



GOLD DINAR AS MEDIUM OF TRANSACTION
AMONG MUSLIM COUNTRIES: A FIQH
PERSPECTIVE

BY

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ABSTRACT

Money in the form of hard currency was introduced in ancient times to overcome the obstacles posed by barter trade. Instead of goods being exchanged for goods with an approximately equal value, goods were bought and sold in the form of gold, silver or other precious metals. Only in later times, coins which worth their actual value were replaced by paper money, and their value guaranteed by the public treasuries of the issuing countries. These modern forms of currency are the basis of modern economies all over the world, the developed and the developing alike. Muslim countries are generally classified as ‘emerging markets’ based on the exchange power of their currencies on international markets. Following the lobbyists of leading economic countries – through their posited institutions such as IMF and World Bank -- the US dollar and European Euro form the major currencies while other currencies – among them the 58 OIC countries -- have been relegated to serving only as ordinary domestic means of transactions. The governments of all 58 Muslim countries are currently using US dollar and Euro in their international transactions. *Fatwas* issued on the permissibility of relying on foreign – and more importantly non-Muslim – currencies. This research aims to re-evaluate such an alleged permissibility based on independent reasoning (*ijtihad*) and the reinterpretation of the revealed text (Qur’an). The researcher discovered that their interpretations and applications of the revealed text with regard to the permissibility of foreign currency exchanges are untenable and go against Islamic compliant transactions. There exist numerous contradictory Islamic legal rulings which have no basis in the Qur’an and Sunnah forwarded by some scholars of Islamic Law to justify their position. The researcher concludes with a call to establish the Gold Dinar as a legitimate means of foreign exchange for Muslim economies. Muslim states have the obligation to emancipate themselves from their lamentable dependence on Western countries.

ملخص البحث

قد كانت النقود وسيلة لحسم العقبات التي نتجت من جزاء المقايضة التجارية ، وعلاوة على ذلك ، فإنها تعدّ معياراً لتصنيف الدول بأنها متقدمة أو غير متقدمة ، وللأسف أنه لا توجد دولة إسلامية تعتبر من الدول المتقدمة بل أدرجت هذه الدول في عداد الأسواق الناشئة . والسبب الوحيد لهذا التصنيف المتحيّز هو القوة التبادلية لعملات هذه الدول الإسلامية في الأسواق العالمية . وجريا وراء الدول القوية من خلال أجهزتها :الصندوق النقدي الدولي والبنك الدولي مكّن الدولار الأمريكي واليورو الأوروبي على عمالات الدول الأخرى والذي يتضمن ٥٨ دولة أعضاء منظمة المؤتمر الإسلامي ، الأمر الذي جعل هذه العملات تحط قدرا وأصبحت أداة للتجارة الداخلية فقط . ميع العلماء المسلمون مواقفهم تجاه هذه المعاملات التي لا تخضع للضوابط الشرعية ووصفوها بأنها صحيحة استنادا على المصلحة والقياس . لذا، جاء هذا البحث وهو يهدف إلى تقييم أسباب هؤلاء العلماء التي برّروا بها مواقفهم الاجتهادية وإعادةتهم تفسير نصوص الكتب التراثية حتى يتسنى للباحث كشف النقاب عن الأخطاء والهفوات التي قد توجد فيما توصلوا إليه . وتوصل الباحث إلى أن تفسيراتهم أو تنزيلاتهم لنصوص الكتب القديمة فيما يتعلّق بصرف العملات الأجنبية ضعيفة وغير مقبولة في ضوء المعاملات الإسلامية الصحيحة ، وزيادة على ذلك ، توصل الباحث إلى أن هناك اجتهادات كثيرة متناقضة لهؤلاء العلماء بدون أي سند لا في القرآن ولا في السنة يعزّز هذه المواقف . وخلص الباحث إلى تأييد وجهة نظر على أن الدول الإسلامية بحاجة إلى تأسيس وسيلة اقتصادية للصرف فيما بينهم ويكون مبنيا على أساس الدينار الذهبي . وهذا الخيار الذي بقي للمسلمين حتى يتمكنوا من تحرير أنفسهم من ريق الاستعباد الاقتصادي من الدول الغربية والقوية في أرجاء المعمورة.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion; it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Master of Islamic Revealed Knowledge and Heritage (*Fiqh and Usul al-Fiqh*).

