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ETHICAL MONEY: FINANCIAL GROWTH IN THE MUSLIM WORLD

BJORN SORENSON*

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INTRODUCTION

Money is a moral issue, and ethical considerations pervade the Islamic financial services industry through *Shariah* law. Islamic finance and finance in the Muslim world is growing quickly, and conventional financial institutions will continue to accommodate demand for *Shariah*-compliant banking and investment services.¹ As the field of Islamic finance grows and globalizes, the relation between *Shariah*-compliant financial products and conventional financial products deserves more consideration as an area of law on the international stage. At the nexus of legal, financial, and religious

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1. JULIAN WALKER, ISLAMIC GROWTH MEANS CHALLENGES 1-2 (2005), available at www.shariahcap.com/news/images/Arab%20Financial%20Forum%20Islamic%20Growth%20Means%20Challenges%20Nov05.doc.

issues, scholarly research in this area is ripe for development and presents an opportunity for cultural dialogue.

This introductory comment provides a brief overview of important issues in the financial growth of the Muslim world. This Issue of the *American University International Law Review* includes three pieces that contribute to understanding this growth. Ali Adnan Ibrahim addresses the growth of customary practices in Islamic Finance.² Umar F. Moghul provides an example of the complex structure involved when structuring a leveraged buyout transaction in accordance with *Shariah* principles.³ Finally, Dr. Bashar H. Malkawi and Dr. Haitham A. Haloush provide a thorough overview of the new Securities Law of Jordan.⁴

I. MORALITY, CHALLENGES, AND DIALOGUE IN ISLAMIC FINANCE

A. FINANCE AND MORALITY

Most discussions of Islamic finance focus on certain prohibitions, “contract mechanics, and certification of Islamicity by ‘Shari’a Supervisory Boards.’”⁵ However, to fully understand Islamic finance, scholars and practitioners need to make an explicit connection between the morals that underpin *Shariah* and the structure that the law imposes. Ali Adnan Ibrahim provides an excellent introduction to the moral underpinnings of *Shariah* finance in his article, “The Rise of Customary Businesses in International Financial Markets.”⁶ According to Ibrahim, Islamic finance goes well beyond a common understanding of the prohibition of usury and excessive risk, to embrace ethical and religious goals, including a

2. Ali Adnan Ibrahim, *The Rise of Customary Business in International Financial Markets: An Introduction to Islamic Finance and the Challenges of International Integration*, 23 AM. U. INT’L L. REV. 661 (2008).

3. Umar F. Moghul, *Separating the Good from the Bad: Developments in Islamic Acquisition Financing*, 23 AM. U. INT’L L. REV. 733 (2008).

4. Bashar H. Malkawi & Haitham A. Haloush, *Reflections on the Securities Law of Jordan*, 23 AM. U. INT’L L. REV. 763 (2008).

5. MAHMOUD A. EL-GAMAL, *ISLAMIC FINANCE: LAW, ECONOMICS, AND PRACTICE I* (2006).

6. Ibrahim, *supra* note 2.

quest for justice.⁷ Further, Islamic finance embraces the philosophy of “risk sharing and the promotion of social and economic welfare” which extends “beyond profit maximization.”⁸ These values often come into direct conflict with products and practices of the prevailing capitalist economy. The current financial crises affecting the U.S. economy and the growth of “social screening” highlight how moral issues pervade the current economy.

The current financial crisis in the United States is also a moral crisis. Thousands of homeowners face foreclosure. The Federal Open Markets Committee balances the need to cut interest rates and bail out failing institutions such as Bear Stearns without succumbing to “moral hazard.”⁹ This financial conundrum raises the following questions: Should regulations allow homeowners to enter into mortgages that they cannot afford to pay? Should the government assist homeowners who face foreclosure? Does bailing out ailing derivatives dealers create an incentive for further risky behavior in the future? If Bear Stearns falls, is it *just* to allow other institutions to collapse and send a severe disruption through the global economy?¹⁰

Islamic finance is based on an understanding of economic justice.¹¹ Prohibitions against *riba*, or interest, must be considered in a moral framework.¹² Additionally, Islam prohibits excessive *gharar* (uncertainty) and *maisir* (gambling).¹³ *Maisir*, for example, may

7. *Id.* at 664.

