.



### Mabid Ali Mahmoud Al Jarhi

*Dr. Mabid Ali Al-Jarhi is a professor of Economics and Finance as well as Coordinator of International Center of Islamic Economics & Finance at Ankara Sosyal Bilimler University. He has previously served at INCEIF, Malaysia and Hamad Bin Khalifa University, Qatar as a senior faculty member. He earned his PhD from University of South California, US in 1975. Since then he has worked at several academic and professional positions. He was Director of Economic and Policy Planning at Islamic Development Bank (IsDB) between years 1976 & 1978 and was Director General of IRTI from 1996 to 2003. He has won several awards including IDB prize in Islamic economics, banking & finance. Mabid does research in Macroeconomics, Monetary Economics and Financial Economics from an Islamic perspective.*

# Monetary Economics and Monetary Policy in Islamic Perspective: Focus on Contemporary Muslim Economies Aiming at Making their Economies Islamic

This paper discusses an economic model under which a theory of monetary economics is discussed to understand how monetary economics can be understood in Islamic perspective. After this discussion, which can be considered as a prelude to theory of Economics in Islamic perspective compared to classical and Keynesian theories of Economics (and hence can be a part of any text book on theory of Islamic Economics), this paper comes to certain aspects of monetary issues in Islamic perspective (i.e. money creation, banking and financial system, and monetary policy issues). These aspects are then discussed in this paper only in reference to the contemporary Muslim Universities that are in the process of introducing Islamic banking in their economies as a first step to make

their entire economy Islamic. In this effort, the Muslim economies are not realizing that the need to change some important aspects in the monetary system and the polices required for it in order to make Islamic banking to grow ahead of the conventional banking showing the true aspect of the Islamic spirit in Islamic banking. The most important issue to be discussed is the issue of money creation which is restraining Islamic banking to grow ahead of the conventional banking. The paper thus aims at contributing towards making Monetary Economics and Monetary Policy not only in general in Islamic perspective but in particular in the context of contemporary Muslim Economies that are aiming to make their economies Islamic.



## Fahim Khan

*With Master's degree in Statistics and Master's degrees in Political Economy and Development Economics and with Ph. D in Economics from Boston University, USA, Dr. Khan has about 50 years of experience in economic policy & planning, teaching & training, institutional capacity building, academic & policy-oriented research and advising & consulting. In his long career Prof. Khan has worked at various governmental and non-governmental positions. He has also been at the top tier of many universities and Islamic Economics and Finance institutions. He has authored 12 books and several articles in refereed international journals besides contributing numerous conference papers, working papers and policy papers. His last publication was released from Edward Elgar (UK) in 2010, with the title Islamic Banking and Finance in the European Union: A Challenge. He is a Professor Emeritus (Economics) and is currently co-authoring a text book on Economic Policy in Islamic perspective and doing research on how to apply in Islamic Economics in Pakistan.*



## Zohra Jabeen

*Dr. Zohra Jabeen is an Assistant Professor, at the, Institute of Management Sciences, Peshawar. She's PhD in Finance from Mohammad Ali Jinnah University, Islamabad and MS in International Banking & Finance from University of Southampton UK. She is a former banker and has specialized in banking and financial regulations as well as Sukuk in combination with AAOIFI Shariah Standards and Basel Regulations. Her recent involvement is in monetary economics from Islamic perspective, and waqf based economy in collaboration with her mentors and peers.*

# The Problems with Fractional Reserve Banking and Proposing a New, Shariah Compliant Full Reserve Banking Model

The fractional reserve banking, which constitutes the backbone of the conventional, preeminent economic system, is being questioned more than ever due to its serious problems in terms of sustainability, market discipline, resilience against crises and Islamic economics. Although some supportive elements such as central banking, deposit insurance and Basel regulations have emerged over time in order to sustain this naturally fragile system, none of them proved a permanent solution. The aim of this study is to identify the economic consequences of money creation process in the fractional reserve banking system, reveal its problems with the

Islamic economics and examine the viability of alternative models based on full reserve banking. Following a brief discussion on essential theories and practices with regard to banking, credit and money triangle and identifying the controversies, we will utilize a simulation method as an attempt to provide an original, tangible answer as to how a Shariah compliant and sustainable system can be achieved. Though we benefit from the earlier models such as that of Monett & Barrientos, Chan-Lau, Mallett and Wilensky, our model will be quite unique, as we adopt more realistic assumptions and Islamic considerations.