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Supervisor

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Masters of Islamic Revealed Knowledge and Heritage (*Fiqh and Usul al-Fiqh*).

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This dissertation was submitted to the Department of Fiqh and Usul al-Fiqh and is accepted as a partial fulfilment of the requirements for the degree of Master of Islamic Revealed Knowledge and Heritage (*Fiqh and Usul al-Fiqh*).

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Dean, Kulliyah of Islamic
Revealed Knowledge and
Human Sciences

DECLARATION

I here declare that this dissertation is the results of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for my other degree at IIUM or other institutions.

Olorogun Lukman Ayinde

Signature.....

Date

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

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**GOLD DINAR AS MEDIUM OF TRANSACTION AMONG MUSLIM
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I dedicate this research to my parents Late Hj. M. Mumuney Olorogun and S. A. Mumuney Olorogun.

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TRANSLITERATION TABLE

Arabic Term	Transliteration	Arabic Term	Transliteration	Arabic Term	Transliteration
ء	'	ر	r	ف	F
ب	B	ز	z	ق	Q
ت	T	س	s	ك	K
ث	Th	ش	Sh	ل	L
ج	J	ص	ṣ	م	M
ح	ḥ	ض	ḍ	ن	N
خ	Kh	ط	ṭ	هـ	H
د	D	ظ	ẓ	و	W
ذ	Dh	ع	ʿ	ي	Y
اَ	A	غ	gh	أَ	U
اِ	ā	إِ	i	أُ	ū
		يَ	ī		

CHAPTER ONE

GOLD DINAR AS MEDIUM OF TRANSACTION AMONG MUSLIM COUNTRIES: A FIQH PERSPECTIVE

INTRODUCTION

The Arabic term *‘Umlah* ‘money’ denotes anything that has value and serves as a durable item of exchange accepted by the populace. According to conventional economic thought, economics, human wants are unlimited whereas available resources are limited. From an Islamic perspective, however, resources are never scarce and Allah has provided for all His creatures in abundance. Goods were exchanged for goods in the initial form of trade known as the barter system. Due to the simple nature of this type of trade, inaccuracies in regard to measurements, quality, and limited number of goods to be carried for exchange occurred. In consequence, it hampered the effectiveness of exchange further aggravated by a naturally occurring imbalance of availability and demand for certain commodities.

All parties involved in trade sought to identify independent values for all circulating articles and in consequence, different regions established their own accepted means which served as ‘money’, such as feather, precious stones, and others (e.g. African cowries). Later, metal coins were introduced as a reliable means of exchange based on its actual value. Copper, silver and gold coins carried their actual value, unlike modern paper money whose currency value exceeds its material worth.

In Islamic legal thought, the proper use of money as a legal means of exchange form part of the field of transactions (*mu’amalah*). *Allāh* reveals in the Holy *Qur’an*: “And he bought him with a stipend of money...” (Yusuf: 20). Prophet Muhammad {s.a.w} addressed money in many of his traditions. Abi Sa’id al-Khudri

reported a tradition legitimizing both barter and money trade: “[...] Gold for gold, silver for silver, barley for barley, wheat for wheat, dates for dates, salt for salt same for same, hand to hand, apparently, he who collect or add among you have excessive [...] (Muslim: 4148)”. From this tradition we can conclude that any article of value can be used as a means for exchange, even salt, wheat and the like. Before the rise of Islam, the trading Arabs had based their transactions on foreign currencies. After the rise of Islam, however, Muslim governments issued their own currency in the form of gold and silver coins according to weight. Persian *dinars* and *dirhams* continued to be used (Ibn Khaldūn, 1406).

A gold standard monetary system had gained support right from the period as far back as 1830’s to 1840’s when the term “Gold Bug” was used for some advocates of gold financial system. These advocates argued that money should be made from gold (coins) as paper money is just mere shadow, a ghost and should not be used as legal tender. Their reason was the idea that gold, unlike paper, is inherently valuable even when it is not assigned with certain images or words and symbols by a bank or the government. In addition, the advocates considered the hard process mining of gold takes and the resources needed like life and money for the melting of gold coin (Shell, 1982).