8. *Id.*

9. Ethan Penner, *Our Financial Bailout Culture*, WALL ST. J., Apr. 11, 2008, at A17.

10. The Fed faced a similar dilemma in 2002 after the collapse of Long Term Capital Management. Warren Buffett noted, “The Fed acted because its leaders were fearful of what might have happened to other financial institutions had the LTCM domino toppled.” Annual Letter from Warren Buffett to the Shareholders of Berkshire Hathaway Inc. (Feb. 21, 2003), *available at* <http://www.berkshirehathaway.com/letters/2002pdf.pdf> [hereinafter Buffett Letter].

11. TIMUR KURAN, *ISLAM AND MAMMON: THE ECONOMIC PREDICAMENTS OF ISLAMISM* 103-20 (2004).

12. See M. Umer Chapra, *Why Has Islam Prohibited Interest?* in *INTEREST IN ISLAMIC ECONOMICS: UNDERSTANDING RIBA* 96-111 (Abdulkader Thomas ed., 2006) (discussing the relation between the prohibition of *riba* in Islamic financial transactions with the concept of justice in *Shariah* law).

13. REPORT OF THE ISLAMIC CAPITAL MARKET TASK FORCE OF THE INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS, *ISLAMIC CAPITAL MARKET FACT FINDING REPORT* 7-8 (2004), *available at* <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD170.pdf> [hereinafter IOSCO Report].

divert attention and resources from a productive occupation,¹⁴ and earning a profit directly as a result of another's loss is immoral.¹⁵ Even conventional debt is seen as "a recipe for exploitation."¹⁶

Rippling through the global economy is a reminder of interconnectedness. Much of the current financial crisis is based on the entanglement of parties in derivatives and the uncertain value of these instruments. Investor Warren Buffett said of derivatives, "Like Hell, [they] are easy to enter and almost impossible to exit."¹⁷ As a moral issue, therefore, "[t]here is a need to focus on the social relationships that monetary transaction involves, not the objects that mediate those relationships."¹⁸ Though Islamic financial instruments do not allow for the spectacular gains and collapses that regularly churn through the capitalist economy, they do excel morally by integrating ethics into the financial system. Where capitalism rewards a risk-taking individual, Islamic finance explicitly limits risk for the betterment of society as a whole.

Despite elaborate equations such as the Black-Scholes model and other instruments that analysts and accountants use to try to quantify risk, *gharar* and *maisir* pervade derivative financial instruments. At any given time, there is no reliable way to determine the value of a derivative asset,¹⁹ and no real approximation of how far negative effects may spread in the market. Buffett summarizes the *gharar* and *maisir* of derivatives colorfully and aptly: "[D]erivatives are financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal."²⁰

The second issue highlighting morality in the global economy is the growth of ethically screened products. Islamic financial products, which prohibit involvement with alcohol, tobacco, and gambling, for

14. *Id.* at 8.

15. *Id.*

16. MUHAMMAD AYUB, UNDERSTANDING ISLAMIC FINANCE 4 (2007).

17. Buffett Letter, *supra* note 100, at 13.

18. Catherine Cowley, *Money, Finance and Morality in a Global Economy* 3 (Heythrop Institute for Religion Ethics and Public Life, Working Paper No. 2, 2005), available at http://www.heythrop.ac.uk/images/stories/hirepl/publications/hirepl/working_paper2.pdf.

19. In his critique of derivative instruments, Buffett notes, "In extreme cases, mark-to-model denigrates into what I would call mark-to-myth." Buffett Letter, *supra* note 10, at 13.

20. *Id.* at 15.

example, screen for ethical issues in accordance with *Shariah*.²¹ According to one analyst, “The issue of whether ethical investment will become coupled with Islamic finance and become a major theme in global financial markets is one of the big new developments in the growth of Islamic finance.”²² These ethical screens are similar to growing practices in Socially Responsible Investing (“SRI”). SRI examines potential investments for “environmental, social, and governance issues,” and parallels *Shariah* objectives “in terms of welfare and well-being.”²³ “As an economic system based on values other than pure monetary gain,” Michael Gassner notes, “Islamic finance tends to parallel its natural benchmark . . . SRI.”²⁴

Connecting the financial crisis with ethical implications of SRI and *Shariah* investment, Michael Gassner also urges institutions to “consider[] the social impact of housing price bubbles, the mess in the back office of credit derivative swaps, the asset/liability mismatches of hedge funds and the unsustainable debt policies of even highly developed countries.”²⁵ One prominent SRI provider, the Calvert Group, attracts investors who seek to “align their investment portfolio with their personal values,” “encourage[s] improved corporate social and environmental performance through active investment strategy,” and “identif[ies] companies with better long-term financial performance through the analysis of social and environmental factors.”²⁶ Although not a fund provider itself, Dow Jones has created the Dow Jones Islamic Market Indexes to track *Shariah*-compliant portfolios.²⁷ These indexes are maintained under

21. IOSCO Report, *supra* note 13, at 66.

22. WALKER, *supra* note 1, at 3-4.

23. Michael Saleh Gassner, *Bringing Morality to Material Motives*, BUSINESS ISLAMICA, at 23, Apr. 2007, available at http://www.islamicfinance.de/opinion_sri.pdf.

