

## Contemporary Views Of Financial Issues Caused In Fikhi Sources

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### Annotation

This Article Deals With Financial Issues And Agreements Based On Fikhi (Jurisprudential) Sources Created By Our Ancestors, In Particular, Burhanuddin Marghinani's "Al-Hidaya", Alouddin Abu Bakr Ibn Mas'Ud Ahmad Kasani's "Badoi'us Sanoi' Fi Tartibi Sh`Arai", And Abu Bakr Muhammad Ibn Ahmad Sarakhsi's "Al-Mabsut". The Origin Of The Basic Concepts Of Islamic Finance, The Current Assets Of Islamic Financial Institutions, The Specific Features And Principles Of Islamic Finance Are Explained. As Well As Provides With Examples Of How Islamic Banks Are Applying The Rules Of "Mudharabah" And "Musharakah" That Are Given In Original Fiqhi Sources. It Also Provides Feedback From Contemporary Scholars And Experts On This Issue. At The End Of Article, It Is Revealed The Opportunities That Can Be Achieved Through The Effective Use Of Islamic Financial Instruments In Fikhi (Jurisprudential) Sources In Our Society In Accordance With Today's Requirements.

**Key Words:** Fiqh, Al-Hidaya, Badoi'us Sanoi', Islamic Finance, Mudharabah And Musharakah, Islamic Development Bank.

### Introduction

As Part Of The Ongoing Reforms In The Spiritual And Socio-Economic Spheres In Our Country In Recent Years, An Important Task Is Set For Specialists To Study The Scientific Heritage Of Great Scientists Who Was Born In Our Country And Convey Its Significance To The Community. In Particular, It Is Important To Study The Financial Issues In The Sources Of Fikh (Jurisprudence) Created By Our Ancestors, To Research Them In Accordance With Today's Needs. Because Most Of The Relations, Which Take Place Between Members Of Society Are Related To Financial Issues.

In The Scientific Heritage Of Our Great Ancestors, The Concepts And Financial Relations Related To Financial Issues In Society Are Widely Covered. In Particular, Burhanuddin Marghinani's "Al-Hidaya", Alouddin Abu Bakr Ibn Mas'ud Ibn Akhmad Khasani's "Badoi'us Sanoi' Fi Tartibi Shara'i", And Abu Bakr Mukhammad Ibn Akhmad Sarakhsi's "Al-Mabsut" Described Financial Issues In A Timely Manner. The Financial Issues Mentioned In The Above-Mentioned Sources Include "Bai", Kafola, Havalah, Vakola, Shirka (Musharaka), Muzaraba, Murababa, Muzora'a, Hiba, Oriyat, Wadi'a, Ijara (Rent), Rahn (Pledge)". This Issue Has Evolved Over Time As A Result Of Extensive Research By Scholars And Experts, Its Application In People's Lives And In The Activities Of Financial Institutions, And Today It Is Becoming Known Around The World As Islamic Finance.

In His Address To The Oliy Majlis On December 29, 2020, President Of The Republic Of Uzbekistan Shavkat Mirziyoyev Said, "It Is Time To Create A Legal Framework For The Introduction Of Islamic Financial Services In Our Country. Experts From The Islamic Development Bank And Other International Financial Institutions Will Be Involved In This" He Said.

### Materials And Methods

Although The First Concepts Of Islamic Finance Were Formed In The Seventh Century, Its Implementation Through Large Banks And Financial Institutions As A Single System Had Begun Their Operation In The 1960s. In Particular, The Bank Was Established In 1963 In The Egyptian Town Of Mit Ghamr On A Profit Basis, Then The Islamic Development Bank (Idb) In 1975 In Jeddah, Saudi Arabia, The Islamic Bank Of Dubai In 1975, The Faisal Islamic Bank Of Egypt In 1977 And The Faisal Islamic Bank Of Sudan. Founded In 1979, Institutions Such As The Islamic Bank Of Bahrain And The Sudan Islamic Insurance Company (Takoful) Had Been Key Steps In The Formation Of Modern Islamic Finance.

To Date, The Assets Of Islamic Financial Institutions Around The World Exceeded \$ 2.5 Trillion. According To The Islamic Finance Development Report, This Figure Is Projected To Reach \$ 3.4 Trillion By 2024. 70% Of Financial Assets Belonged To The Islamic Banking Sector, 19% To The “Sukuk” Sector, 4% To Islamic Funds, 2% To The “Takoful” Sector, And 5% To Other Financial Institutions. As Of 2018, The Islamic Financial Sector Included 1447 Financial Institutions, 1166 Sharia Scholars Specializing In Islamic Finance, 968 Educational Institutions On Islamic Finance, 2550 Research Works, And 439 Events.

A Distinctive Feature Of Islamic Finance Is That Financial Relations Were Based On Human Values Such As Social Responsibility And Morality, The Financing Of Certain Production Or Services, As Well As The Restriction Of Usury, “Garar” (Extreme Uncertainty, Abstraction) And Gambling, Not Financing Activities Harmful To People And The Environment, And A Number Of Humanitarian Principles Applied, Such As Thankfulness In Profit And Loss, Fair Distribution Of Risks.