The silver *dirham* and gold *dinar* established itself as the prime means of exchange. Based on the teachings of the Prophet {s.a.w}, what served as the main criteria was that the value of money as a currency should be equal to its actual physical value. For example, a coin carrying a value of more than its actual worth would be illegitimate.

It was reported by Abi Sa’id al-Khudri that the Prophet {s.a.w} had said: "Do not sell gold for gold except the same for the same and do not overvalue one above the

other; and do not sell paper for paper except the same for the same, and do not value one paper above the other and do not sell anything in impurity" (Al-Bukhari: 2177 and Muslim: 1584).

The first recorded use of paper money occurred in seventh century in China. However, it was short lived and this practice was not introduced in Europe for another ten centuries. At the end of the seventeenth century, gold and silver money traders witnessed the change of their monetary system with the creation of paper money. In England more and more people had started to feel insecure fearing that their hoarded amounts of gold would attract foreign invaders. They resolved in depositing their gold with goldsmiths who then issued receipt as evidence of ownership of that particular amount of gold. The credibility of the goldsmith in question was essential as it allowed the customers to exchange their receipts among each other as a valid means of exchange for purchasing goods and payment of services. The depositors would not redeem their gold or silver over a certain period of time and instead of allowing the gold to lay idle, the goldsmiths started to loan the gold to third parties at a small interest rate. This became an established financial system as the receipts gradually changed into paper notes¹.

At the beginning of the invention of paper money, gold and silver were still maintained as a measure of value because the value of paper notes issued by the goldsmith rested upon the amount of gold or silver that the holder had deposited. As a means of value it resolved the problems posed by exchanging core materials as in the barter system. The actual existence and factual ownership of gold and silver maintained equality and justice between different nations and economies. Merchants were able to safely purchase and sell their goods at home and abroad.

¹- A brief history of banknotes. Retrieved: 20/01/09.
<http://www.Bankofengland.co.uk/banknotes/about/history.htm>

In the 1950s, the world currency exchange was unified under the Bretton Woods system which fixed exchange rates at a fixed price of gold at \$35 per ounce. The U.S. government also adopted this standard rate for buying and selling gold whenever market forces tried to steer the price away from \$35 (Redhead, 1992). However, the Bretton Woods system ended in early to mid 1970s.

Governments soon realized that military might alone could not maintain an economy with a debased currency, i.e. if monetary institutions issued and circulated more money than the country actually owned in the form of deposited gold and silver. It was established that a debt-based paper monetary system had far-reaching negative implications (Judge, 2003). What followed was a public outcry for the replacement of paper money with gold, i.e. money which actually carried and thus guaranteed the owner – its actual and fixed value not subjected to inflation. This call – although quite recently repeated is not a new phenomenon and originates as far back as 1963 (Judge, 2003). It continues to be repeated every decade after another financial crisis. Muslim countries also called for the return of the gold *dinar* as a stable basis for financial transactions but so far only a limited number of private companies and individuals have actually implemented it. Western capitalist economists have criticized the re-emergence of the gold *dinar* arguing that it is primarily religiously motivated because of its expressively Islamic character and symbolism together with its stress on a usury-free financial system.

The most recent call for gold *dinar* transactions was made 1997 when South East Asian countries experienced their worst financial crisis. Malaysia as one of the countries affected, battled hard to regain its financial strength and develop alternative ways of securing financial independence from the U.S. dollar. Former Prime Minister of Malaysia, Dr. Mahathir Mohamed, was among the leading public figures who

advocated the establishment of the gold *dinar* as a safe means of exchange between the Muslim nations (Obaidullah, 2003).

Paper money was introduced in the Muslim world and the contemporary jurists have claimed its legal approval and *Shari'ah* compliance. Al-Shubayli (n.d) in one of his lecture entitled “Fiqh al-Mu’amalat al-Maṣrafiyyah” stated that the banknotes exchanges are similar to the exchange of gold and silver. The scholar cited an example of exchanging dollars for Riyals. The present research focuses on re-evaluating this approval and aims at justifying the call for a return to the gold *dinar* as the prime medium of transaction for Muslim countries.

RESEARCH PROBLEM

The concept of currency exchange backed by gold deposits as a standard measurement was abolished and replaced by US dollars at the early to mid 1970s (Redhead, 1992). There are number of forces that are responsible for this, such as the failure of US government to resist the print of excessive paper dollars during the Second World War and the pressure exerted by leading economies, IMF and the World Bank to adopt the US dollar as a standard currency worldwide. With the abolition of the gold backed monetary system, the rich countries have grown richer and the poor countries have grown poorer (Galletly & Ritchie, 1998).