24. *Id.* at 22.

25. *Id.* at 23.

26. Calvert Group, An Introduction to Socially Responsible Investing, <http://www.calvertgroup.com/sri.html> (last visited May 9, 2008).

27. See generally Dow Jones Islamic Market Indexes, <http://www.djindexes.com/mdsidx/?event=showIslamic> (last visited May 9, 2008). See DOW JONES INDEXES, GUIDE TO THE DOW JONES ISLAMIC MARKET INDEXES (2008), available at http://www.djindexes.com/mdsidx/downloads/imi_rulebook.pdf (listing screening criteria such as alcohol, tobacco, pork products, conventional financial services, weapons and defense, and entertainment, including hotels, casinos/gambling, cinema, pornography, etc.).

strict screening criteria in accordance with *Shariah* law, and monitored by an independent *Shariah* Supervisory Board.²⁸

B. CHALLENGES TO THE GROWTH OF ISLAMIC FINANCE

Although the Islamic financial services industry as a whole is growing at record pace, two factors inhibit accelerated expansion. First, the creation of *Shariah*-compliant financial products is a time-consuming process because of the unique structures and rigorous approval process. Secondly, it remains difficult to get *Shariah*-compliant financial products and services to ordinary consumers around the globe.

1. Creation of *Shariah* Products

According to the Report of the Islamic Capital Market Task Force of the International Organization of Securities Commissions, Islamic financial institutions build modern financial products in two ways: by modifying conventional products and services to comply with *Shariah* principles, and by applying *Shariah* principles to develop new products and services.²⁹ This first mechanism, often called “*Shariah* arbitrage,” uses established financial products as a model and then modifies aspects or structure to achieve the same effect while remaining in compliance with *Shariah* law.³⁰ However, some creative arbitrage strategies are considered *hiyal*, or “artifice,” and are frowned upon by *Shariah* boards.³¹

Ibrahim’s survey of various forms of financial engineering includes many traditional and contemporary contract forms, as well as an overview of Islamic banking, hedge funds, investment banking,

28. See M.H. Khatkhatay & Shariq Nisar, *Investment in Stocks: A Critical Review of Dow Jones Shari’ah Screening Norms*, available at <http://www.djindexes.com/mdsidx/downloads/Islamic/articles/DowJonesShariahScreeningNorms.pdf>.

29. IOSCO Report, *supra* note 13, at 5.

30. See generally Mahmoud A. El-Gamal, *Limits and Dangers of Shari’a Arbitrage*, in *ISLAMIC FINANCE: CURRENT LEGAL AND REGULATORY ISSUES* 115 (S. Nazim Ali ed., 2005).

31. See, e.g., Abrurrahman Habil, *The Tension Between Legal Values and Formalism in Contemporary Islamic Finance*, in *INTEGRATING ISLAMIC FINANCE INTO THE MAINSTREAM: REGULATION, STANDARDIZATION AND TRANSPARENCY* 109-118 (S. Nazim Ali ed., 2007).

hedging and derivatives, and real estate investment trusts.³² Moghul provides a specific example of innovation in Islamic acquisition financing structure. A leveraged buyout, typically reliant on massive amounts of debt, was engineered to comply with *Shariah* principles via a unique sale-leaseback structure involving two tranches of financing. Moghul describes the difficulty of implementing such a complex transaction using *Shariah* principles.³³

After a product is created, it must be submitted to an independent *Shariah* Advisory Board for approval. However, many religious scholars face an ethical dilemma by acting as both independent auditor and inside consultant.³⁴ Very often the product is structured in consultation with the *Shariah* Advisory Board. For example, Ibrahim notes that, “The ensuing economic pressure on jurisconsults has resulted in a widespread practice of circumventing tactics by relying upon obscurely minority views in order to push through the contemplated transactional structure.”³⁵ Similarly, in his review of the *Shariah*-compliant leveraged buyout transaction, Moghul notes that the *Shariah* board in the transaction worked closely with counsel and the banks to structure many aspects of the deal.

