

Q&A

Major Issues and Criticism of *Shari'ah* Finance

How do firms like Citibank, UBS, Barclays, HSBC, AIG, and Blackstone describe *Shari'ah* banking?

The marketing materials of these firms focus on two seemingly harmless details of “Islamic” investing 1) limited “interest income” and 2) un-Islamic banned “sin” industries of alcohol and gambling. Therefore, investment firms describe *Shari'ah* finance as “interest-free,” “ethical,” and “socially responsible” investing.

Quotable Quotes:

AIG: “The Introduction of Takaful (*Shari'ah* insurance) products in the U.S. represents...emerging growth opportunity for AIG Commercial Insurance. We are pleased to offer socially responsible solutions...to the domestic market.” (AIG Press Release, 2008)

HSBC: Amana Takaful Fund: “We invest in assets... that are acceptable within the socially and environmentally acceptable principles of Shariah...managed through the...ethical principles of Shariah.” (www.hsbcamanah.com, Feb 2009)

BLACKSTONE: “Blackstone Shariah Finance presents you with an ethical alternative” (http://www.blackstone.co.uk/test/Shariah_finance.html, April 2009)

Aren't claims of “interest free,” “ethical,” and “socially acceptable” false advertising and fraudulent?

Yes. There is no disclosure about these issues:

- the definition of *Zakat* includes the clothing and feeding of terrorists and other expenses of Jihad;

- the connection between *Shari'ah*, Jihad, the Taliban, and Iran;
- the numerous other “un-Islamic Industries” for which *Shari'ah* investment is forbidden, including: products or construction that benefits Christianity, Judaism, Buddhism, Hinduism, Protestantism, or any other non-Islamic religion; any project that promotes equal rights for women or gays; and Western defense industries, books, films, TV, and radio.
- *Shari'ah* authorities’ commitment to world dominance and Jihad, even against liberty-minded Muslims;
- *Shari'ah*-compliant investments are complicated but legal “derivatives” that re-label “interest income” as “rents” or “profits.” The Obama administration has labeled “derivatives” as “toxic assets.” These instruments triggered the economic collapse of 2008 and created the need for the taxpayer-funded \$3 trillion of bank bailout.

Is Congress concerned about this?

Yes. Leaders include Congresspersons Sue Myrick, Frank Wolf, Paul Broun, and John Shadegg and Senator Jon Kyl, just to name a few.

Quotable Quotes:

Myrick/Wolf to AIG CEO, Dec. 08: “You may defend your decision to offer Shariah products and will probably state that they have no real ties to Shariah Law, and therefore, pose no threat. You are wrong.”

SOURCES:

1. McCormick Foundation Report: *Shariah, Law and Financial Jihad: How Should America Respond?*, 2008.
2. David Yerushalmi, *Shari'ah's “Black Box”*: Civil liabilities and Criminal Exposure Surrounding *Shari'ah*-Compliant Finance, Utah Law Review, Vol. 2008, No. 3.

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