Based on Western capitalist criteria, not a single Muslim country has been classified as ‘developed’. Surprisingly, strong economies such as Malaysia are still regarded as ‘developing’ and countries as affluent as Saudi Arabia remain categorized as ‘underdeveloped’. The reason for this is that a country’s economic power and status is measured against the U.S. dollar. For example, U.S. dollar and Malaysian ringgit notes are both made of paper and both constitute legitimate means of exchanging

goods and services. Which factor determines that one U.S. dollar has the value of three Malaysian ringgit? Should not both have the same value? In an Islamic economy it is prohibited to raise two items of the same material value above one another. What has caused Muslim countries to adopt a monetary system that contradicts this basic principle in regard to transactions?

RESEARCH QUESTIONS

1. What are the functions and characteristics of money from the Islamic perspective?
2. What are the bases for the classification and value of money of different currencies?
3. What impact has paper currency on the foreign exchange system, on the macro and micro level of economy?
4. What are Muslim legal scholars' basis on the legitimacy of paper money and a floating currency exchange system?
5. Can the gold *dinar* be re-introduced as a stable and independent medium of exchange among Muslim countries?

OBJECTIVES OF STUDY

1. To analyze the functions and value of money.
2. To examine the position of classic and modern Muslim jurists on currency exchange.
3. To analyze the evidence put forward by Muslim jurists to justify the use of foreign currency exchange available in our present money markets.

4. To justify the importance of adopting the gold *dinar* as a means of exchange between Muslim states.
5. To explore the possibility of adopting a gold dinar system that would be *Shari'ah* compliant and serves the interests of the Muslim community.

SCOPE OF THE STUDY

Mu'āwāḍah (exchange) has been permitted in order to complement the human needs, as no one can live in isolation. However, the permissibility has come with a *caveat* to prevent the acquisition of excessive wealth and maintain justice and equality. This permission has been extended by contemporary jurists to justify the currency exchange in the name of lawful business or necessity.

The scope of this study is to discuss the arguments produced by classic and contemporary Muslim jurists on legitimacy of currency exchange and to justify a replacement with the gold *dinar*.

RESEARCH METHODOLOGY

This research is based on qualitative method of analysis; based on primary and secondary literary sources. The researcher will adopt content analysis of the existing literature on the mode of exchange and the use of gold in past and present to deduce the effectiveness of propounded rules on transactions according to Islamic and conventional law. In addition, it is important to study the changes in global monetary policies over the last decades and – complementary to that – any differentiations in *Shari'ah* rulings. This study aims at justifying the use of the gold *dinar* as prime medium of transactions among Muslim countries.

The consulted sources form a selection of Islamic legal texts serving as secondary sources beside the *Qur'an* and the traditions of the Prophet {s.a.w}. Interesting to note here is that at these texts already extended the meaning of *dinar* to include “trustworthiness” which appears only once in the *Qur'an* and thus cannot be understood as limited to the scope of business activities. The collection of legal texts reflects the different legal opinions of classic Muslim scholars on economic transactions. Contemporary legal opinion voiced by Muslim scholars can be generally regarded as a combination of classic legal thought and conventional economic theory and practice as developed in the West.

The content analysis consists of two parts, the preliminary analysis and the main content analysis. As for the preliminary analysis, the researcher examines selected works representing general economic thought spanning from the eleventh to the twenty-first century. Here, the researcher takes into account regional differences in terms of the varied cultural, political and economic backgrounds in which the texts were produced. Therefore, the Muslim world and the West are studied separately.

LITERATURE REVIEW

The discussion on foreign currency exchange is a popular subject of contemporary scholarly discourse. Monographs and articles selected range from the texts produced by classic Muslim scholars, contemporary jurists, theoretical economists to businessmen.