## Ömer Faruk Tekdoğan

*Omer Faruk Tekdogan, is a senior associate at Ministry of Treasury and Finance – Public Finance Transformation Office. He has previously worked in Organisation for Economic Co-Operation and Development from 2016 to 2017. He is a PhD candidate in Islamic Economics and Finance in Istanbul University and holds a Master's in Economics from North Carolina State University. His past and present research fields cover Islamic economics and finance, monetary economics, banking, development economics and agent based simulation modeling.*



## Mehmet Saraç

*Prof. Mehmet Saraç received his undergraduate degree from Istanbul University, Faculty of Business Administration in 1990. He completed the Masters program at the same Faculty in Accounting and Auditing in 1992 and also received a Masters degree in Accounting and Taxation from The George Washington University in 1997. After graduation, he worked for Financial Regulation Project for Washington D.C. government. He later acquired his PhD in Finance from Boğaziçi University in 2004. He has since taught at several universities in Turkey including Mersin University, Sakarya University and Istanbul University where he is also the Director of Center for Islamic Economics and Finance. As a professor at Department of Economics he currently teaches corporate finance, Islamic finance, capital markets and institutions and other related courses. His recent publications concentrated in Islamic economics and finance. He is also member of advisory board at several institutions including Independent Industrialists' and Businessmen's Association (MÜSIAD) and Research Center for Islamic Economics (IKAM).*

# Towards Designing A Dynamic Stochastic General Equilibrium (DSGE) Model in an Islamic Framework

The aim of this paper is to determine optimal policy rule from Islamic perspective for Iranian economy. For this purpose a dynamic stochastic general equilibrium model, by introducing an Islamic instrument i.e. the Musharakah contracts is designed. In this model the interest rate is no longer acts as an monetary policy instrument. Then the impact of economic shocks on the Dynamics of Macroeconomic variables is considered. Finally a policy rule based on Musharakah is introduced and optimal

policy and empirical coefficients are derived. Using data from Iran, the empirical results indicate that policy responses of central bank to output gap and inflation are in accordance with expectations and are economically meaningful and, the specified instrument policy rule have to be considered as optimal in general. The optimal policy rules indicate that the minimum loss is occurred when the authorities respond equally to the inflation and output gaps.

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## Maryam Soleimani Movahed

*Maryam soleimani movahed is Assistant Professor at Iran University of Medical Sciences. She has received her PhD in Economics from Alzahra University-Tehran-Iran in 2016.*

## Zahra Afshari

*Zahra Afshari is Professor of Economics at Alzahra University in Iran. She has received her PhD in Economics from Indiana University, Bloomington, Indiana, and U.S.A. She is teaching Macroeconomics and Monetary Economics at PhD level. She is the author of many research papers in the field of monetary economics, Development economics and Gender economics.*

## Mehdi Pedram

*Mehdi Pedram is Professor of Economics at Alzahra University in Iran. She has received her PhD in Economics from Shahid Beheshti University, Tehran, Iran. He is the author many research paper in the field of International Finance and Macroeconomics.*



# Time Value of Money and Islamic Finance: Re-examining Differing Views

The concept of time value of money is at the heart of conventional finance. To claim a formidable alternative to conventional finance, a resolution of conflicting views and arguments surrounding this concept among Islamic scholars is extremely important. This will provide a sound theoretical foundation resulting in wide ranging support for Islamic banking and finance by different sections of the society. This paper will critically evaluate the arguments related to time value of money that are made in forming different opinions in the context of current products and practices in Islamic finance. An important aspect of the methodology adopted in the paper is to study / examine related rulings of classical fuqha in the light of actual practices at the time of the Prophet (PBUH)

and during the early Islamic era after his death. It will not only scrutinize the soundness of different opinions derived from such rulings on logical grounds, but also judge their merits by looking at the consequences of their applications. As the background of contemporary arguments on time value of money includes theoretical developments made in western economic thought, a review of different theories of interest is also undertaken. The issue of time preference is seriously appraised as it appears to be miss-appropriately used for justifying a particular point of view by contemporary Islamic scholars. The research methodology adopted in this paper is a mix of library research and systematic review of literature.