## Results And Discussion

By Studying The Definition Of Financial Issues Mentioned In Fikhi Sources, It Would Be Possible To Better Understand Their Essence. In Particular, The Following Information Can Be Found In The Sources On Muzaraba And Musharaka Agreements.

Muzaraba. Al-Hidaya Described The Muzarabah As "An Agreement Between One Of The Parties To Partner With Property And The Other With Labor". The Parties To The Dispute: The First - The Participant With Money Or Property - Is Called “Robbul Mol”, The Second - The Participant With Work, Labor, Entrepreneurial Ability - Is Called “Muzarib”. According To “Al-Hidaya”, A Number Of Conditions Were Set For The Negotiation Agreement To Be Valid: The Investment Must Be In A Form Suitable For The Partnership, The Profit Must Be Divided Between The Two Parties, And A Certain Amount Of Profit Must Not Be Set For One Party, Such As One Hundred Thousand Soums, The Goods Must Be Handed Over To The “Muzarib” (Entrepreneur). There Were Two Types Of Interrogation In Terms Of Giving Freedom Or Restriction To The “Muzarib” (Entrepreneur). These Were Absolute “Muzaraba” And Limited “Muzaraba”. In Absolute “Muzaraba”, The “Muzarib” Was Given The Power To Fully Dispose Of It. The “Muzarib” Would Be Able To Sell The Goods, Buy Something Else, Represent Another Person In The Performance Of The Work, Travel Somewhere With The Goods, Use The Goods As A Commercial Commodity, And Deposit Them. The Most Important Thing In This Case Was To Take Advantage. In A Limited Auction, The “Robbul Mol” (Investor) Imposed Certain Restrictions On The Disposal Of Goods, For Example, If The Place Of “Muzaraba” Determined The Type Of Goods, Time, The “Muzarib” Could Not Deviate From These Established Conditions. In A Case Of Did Not Comply With The Conditions, “Muzarib” Would Have To Pay Compensation.

The Profit Shares Of The “Robbul Mol” And The “Muzarib” And The Order Of Its Distribution Were Agreed In Advance. In The Event Of Damage Or In The Event Of Force Majeure, Regardless Of The Circumstances, The Costs Should Be Borne By The “Robbul Mol”. “Muzarib”, On The Other Hand, Lost The Work He Had Done And The Time He Had Spent. However, If The “Muzarib” Was Harmed For Reasons Related To The “Muzarib”, Such As The Coldness Of The Work, The Inability To Organize The Work Properly, The Muzarib Would Be Responsible For Covering It.

Musharaka. In Alouddin Abu Bakr Ibn Mas'ud Ibn Ahmad Kasani's “Badoi'us Sanoi' Fi Tartibi Shara'i”, There Were Two Types Of Partnership Agreements: “Shirkatul Amlak” (Partnership On Property) And “Sharikatul 'Iqud” (Partnership On Contracts). “Sharikatul 'Uqud” Itself Was Divided Into Such Types As “Shirkatul Amval”, “Shirkatul Amal”, “Shirkatus Sani”, “Shirkatul Taqabbul” And “Shirkatul Wujuh”. Islamic Banks Usually Use “Shirkatul Amval” In Their Activities. In “Badoi'us Sanoi”, Described “Shirkatul Amval” As “The Shareholding Of Two People In The Investment Partnership”.

Muhammad Taqi Usmani, A Contemporary Scholar, Said: “Musharaka Refers To The Activities Of A Joint Venture In Business And Trade Practice, In Which All Participants Share The Benefits And Harms Of The Common

Cause. It Is Limited To The Use Of The Term Musharaka As "Shirkatul Amval", One Of The Types Of "Shirkat" In Islamic Fikh. According To Him, Two Or More Individuals Invest Their Capital In A Joint Venture As An Investment. Sometimes It Includes "Shirkatul 'Amal", In Which Case The Partnership Is In The Service Sector". According To The Standards Of Accounting And Auditing Organizations Of Islamic Financial Institutions (Accounting And Auditing Organization For Islamic Financial Institutions - Aaoifi), A Joint Venture Agreement Considered As An Agreement Between Two Or More Parties To Combine Labor Resources Or Liabilities, Assets For Profit.

#### **Current Application Of Financial Transactions**

Islamic Banks Were Using "Muzaraba" In Two Main Ways. The First Is That The Bank, As A "Robbul Mol", As An Investor Provided Funds To The Muzarib-Entrepreneur For The Implementation Of A Particular Business Project, The Profits Is Distributed Between The Two Parties In The Ratio Agreed In The Contract. The Second Is That The Client, "Robbul-Mol", That Is, As An Investor, Presents His Fund To The Islamic Bank On The Basis Of A "Muzaraba" Agreement. In This Case, The Client Places A Deposit In The Investment Account, The Bank Uses This Money As A Loan To Implement A Specific Business Project, And The Profits Are Distributed Among The Parties.