Apart from individual approval of custom-made deals, many Islamic financial institutions follow the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”) Standards.³⁶ These standards allow financial organizations to comply with *Shariah* standards, and also create confidence in the consumer market.³⁷ While the regulation of many conventional financial products and industries are rule-based, the AAOIFI standards are principles-based.³⁸

32. See Ibrahim, *supra* note 2, at 703-21.

33. See generally Moghul, *supra* note 3.

34. Robert R. Bianchi, *Islamic Finance and the International System: Integration Without Colonialism*, in INTEGRATING ISLAMIC FINANCE INTO THE MAINSTREAM: REGULATION, STANDARDIZATION AND TRANSPARENCY, *supra* note 31, at 133, 136.

35. Ibrahim, *supra* note 2, at 687.

36. See generally AAOIFI-Accounting and Auditing Organization for Islamic Financial Institutions, <http://www.aoifi.com> (last visited May 8, 2008).

37. Christine Walsh, *Ethics: Inherent in Islamic Finance Through Shari'a Law; Resisted in American Business Despite Sarbanes-Oxley*, 12 FORDHAM J. CORP. & FIN. L. 753, 761 (2007).

38. *Id.* at 776.

For example, in their discussion of the Securities Law of Jordan, Malkawi and Haloush note that Jordanian regulations “follow[] the philosophy that the government does not guarantee the quality of investments, but rather assures that all the information is disclosed to the investing public.”³⁹ In addition, the Jordanian Securities Commission has flexible control of market regulation by promulgating principle-based directives rather than laws.⁴⁰ As Christine Walsh recently noted in her article contrasting the spirit of rule-based Sarbanes-Oxley regulations with the principles inherent in *Shariah* finance, there is a tension between AAOIFI guiding principles and “American corporate law . . . based on the enforcement of rules.”⁴¹ In addition to rules-principles tension, a tension remains between merit-based review of financial products and open disclosure regulation, where the consumer is left to make investment choices based on the information available.

The entire debate, however, is not reducible to rules versus principles. The AAOIFI produces standards, but each institution may have its own *Shariah* Advisory Board to approve financial services. Each board may make different interpretations of *Shariah* compliance based on different schools of thought in Islamic jurisprudence.⁴² Ibrahim describes the development of different interpretive schools over time and notes, “The total number of the Traditions in the two most authentic compilations of the Sunni school is about 10,000, which includes a significant number of Traditions that relate to trade, business and other financial transactions.”⁴³

Because there is currently no universal consensus of *Shariah* interpretation, “different jurisdictions have adopted different practices in relation to various Islamic capital market products and services.”⁴⁴ It is unlikely that a universal consensus of juristic opinion will form. Although some scholars, Ibrahim explains, favor a consensus of a *majority* of jurists to be binding, “the popular view

39. Malkawi & Haloush, *supra* note 4, at 779.

40. *Id.* at 13-14.

41. Walsh, *supra* note 37, at 776.

42. IOSCO Report, *supra* note 13, at 65.

43. Ibrahim, *supra* note 2, at 679.

44. IOSCO Report, *supra* note 133, at 65.

favors the consensus of *all* jurists.”⁴⁵ The lack of “best practices for regulation concerning significant areas such as *Shariah* certification, the establishment of *Shariah* boards, qualifications of *Shariah* advisors and enhanced disclosure relating to Islamic capital market products”⁴⁶ could inhibit the development and expansion of uniform Islamic financial services by limiting cross-border flows and could encourage fractionalization among interpretation and region.⁴⁷ Ibrahim’s article provides a valuable starting point to consider these growing customary practices.

2. Reaching Consumers

The increased scrutiny of Islamic charities and financial institutions by U.S. regulators and investigative authorities after September 11, 2001 has encouraged many to pull assets from the United States.⁴⁸ Wealthy Muslims, institutions, and consumers looking “for products and modes of investment that are acceptable and in compliance with . . . *Shariah*”⁴⁹ “have been the catalyst towards making the Islamic financial services industry a flourishing industry.”⁵⁰ Now there are 550 Islamic financial institutions located in more than 75 countries.⁵¹ This growth is not just in traditionally Islamic countries, but in areas such as Europe and the United States as well, reflecting the global reach of Islamic values.⁵² Even conventional banks, such as ABNAmro, Chase, Citi, and others have developed Islamic banking units.⁵³

As mentioned, financial institutions that openly comply with AAOIFI standards attract consumers who seek confidence that their

45. Ibrahim, *supra* note 2, at 680.

46. IOSCO Report, *supra* note 13, at 72-73.

47. *Id.* at 65.