## Shamim Ahmad Siddiqui

*Dr. Shamim Ahmad Siddiqui is currently an Associate Professor in the School of Business and Quality Management at Hamdan Bin Mohammed Smart University in Dubai. Dr. Siddiqui received his PhD (Economics) degree in 1989 from Temple University, USA. Before joining HBMSU in October 2010, Dr Siddiqui taught courses in economics and Islamic Finance at the University of Brunei Darussalam, University of Karachi and Temple University. His primary area of research is Islamic economics and finance and he has written a number of papers in this field. He has also published journal articles in the areas of international trade, labour and development economics. Dr. Siddiqui has also worked as an economics consultant for various development projects undertaken by public sector departments of governments of Brunei, Sri Lanka and Pakistan.*

## Economic Analysis of Islamic Monetary Framework and Instruments

Asset market in the interest-free economy does not have a conflicting behaviour among savers and investors with regards to the price of capital. In the risk-sharing model, the price of capital is replaced by a share in returns on capital. Thus, the profit sharing ratio determines the allocation of capital. Investment acceleration is led by Zakāt on idle wealth and prohibition of interest which necessitates conversion of saving into investment. Since the returns on capital are shared, it also limits the risk of a liquidity trap. There is less pressure on current account balance if there is no or limited gap between savings and investments. This has a stabilizing effect on the exchange rate and on domestic currency as a store of value in the interest-free economy. In addition to that, asset-backed monetization checks unbridled multiplication of money which causes inflationary effects in the economy. On the other hand, financial inclusion in asset side operations through equity financing ensures that people with more human but less financial capital also undertake productive investments, which enhances capital formation and

employment creation. In managing public finance in the interest-free economy, the government can issue Sukuk and composite equity certificate representing a stake in state-owned enterprises which are having positive profits. Credit controls can utilize Qard e Hasan ratio (for cash reserve ratio) and sovereign investment ratio (for statutory liquidity ratio) where investments are made in sovereign Sukuk or composite equity certificate. Finally, the empirical evidence presented in this study shows that countries where the banks have higher capital adequacy ratios usually have lower inequality of income. Thus, in the full reserve banking system or the system where there is only asset backed financing or a greater capital buffer, the distribution effects are expected to be more egalitarian. Since remunerative investment accounts in Islamic banking are operated through Mudarabah, the capital buffer would be greater in Islamic banking leading to greater solvency, resilience and lesser volatility in net banking spreads due to pass-through of returns in the risk sharing model.



### Salman Ahmed Shaikh

*Dr. Salman Ahmed Shaikh is Assistant Professor of Management Sciences at SZABIST Karachi. He holds PhD Economics from National University of Malaysia. He also did BBA Finance from Bahria University, MS Finance from SZABIST Karachi and Masters in Economics from Institute of Business Administration, Karachi. He has published several research papers on Islamic Economics and Finance in Scopus and Web of Science indexed journals as well as chapters in books published by Web of Science publishers. He has presented in international conferences in Turkey, Indonesia, Malaysia, Brunei and Pakistan. He is recipient of two Emerald Highly Commended Paper Awards in 2018.*



### M. Kabir Hassan

*Professor Dr. M. Kabir Hassan is Professor of Finance in the Department of Economics and Finance in the University of New Orleans. He currently holds two endowed Chairs-Hibernia Professor of Economics and Finance, and Bank One Professor in Business- in the University of New Orleans. Professor Hassan is the winner of the 2016 IDB Prize in Islamic Banking and Finance. Professor Hassan received his BA in Economics and Mathematics from Gustavus Adolphus College, Minnesota, USA, and M.A. in Economics and Ph.D. in Finance from the University of Nebraska-Lincoln, USA respectively.*

## Impact of Monetary Policy Shocks on Credit Supply of Islamic Banks: An Empirical Study of Pakistan versus Malaysia

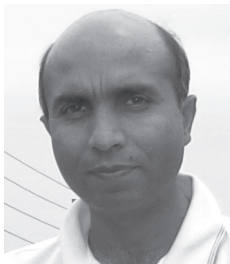
Knowing the transmission channels of monetary policy is important to effectively and successfully achieve the macroeconomic objectives of monetary policy. Indeed, after the 2007-08 financial crisis, we have a substantial amount of literature on the effectiveness and competence of the credit supply channel of banks. Nevertheless, we have very limited empirical evidence on the role of Islamic banks in the monetary policy transmission mechanism. This paper therefore contributes to the literature by focusing on the role of Islamic banks in the monetary policy transmission process by exploring the differential impact of a monetary policy tightening on the credit supply of Islamic banks in the case of Pakistan and Malaysia, and by investigating whether bank size and bank liquidity matter in formulating the effects of tight monetary policy. The dynamic panel data (aka. system-GMM) estimator is used to overcome the issue of endogeneity and persistence. While estimating