In The Practice Of Islamic Banking, Projects Of This Form Are Usually Completed With A Profit And The Amount Of Profit Is Considered To Be Significantly Higher Than The Amount Promised By Traditional Banks On Deposits.

According To "The Economist", The Benefits Of Dialogue Include The Sharing Of Responsibilities Between Participants And A More Open And Democratic Free Market System.

At The Meeting, Each Participant Contributes A Certain Amount Of Money To The Project As A Share, And This Share Allows Each Of Them To Manage The Partnership's Assets. The Profit Received As A Result Of The Activity Is Distributed In Accordance With The Agreement On The Establishment Of The Partnership, And The Losses Is Distributed In Proportion To The Share Of Each Participant In The Capital Of The Partnership.

The Parties To The Contract Will Have The Right To Participate In The Management Of The Project. When The Number Of Partners May Be Two Or More, The Party Involved In The Management Is Called The "Active Partner" And The Party Not Involved In The Management Is Called The "Quiet Partner". Active Partners Receive An Additional Salary For Their Work In Management Activities In Addition To Their Share Of Profits. The Parties To The Contract May Hire Another Party As A Manager To Run The Partnership. In This Case, The Manager Receives A Decent Wage For His Work, Does Not Have A Share In The Profits.

Currently, The Joint Venture Agreement Is Used By Banks In The Following Form:

- 1) The Bank And The Client Enter Into An Agreement To Participate In A Partnership To Implement A Specific Business Plan;
- 2) The Bank And The Client Provide Financing In The Agreed Shares For The Implementation Of The Business Plan In Accordance With The Agreement;
- 3) Profit Or Loss Arises As A Result Of The Business Plan;
- 4) Profit Or Loss Is Distributed Between The Bank And The Customer In Proportionate Shares.

#### **Conclusion**

In General, Generalizing "Muzaraba", "Musharaka" And Other Agreements, The Agreements Currently Used In The Islamic Financial System Were Divided Into Two Types.

The First Of These Were Intermediary Agreements, Which Included: "Muzoraba", "Muzora'a", Omonat (Deposit), "Juala", Kafolat (Guarantee), Vakolat (Authority), "Takoful", Direct Investment".

The Second Is Transactional Agreements, Which Included Three Different Types: 1) Equity Participation Agreements ("Mushoraka", "Musuqot"); 2) Transactions Related To Property ("Murobaha", "Musovama", "Bay Muajjal", "Bay Salam", "Tavarruk", Ijara (Rent), "Ijara Val Iqtino", Exception, Ijara Sum Bai" ); 3) Joint Agreements ("Qarzi Hasan").

Based On The Above Classification, The Financial Instruments Used By Islamic Financial Institutions Might Be Divided Into Three Groups:

- 1-Group. Meant Based On Participation In Capital: Muzaraba And Musharaka;
- 2-Group. Meant Based On Debt Financing: "Murabbaha", Exception, Rent, "Salam", "Sukuk";
- 3-Group. Meant Based On Payment Of Bank Commissions: "Vakolat" Authority.

If Individuals Paid Attention To The Above Classifications, All The Transactions Mentioned In It Were Financial Issues Mentioned In Fikh Sources. It Could Be Observed That Modern Islamic Financial Institutions Were Using Them In Their Activities By Adapting Them To Today.

In Conclusion, It Was Necessary To Study In Depth The Financial Issues In The Fikh Works Of Scholars Who Grew Up In Our Country, And To Use Them Effectively To Met The Needs Of Today's Society. In The First Half Of 2020, A Joint Project Of The United Nations Development Program And The Ministry Of Finance Of The Republic Of Uzbekistan Conducted A Survey To Study The Opportunities And Prospects For The Usage Of Islamic Financial Products In Uzbekistan. According To The Survey, 61 Percent Of Entrepreneurs And 75 Percent Of Individuals Expressed A Desire To Use Islamic Financial Instruments.

The Following Were Achieved Through The Effective Use Of Financial Issues In Fikh Sources In Our Country:

- Increased Investment Opportunities From The Islamic Development Bank Group And Other Member Countries Of The Organization Of Islamic Cooperation;
- Sharply Increased The Attraction Of Free Funds Of The Population To The Banking And Financial System, Which Prevented The Inflow Of Funds Into The "Shadow Economy".
- Funds Attracted To The Banking And Financial System Would Be Directed To The Creation Of New Production Facilities And Jobs, Which In Turn Would Increase Budget Revenues;
- Contributed To The Implementation Of The State Program To Combat Poverty Through The Implementation Of Islamic Social Finance;
- Promoted The Development Of Pilgrimage Tourism In Our Country.

#### **Conflict Of Interests And Contribution Of Authors**

The Authors Declare The Absence Of Obvious And Potential Conflicts Of Interest Related To The Publication Of This Article And Report On The Contribution Of Each Author.

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