48. Ibrahim Warde, *Introduction* to INTEGRATING ISLAMIC FINANCE INTO THE MAINSTREAM: REGULATION, STANDARDIZATION AND TRANSPARENCY, *supra* note 31, at 3.

49. WALKER, *supra* note 1, at 2.

50. IOSCO Report, *supra* note 13, at 1.

51. AYUB, *supra* note 16, at 15.

52. Kilian Bälz, *Islamic Retail Finance in Europe: Market Potential and Legal Challenges*, in INTEGRATING ISLAMIC FINANCE INTO THE MAINSTREAM: REGULATION, STANDARDIZATION AND TRANSPARENCY, *supra* note 31, at 119-132.

53. Barbara L. Seniawski, *Riba Today: Social Equity, the Economy, and Doing Business Under Islamic Law*, 39 COLUM. J. TRANSNAT’L L. 701, 720 (2001).

investments are *Shariah* compliant. However, the Islamic Capital Market Fact Finding Report notes that educating investors “with regards to Islamic capital market products . . . is critical to improving investor activism as well as enhancing investor protection and scrutiny of Islamic capital market activities. Discerning investors typically demand higher standards of service, and this in turn would contribute to the development of higher standards being applied by market practitioners.”⁵⁴ Convergence of interpretations and harmonization of *Shariah* principles could increase demand and accelerate growth of Islamic financial services and products.⁵⁵

One example of accelerated growth in the Muslim world is reflected in the Jordanian Securities Law of 2002. Malkawi and Haloush note that, unlike regulation of established markets such as those in the United States and the United Kingdom, “Jordanian regulation is designed to assist in building and developing the market.”⁵⁶ Jordan liberalized and deregulated its commercial banking sector in the early 1990s with great success and increased efficiency.⁵⁷ Now Jordan seeks to encourage broader participation in the securities markets, while at the same time educating participants on the market. According to the authors, Jordanians, “unfamiliar with the workings of the securities market, must gain an understanding of the process [of investing in a securities market] and begin to develop a sense of true risk/reward decisions.”⁵⁸

Islamic finance needs to “reach out to the poor, defining them as customers with profitable needs rather than as an indigent and commercially nonexistent market segment.”⁵⁹ In addition to seeking out the poor and “unbanked” classes, financial institutions would do well to create services accessible to women, such as “ladies’ banks” in the United Arab Emirates.⁶⁰ As this growth trend

54. IOSCO Report, *supra* note 13, at 69-70.

55. *Id.* at 65.

56. Malkawi & Haloush, *supra* note 4, at 768.

57. Aktham Maghyreh, *The Effect of Financial Liberalization on the Efficiency of Financial Institutions: The Case of Jordanian Commercial Banks*, in *ISLAM AND BUSINESS: CROSS-CULTURAL AND CROSS-NATIONAL PERSPECTIVES* 71-106 (Kip Becker ed., 2004).

58. Malkawi & Haloush, *supra* note 4, at 805.

59. Gassner, *supra* note 23, at 23.

60. *Gender Gulf*, *THE ECONOMIST*, Apr. 12, 2008, at 86 (explaining that because women have had the ability to inherit property for centuries under Islamic

continues, Islamic financial services and products will transition from an investment niche to a “core offering for conventional financial institutions.”⁶¹

C. DIALOGUE IN INTERNATIONAL LAW

As noted by Moghul, much of the development of new *Shariah*-compliant financial products is done with the patient and flexible assistance of legal counsel.⁶² Similarly, Ibrahim notes that much recent scholarship of Islamic finance has been through the reporting of deals by practitioners.⁶³ Since much of Islamic finance is tied to the legal field, it places lawyers in the somewhat unusual position of cultural intermediaries for dialogue.