the effects of three alternative measures of monetary policy on banks' credit supply, we include several bank-specific variables in the specification as control variables. The results provide strong evidence on the existence of credit supply channel in both Pakistan and Malaysia, suggesting that Islamic banks significantly reduce their financing during episodes of monetary policy tightening. The results also suggest that the tightening of monetary policy more adversely affects the credit supply decisions of small-sized banks and less-liquid banks as compared to large-sized and more-liquid banks in both of the countries. Our findings suggest that there is a vital need to take into account the nature of Islamic banks and their size and liquidity positions while devising monetary policy instruments to efficiently manage credit supply in the economy and to successfully achieve the overall macroeconomic objectives of monetary policy.



### Syed Muhammad Abdul Rehman Shah

*Syed Muhammad Abdul Rehman Shah is a PhD scholar and is serving as a lecturer at the Department of Basic Sciences and Humanities in University of Engineering and Technology (UET) Taxila, Pakistan. He is also a part time faculty member at several other universities. His subjects are Islamic Law of Business Contracts, Islamic Professional Ethics, Islamic Theology, Regulation, Supervision and Control of Islamic Financial Institutions (IFIs), Islamic Banking and Finance, Financial Management and Engineering Economics.*



### Abdul Rashid

*Dr. Abdul Rashid is currently working as an Associate Professor at International Institute of Islamic Economics (IIIE), International Islamic University Islamabad, Pakistan. He possesses vast experience of research, teaching, and project leadership in economics, finance, and Islamic banking & finance. He carries a wealth of published research (more than 95 papers) earning an impact factor of greater than 10. Having PhD Economics degree from the University of Sheffield UK, Dr. Rashid is actively involved in research in Applied Econometrics, International Finance, Corporate Finance, and Islamic Finance and related disciplines. Dr. Rashid is also widely read at national and international forums and is also serving as a member of the Editorial Board of several national and International journals.*

## Is GDP Growth Link Instrument Feasible for Islamic Monetary Policy?

This paper investigates Islamic monetary policy and proposes an alternative monetary policy instrument, namely GDP growth link instrument. We apply Ordinary Least Square (OLS) method on a dataset of 99 countries for the year 2012 and time series data for Malaysia over the period of 1983-2013. Moreover, six months (January – June 2014) daily data on Islamic and Conventional interbank rates are used for the correlational study. The results tend to show that GDP growth rate adjusted for interest income and inflation can be set as a benchmark for money market instruments and reference rate for financial and capital market to set the cost of capital or rate of return. Also, we found that real interest rate is mostly not representative

across 99 countries as most of the time policy rates are either determined in the money market which is usually disintegrated with the real sector of an economy or it is fixed by the Central Bank. Islamic and conventional money market rates are found significantly correlated in the presence of dual banking system. Moreover, inflation and employment rate in OIC countries are found higher than non-OIC countries. Therefore, the interest rate should be replaced with more representative policy rate like the GDP growth rate linked instrument which could provide a benchmark rate for pricing products in Islamic commercial banking and an avenue for investment in the Islamic financial market.



### **Md. Akther Uddin**

*Dr. Akther uddin is currently working as a senior lecturer (Finance) at the University of Creative Technology, Chittagong (UCTC), Bangladesh. He has published a number of scholarly articles in ISI, Scopus and refereed international journals. His current research interests include Islamic economics, educational economics, Islamic finance, human capital and institutions in developing OIC countries, emerging capital markets, and blockchain technology.*



### **Abu Umar Faruq Ahmad**

*Dr. Abu Umar Faruq Ahmad is currently an Associate Professor at Islamic Economics Institute (IEI), King Abdulaziz University, Jeddah, Saudi Arabia. He has a significant number of published peer-reviewed refereed journal articles, books, chapters in edited books, conference proceedings, and other intellectual contributions to his. He has presented over 50 scholarly research papers at international conferences and is serving as a member of the Editorial Board of several national and International journals.*



### **Fatima Elmorabit**

*Fatima el morabit is a PhD student in islamic economics and finance at Mohamed V University in Rabat-Morocco. Following he bachelors and Masters degrees,, she started working as a financial analyst. She has also authored some papers in the same field.*