One of the classic works on Islamic economic thought is *al-Muhadhdhab* written by Abū Ishāq al-Shīrāzī² (393-476H) who discusses lawful or *ribā* (usury) free

² Ibrahim bin ‘Alī bin Yūsuf al-Shīrāzī Abī Ishāq a prominent scholar of the Shafite school. He was born in Persia and later moved to Shiraz. Leading jurist and grand mufti 393-476H (1003-1038 C.E.). Among his famous works are *al-Tanbih in Fiqh*, *Ṭabaqāt al-Fuqahā’* and *al-Lam’ in Uṣul al-Fiqh*.

transactions as compared to unlawful dealings. He stresses the importance of preventing usury in business. He also addresses the prohibition of exchanging the same currency with profit, for example dollar for dollar. In regard to newly minted and unmolded gold or silver, al-Shīrāzī also prohibits exchanging articles of the same type by two for one. He supports his argument with the practice of the Prophet (s.a.w.): A man came with some bids enclosed with gold and wanted to sell it with 700 or 900...The Prophet insisted that the man should specify the two prices because if one was sold at one third and the other at two third above the former, that would be usury. Regrettably, *al-Muhadhdhab* does not include a comprehensive collection of *ḥadīths* of the Prophet {s.a.w} on economic transactions and does not discuss the permissibility of exchanging paper for paper and its applications.

Al-Kāsānī³ authored *Badā'i' al-Ṣanā'i' fī al-tartīb al-Sharā'i'* (587H) and dedicated the first part of his chapter on business to *ribā*. He deliberates on the separation of buyer and seller from the place of exchange. He explains in detail *khiyār* (choice or option) where both parties have the right to revoke the terms of an earlier agreement before departing from the market and clarifies what is meant by separation. He adds that selling or settling a debt with a debt invalidates a transaction. He rules on the permissibility of exchange if *ribā* embedded, such as the exchange of *dirhām* to *dīnār* by adding additional value. Al-Kāsānī's work represents classic Muslim thought on monetary matters and provides a solid basis for discussing modern foreign exchange transactions.

³ Abū Bakar bin Mas'ūd bin Aḥmad al-Kasānī 'Alā'u al-Dīn a prominent scholar of Hanafite school. Leading jurist, died 587H (1191 C.E.) Among his famous works are *al-Sulṭān al-Mubīn fī Uṣul al-Dīn*, *Badā'i' al-Ṣanā'i' fī al-Tartīb al-Sharā'i'*.

Ibn Qudāmah⁴ (1405H) in *al-Mughnī* discusses issues related to exchange based on the traditions reported by Abū Sa’id al-Khudri. In addition to that, he quotes a tradition transmitted by the Companion Bilāl who exchanged two containers of dates for one container of dates of better quality. The Prophet (s.a.w) forbidden such an exchange and recommended that Bilal ought to sell his two containers of dates at one market and use the money he earned to buy better dates at another. Ibn Qudāmah states the opinion that the usury referred to in another tradition is actually “*Ribā al-Nasī’ah*”, and therefore exchange is permissible. It is not clear if the author share this opinion but since he belonged to the Hanbalite school which decided on its permissibility, this is likely the case.

Ibn al-Hummam⁵ in his *Fatḥ al-Qadīr* (681H) states that money is available in the forms of *dirham* and *danānīr*. He gives a detailed explanation of the *ḥadīth* “*sawā’an bi sawā’in...*” by explaining the term “something of the same type or others that are closer to it”. If an item is specified it is not money but when it is otherwise, then it is money because of the preposition “*bi*” that preceded it. The opposite is the case where it is not preceded by the preposition. Ibn al-Hummam comments on the last part of the *ḥadīth* that other authors have left untouched, namely the ambiguous “do not sell paper for paper...” He explains the word “*tushifu*” as meaning ‘overvaluing one paper above another’. Moreover, he clarifies that the *ḥadīth* did not mention reduction as the word “*alā*” indicates overvalue, not undervalue. This part of the traditions is usually not applied to the question of currency exchange and its permissibility.

⁴ ‘Abdul Allah bin Aḥmad bin Muḥammad bin Qudāmah al-Muqadas, prominent Hanbalite scholar. He was born in Jamā’īl a village in Palestine; leading jurist and grand mufti, lived 541-620H (1147-1223 C.E.) Among his famous works are *al-Shāfi*; *al-Mughnī*; *al-Hidāyah*; and *Rawḍat al-Nāzir wa Jannat al-Munāzir* in Fiqh & Uṣul al-Fiqh.

