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The Principle of Currency Value System and Islamic Banking and Finance

Edited by
Saim Kayadibi

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Siti Nabihah bt. Haji Sukria, Amy Zuhaira bt. M. Ali and Saim Kayadibi

Introduction

Islam allows loan as a form of social service among the rich to help the poor and those who are in need of financial assistance. Loan in Islam may be obtained in two ways: (i) Loan with condition of repayment, and (ii) gratuitous loan without any compensation or gift. However, Islam does not recognize any loan with interest for the benefit of the debtor. It only recognizes gratuitous loan or better known as Al-qard Al-hasan. Such loans have not been uncommon in human history among peers, friends and relatives. Kindness is encouraged in Islam. The Prophet SAW is reported to have said: “The inmates of Paradise are of three types: one who wield authority and is just and fair; one who is truthful and has been endowed with power to do good deeds and the person who is merciful and kind hearted towards his relatives and to every pious Muslim, and who does not stretch out of his hand in spite of having a large family to support.”\footnote{Sahih Muslim}

Definition

\footnote{Graduate Students, Faculty of Economics and Management Sciences, International Islamic University Malaysia (IIUM), Kuala Lumpur, Malaysia.}