# Re-Examining Monetary and Financial Stability in A Modern Economy: Evidence from Turkey and Malaysia

This study involves an empirical investigation of monetary performance in Turkey over 530 years (1469-2009) up to the global financial crisis and in Malaysia over 45 years under the fiat standard from 1970-2014. It adopts a full population study of gold, silver and commodity or wholesale price indices to establish which medium of exchange satisfies the objectives of the Shari'ah (maqasid al-Shari'ah) and protection of wealth (hafiz al-mal) by retaining its store of value function of money. The findings discovered that prices expressed in pure gold and silver were stable over the long term, whilst under the fiat standard prices have increased exponentially. The findings also present empirical data that aggregate interest on deposits and loans are the

primary determinants of the growth in money supply under the fiat standard. With library and content analysis on the accounting view of money and related admissions by practitioners, this study also affirms that bank lending is counterfeiting credit into existence under the banner of money creation (alchemy) and interest (usury). The impact of this is that not only are regulators failing in their primary objectives of price and financial stability, but regulatory requirements have actually mis-diagnosed the mechanics of banking in a modern economy. This requires monetary reform in order to protect our wealth from confiscation through inflation and further financial instability.



## Adam Abdullah

*Dr. Mohd Mahyudi obtained his BSc in Finance and Accounting from the University of Salford, UK (1998); Dr. Adam Abdullah is originally from the U.K. He is currently an Associate Professor and Deputy Dean (Research and Publication) at the International Islamic University Malaysia's Institute of Islamic Banking and Finance (IiBF). Dr. Adam has 18 years of experience as an academic and practitioner in Islamic finance and he specializes in Islamic economics, finance and investment. He has published over 45 articles and books, and has written extensively on Islamic monetary economics publishing *The Islamic Currency* (2016) and *Money and the Real Economy from an Islamic Perspective* (2018). His book on *The Islamic Currency* involved over 1,400 years of a full population of gold, silver and commodity price data in Egypt, Turkey, England, America and Malaysia to investigate monetary performance of historical and contemporary monetary systems. Dr. Adam has also been invited to speak at a number of international and local conferences and seminars.*



## Monetary Policy Management in the Presence of Islamic Banking

Despite rapid growth of Islamic banking and finance, the emerging industry faces several challenges which are hampering future prospects its potential growth. These problems are related to liquidity management, monetary policy instruments, standardization of financial products, supervisory and regulatory framework, cost inefficiencies, shariah-compliance and development of interbank and money markets. The most important task to be done is the availability of suitable monetary management instruments to conduct monetary policy in an Islamic financial system. There is need to develop a mechanism for standing credit facilities by the central bank which can be drawn on in a distress situation. Absence of these facilities along with inefficient Islamic interbank and money markets creates liquidity management problems for Islamic Banking Institutions. Thus, to meet any unforeseen liquidity shock, these banks hold costly excess reserves which render IBIs inefficient. Some countries like Malaysia and Bahrain have addressed the issue of liquidity management by developing an Islamic interbank money market. The problems related

to liquidity management and monetary instruments can be resolved through increasing the volume and frequency of ijarah sukuk to match the demand for these instruments. Since these sukuk are also eligible for trading in the secondary market, the same will help in the developing efficient interbank market and open market operation mechanism. Musharakah sukuk may be issued against infrastructural projects of the government such as roads, dams, power plants, schools and hospitals, the return on these sukuk can be linked to the nominal GDP of the country. Similarly, salam can be issued against the agriculture products employing the services of government procurement organizations. A national mutual fund can be created which can act as a special purpose vehicle. Since the world is moving towards interest rate targeting, a suitable mechanism is needed to be devised for an alternative system. In this regard, nominal income targeting can be a good choice to be followed, in which both inflation and nominal income growth are considered as final objective of the monetary policy.



### Sajjad Zaheer

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# Ethics of Monetary Policy, Central Banking as An Art and Science

Central Banking is a trust issue. Commitment problem in economics lies at the backbone of the any central banking issues. Commitment to a certain target was formulated in central banking to increase the trust. Some of these commitments in practice have been more successful than the others. However, essence of the matter is still the same if not more challenging. Increasing uncertainties in global economics through the experiences of global crisis, unconventional monetary policies, macroprudential policies and more recently through the trade wars has

become more evident. Higher uncertainties make the commitment issue even tougher and foster the needs for accountability and ethics of central banking. While more global uncertainties paves the ways for more discretion than the rules in central banking, ethics gains dominance over credibility. Ethics further nourishes trust. Certainly, Islamic economics has a lot to offer in the uncharted territories of new central banking where the ethics of monetary policy matters for sustainable welfare maximization.



## Ahmet Faruk Aysan

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