⁵ Kamāl al-Dīn Muḥammad bin ‘Abdul al-Wāḥid al-Saywāsī, known as Ibn al-Hummam, prominent Hanafite scholar, died 861H.

Al-Qarāfī⁶ (1994) in his *Al-Dhakhīrah* also comments on the last part of the tradition “do not sell gold for gold except same for same...and do not sell paper for paper...” Any group of article that is *ribā* embedded cannot be exchanged one for two. He cites an analogy of one expensive high value *dinar* being exchanged with other lower quality *dinars*. Moreover, *al-tafāḍul* (addition) in currency exchange is regarded impermissible based on the law of *karaha* (detested or dislike) because there is no evidence for it in the *Qur’an* and *Sunnah* that prohibits it.

Sheikh Khālid ibn ‘Alī al-Mashā’ikh (1424H) in one of his lectures titled *Al-Mu‘amalāt al-Māliyyat al-Mu‘āṣirah*⁷ explained what sort of gold should be exchanged with another. He argues that it is impermissible to exchange one expensive gold *dinar* with two low quality *dinars* or do any form of exchange involving ‘one for two’ based on the prohibition of excessive exploitation in the tradition related by Abū Sa’id al-Khudri.

The contemporary jurist Muḥim and author of *Al-Mu‘amalāh al-Ribawīyah fī al-Ḍaw’i al-Qur’an wa al-Sunnah* discusses money in the context of modern day trading but recognizes the exchange paper for paper without gold back up or gold standard measurement as a *ribā* embedded transaction. However, he does not provide sufficient justification for the permissibility of the present day mode of currency exchange. He merely states that any country’s central bank determines the exchange rate which thus eliminates *ribā* (*usury*). The shortcoming of his work is that he oversimplifies the issue and does not focus on the present day foreign currency exchange system.

⁶ Aḥmad bin Idrīs bin ‘Abdul al-Raḥmān, Abū al-‘Abbās, Shihāb al-Dīn al-Ṣanhājī al-Qarāfī a prominent Maliki scholar, from the Ṣanhājī clan, died in Egypt 684H (1285 C.E.). Among his famous works in *Fiqh* and *Uṣūl al-Fiqh* are ‘*Anwār al-Burūq fī ‘Anwā’i al-Furūq* and *Sharḥu Tanqīḥu al-Fuṣūl*.

⁷ *Al-Mu‘amalāt al-Māliyyat al-Mu‘āṣirah min al-liqā’* Sheikh Dr. Khālid ibn Ali al-Mashāikh min Dūrūsi al-Dawrat al-‘Ilīmiyah bi Masjid al-Rājihī.

Also worthy to mention here is *Badhl al-Majhūd fī Taḥrīr Asi'lah Taghayyur al-Nuqūd* written by Sheikh Muḥammad bin ‘Abd Allāh al-Ghazzī al-Tamtāshī al-Ḥanafī (2001). It discusses the evolution of money and the changes it underwent in regard to value increase and decrease. However, this research primarily deals with the settlement of debt in case where the purchasing power of the currency changes before the repayment due date.

Buḥūth li Ba‘d al-Nawāzil al-Fiqhiyyah al-Mu‘āshirah (anonymous, nd.) focuses on *Zakat* (charity) and its application on money. It briefly recapitulates the history of money and its various forms. The author stresses rightfully that money should be seen as a means to an end and not an end itself. It is impermissible to exchange gold for gold and silver for silver except with equality. It should not be an article for sale because it has been designed as a means of measurement and not for storage purposes which would defeat the aim for which it was created. What is practiced today on the so called ‘foreign currency markets’ is the opposite. He names some of the leading contemporary jurists such as Shaykh Ibn Bāz, Yusuf al-Qarḍawī, and Ibn ‘Uthaimīn who share the same definition of money, namely “anything that has quality and is durable and acceptable of the people...”

The current governor of the Malaysian Central Bank said that the efforts of Islamic financial Institutions have yet to be complemented by the establishment of an exclusive money and foreign exchange market. Islamic money markets are to be an integral part of Islamic Banking System. One of the chief functions of this market is to provide facilities for funding and adjusting portfolios over a short term (Zeti, 2004). Currency exchange and the institutionalization of exchange markets are foremost capitalistic and thus profit-oriented in nature with the sole agenda to ‘make money out