Also, as Robert Bianchi points out, “as Islamic financial institutions develop in strength and scope, they interact more frequently with governments, conventional financial structures, multinational enterprises, and international organizations.”⁶⁴ The integration of Islamic organizations with such so-called “Slaughter networks” strengthens the standing of *Shariah* financial ethics and the efficacy of their enforcement.⁶⁵ Ibrahim explains the steps taken by various Muslim countries—like Malaysia, Pakistan, and the United Arab Emirates—to standardize the regulation of the Islamic financial services industry within their countries.⁶⁶ However, the development of these regulatory bodies has extended beyond national borders. Islamic Development Bank practices are often followed as industry standards,⁶⁷ and other industry bodies such as

law, yet have been underserved by the banking sector, women are therefore “sitting on fortunes of cash, land, and even jewellery”).

61. WALKER, *supra* note 1, at 2.

62. *See generally* Moghul, *supra* note 3.

63. Ibrahim, *supra* note 2, at 722.

64. Bianchi, *supra* note 34, at 133.

65. *See, e.g.*, Anne-Marie Slaughter, *Global Government Networks, Global Information Agencies, and Disaggregated Democracy*, 24 MICH. J. INT. L. 1041 (2003); *see* Bianchi, *supra* note 34, at 133 (exploring “the possibilities of integrating Islamic finance into a more open network of multicultural structures capable of promoting global growth and equity, highlighting what international lawyers and international relations theorists have described as the emergence of ‘international regimes’ and ‘transnational civil society’”).

66. Ibrahim, *supra* note 2, at 669.

67. *Id.*

the AAOIFI, the Islamic Financial Services Board, the International Islamic Financial Market, the Liquidity Management Center, and the International Islamic Rating Agency also contribute to the development of customary practices.⁶⁸ As discussed above, the development of customary practices for regulation of *Shariah* certification, *Shariah* advisory boards, and the qualification of *Shariah* advisors would be beneficial to the advancement of Islamic finance. The development of such standards and best practices will inevitably entail intra-religious dialogue as Islamic jurists debate the proper application of *Shariah* to financial products.

The growth of the Islamic financial services industry also presents an opportunity for dialogue about globalization, money, and values. As Islamic finance begins to reach a broader consumer class, resistance will undoubtedly arise in some corners of the Islamic world. For some, the entire concept of *Shariah* arbitrage presupposes the value of the capitalist endeavor, and engagement in such terms may be “tantamount to capitulation.”⁶⁹ The philosophy of Islamic economics developed by Sayyid Qutb and Ali Shari’ati, for example, was a critique of capitalism and capitalist values.⁷⁰ Current radical ideology, such as that of Al-Qaida, draws on this early economic critique of capitalism to justify terrorist activities.⁷¹ According to Ibrahim, Islamic finance and economics are not merely by-products of *Shariah* law, but central to Muslims’ political identity.⁷²

While this critique poses problems for the integration of *Shariah* finance into conventional financial institutions, it also presents an opportunity for transnational and inter-religious dialogue on the nature of money, values, and the structure of the global economy. As financial ethicist Catherine Cowley notes, “Above all [money takes away] the freedom not to be forced to evaluate everything by its monetary value, its market price; because where all values are

68. *Id.* at 669-70.

69. CHARLES TRIPP, *ISLAM AND THE MORAL ECONOMY: THE CHALLENGE OF CAPITALISM* 150 (2006).

70. *See generally id.* at 150-93 (examining the “Repertoires of resistance: Islamic anti-capitalism”).

71. *See* Paul Berman, *The Philosopher of Islamic Terror*, N.Y. TIMES MAG., Mar. 23, 2003, at 24 (narrating the history of how Qutb’s critique of the West grew into the present day *Al-Qaida* movement).

72. Ibrahim, *supra* note 2, at 665-67.

reduced to market values, justice itself is reduced to a market concept."⁷³ Continued integration between conventional and Islamic financial services provides an opportunity to explore how notions of justice relate to finance and how globalizing financial institutions can help make the world a more ethical place.

CONCLUSION

Through their articles, Ibrahim, Moghul, Malkawi and Haloush contribute to the growing scholarship of Islamic finance. Current financial crises, such as the bursting of the housing bubble in the United States and the accompanying credit crunch, highlight the need for greater moral inquiry into the structure of financial regulation. The development of Socially Responsible Investing and the proliferation of *Shariah*-compliant finance bring much-needed ethical scrutiny to financial investments. As the Islamic financial services industry develops, it faces obstacles in creating new *Shariah* products, developing common practices to approve such products, and in serving niche and retail consumers. New legal customs and new legal scholarship provide lawyers a unique opportunity for the development of transnational business practices, the examination of the ethics of finance, and the chance to participate in substantive dialogue about morality in a globalizing world.

73. Cowley, *supra* note 18, at 13.