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**The Principle of Currency  
Value System and Islamic  
Banking and Finance**



**IIUM Press**

**Edited by**

**Saim Kayadibi**

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## Contents

Preface	iii
<b>Chapter 1</b>	
The Implication of Richard Nixon Did Not Remove the Principle of Currency Value Based on Nation Gold Reserve.....	1
<b>Chapter 2</b>	
Micro Islamic Finance .....	25
<b>Chapter 3</b>	
Forex Trading: Conventional and Islamic Perspective.....	55
<b>Chapter 4</b>	
Conflict In Amanah Saham Berhad (ASB) .....	73
<b>Chapter 5</b>	
Towards Realizing The Maqasid Al-Shariah: A Critique Of Islamic Banking And Finance Practices .....	85
<b>Chapter 6</b>	
Purchasing a Good from One's Own Business .....	115
<b>Chapter 7</b>	
European crises and Islamic solutions .....	127
<b>Chapter 8</b>	
Al-Qardh Al-Hasan .....	155
<b>Chapter 9</b>	
Lucky Draw, Contest and Modern Competition from Islamic View.....	171
<b>Chapter 10</b>	
The Free Rider Problem in Group Assignments .....	191
<b>Chapter 11</b>	
Concept of Ar-Rahn in Islamic Finance: Another Alternatives.....	205
<b>Chapter 12</b>	
Awareness of Halal Foods among Universities Students.....	221
<b>Bibliography</b> .....	256

## Chapter 8

### Al-Qardh Al-Hasan

Siti Nabihah bt. Haji Sukria, Amy Zuhaira bt. M. Ali<sup>72</sup> 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."<sup>73</sup>

#### Definition

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<sup>73</sup> Sahih Muslim