

CONTENTS

	<i>page</i>
<i>List of figures and tables</i>	xi
Introduction	1
<i>Flavia Cortelezzi and Alessandro Ferrari</i>	
1. Premise	1
2. Contemporary Issues in Islamic Law, Economics, and Finance: The Analysis	2
2.1. Part 1: Fundamentals and Comparative Perspectives	3
2.2. Part 2: Fundamentals of Mediterranean Economics and Finance	4
2.3. Part 3: Banking, Finance, and Business Opportunities	4
About the Author/Editors	6

Part 1

FUNDAMENTALS AND COMPARATIVE PERSPECTIVES

1. Reconciling Islam and Finance: Challenges in Integrating Muslims into Financial Markets	13
<i>Murat Çokgezen</i>	
1. Introduction	13
2. Islamic Restrictions on Financial Deals	14
3. Continuing with Conventional Instruments	17
4. Creating Islamic Alternatives	20
5. How Islamic are “Islamic” Financial Instruments?	23
6. Muslims and Islamic Financial Instruments	26
7. Conclusion	27
References	29

	<i>page</i>
2. When Can Finance be Called “Islamic”? Reflections on the Relation between Islamic Ethics, Law and Economics	31
<i>Deborah Scolart</i>	
1. Law as a Guide for the Believer	31
2. Homo Economicus Islamicus	34
3. Unlawful Gains <i>v.</i> Lawful Contracts	38
References	42
3. Preconditions and Suggestions for Islamic Finance to Generate Sustained Economic Growth	45
<i>Murat Çizakça</i>	
1. Introduction	45
2. Pre-conditions	46
3. Modest Contribution of Islamic Banking to Economic Development	47
4. The Real Potential	48
5. Waqfs, Universities and Venture Capital	52
6. <i>Esbam</i> and Public Debt	53
7. Conclusion	55
References	56

Part 2

FUNDAMENTALS OF MEDITERRANEAN ECONOMICS AND FINANCE

4. The Economics and Finance of the Middle East and North Africa	61
<i>Jamus Jerome Lim</i>	
1. Introduction	61
2. A Brief Economic History of the Region	62
3. The Emergence of the Modern Middle East	64
4. The Structure of MENA Economies Today	66
5. Financial Development in MENA	67
6. The MENA Region in Comparative Perspective	68
7. The Sovereign Wealth Funds of the MENA Region	69
8. Investment Strategies of MENA SWFs	71
9. Real-World Portfolio Allocation in a Typical MENA SWF	72
10. MENA’s Economic Future	74
References	77

5. The EU Cooperation Policy with the Northern African Mediterranean Countries and the Middle East 79

Giuseppe Colangelo

- | | |
|--|----|
| 1. Introduction | 79 |
| 2. From the Early Cooperative Instruments to the Barcelona Process | 81 |
| 3. Two New Instruments in the 2000s: the European Neighbourhood Policy and the Union for the Mediterranean | 85 |
| 4. The Recent Changes in the European Neighbourhood Policy | 88 |
| 5. An Overview of the Trade Flows across the Mediterranean Sea | 90 |
| 6. Conclusions | 91 |
| References | 92 |

Part 3

**BANKING, FINANCE AND
BUSINESS OPPORTUNITIES**

6. Global Islamic Finance: Principles and Products 97

Flavia Cortelezzi

- | | |
|---|-----|
| 1. Introduction | 97 |
| 2. The Geography of Islamic Finance | 100 |
| 3. Reasons for Growth | 106 |
| 4. The Principles and Pillars of the Islamic Economic Model | 109 |
| 5. From Principles to Product | 111 |
| 5.1. Profit and Loss Financing Products | 111 |
| 5.2. Non-Profit and Loss Financing Products | 112 |
| 5.3. <i>Sukuk</i> | 113 |
| 5.4. <i>Takaful</i> | 114 |
| 6. Problems and Perspectives | 114 |
| References | 115 |

7. Framework and Functioning of the Islamic Bank and Differences with Conventional Banks 117

Paolo Biancone and Silvana Secinaro

- | | |
|---|-----|
| 1. Islamic Banking Systems | 117 |
| 2. Islamic Bank Regulation | 119 |
| 3. Concepts and Principles Underlying Islamic Banking Activity and the Supply of Financial Products | 121 |
| 4. Islamic Bank versus Traditional Bank | 122 |

	<i>page</i>
5. Islamic Equity Crowdfunding	125
References	128
8. Marketing of Islamic Banks	131
<i>Cedomir Nestorovic</i>	
1. Introduction	131
2. The Marketing Environment for Islamic Banks	132
3. Marketing Concepts for Islamic Banks	137
3.1. STP for Islamic Banks	137
3.2. Ansoff's Matrix for Islamic Banks	139
3.3. Communication for Islamic Banks	142
3.4. Controversies	145
4. Conclusion	146
References	147
9. Islamic Finance to Enhance Business Opportunities: Private Investment	149
<i>Michael J.T. McMillen</i>	
1. Introduction	149
2. Considerations at Inception	150
3. <i>Murabaha</i>	152
4. Lease (<i>Ijara</i>) in Real Estate Investments	157
5. Lease (<i>Ijara</i>) in Private Equity	163
6. Opportunities	166
References	166
10. Islamic Finance to Enhance Business Opportunities: Capital Markets	
<i>Michael J.T. McMillen</i>	171
1. Introduction	171
2. The Dow Jones Fatwa	171
2.1. Principles	171
2.2. Tests	173
3. <i>Sukuk</i>	178
3.1. Basics	178
3.2. Market Issuances	181
4. Opportunities	187
References	189

11. Application of the Legal Principles of Islamic Finance to Our Legal System	193
<i>Fabrizio Vismara</i>	
1. Implementation of Sari'ah Principles as a Result of Recourse to Foreign Law	193
2. Comparative Aspects between the Principles of Islamic Finance and Italian Law	195
3. Islamic Financial Products: Hints of Consistency with Italian Law	197
4. The Italian Offer of Islamic Financial Products	200
References	201
 <i>Index</i>	 203