

Ethics of Islamic Financial Transactions

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***Abstract---** Ethics are the crucial elements of Islamic law. They have a huge impact on the development of Islamic society and its morals. Islamic ethics help regulate the internal affairs between members of the Muslim community in an organized manner, and affairs with non-Muslim communities. As a result, Islamic morality has been given careful attention in this research. It is not however limited to general matters rather exceeded even further, making the provisions of Islamic law mandatory for all contracts in Islam.*

***Keywords---** Ethics, Islamic Financial, Transactions*

I. INTRODUCTION

This research aims at revealing some important foundations of the Sharia. It explains relationship between ethics, contractual provisions, and financial behaviors. Many legal and social aspects are explained as well. Islam does not distinguish as some contracts being ethically compliant as opposed to some others being financially sound. In cases where ethically required contractual processes had been at fault, the envisaged results do not actuate. If this happens, the contract will be invalid. It may well be all sound contractually but defeats the objective of the law in protecting the interests of the parties.

II. RESEARCH PROBLEM

- Defining the concept of morality and its relevance, involving the interests of the contracting parties.
- Identifying the relationship between ethics and works in all aspects.
- Clarifying the implications of corruption occurring in ethical aspects of a contract of financial transaction.

III. RESEARCH OBJECTIVES

The importance of this study is that the subject is barely a decade of contracts in Islamic jurisprudence, but has a close relationship with it, and the verses and prophetic sayings are the best proof of the importance of good morals; but made it a wise street as the basis of financial transactions and an important part in it, and this aspect omits alert It has many researchers and authors in the field of financial and banking transactions in the modern era.

IV. RESEARCH METHODOLOGY

The basic approach that I will take in this study is the analytical approach, which shows the elements of the subject and clarifies its provisions, and I will rely on the four famous schools of jurisprudence, compared to the views and judgments, if any disagreement.

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1. The concept of ethics

Ethics and psychological attributes and qualities included in the human psyche and closely aligned with them and described and famous, so that people now know it as created with them, so morality was and still the focus of attention of theorists and researchers, and the gladiator of the longings of the willing and aspirants, in which praise, and describe the description, young people want, and bad, polite discipline, which is to respond to the virtues in the call to deal between all creatures as ordered by the creator innocent in order to satisfy his satisfaction and to win his satisfaction.

- The concept of ethics language:

The beholder finds in the language books that the word ethics is launched and is intended to: printing and temper, and religion and about these meanings says Ferozabadi: "Creation annexation and the annexes of the temper and print and religion. Ibn Manzoor says: "Creation and creation morality .. It is the annexation of Kha and the silence of religion and of course and temper". Ibn Ma'nzur explains this by saying: "The truth, that is, creation, is that of the inner image of man, himself, and the relevant descriptions and meanings of creation in the status of creation for his visible image, descriptions and meanings and have good and ugly descriptions. In this sense, Ragheb Isfahani says: "Creation is originally one and the same, such as drinking, drinking, stigmatization, and strictness, but the creation is concerned with vision-conscious bodies, shapes, and images. **“And indeed, you are of a great moral character” {Al-Qalam04}**. And has been read: This Alakhlaq the first two, and what creative man gained from virtue to His creation the Almighty said" **would not have in the Hereafter any share”{Al-Baqarah 200}**. So and so created: such as if a creature in it, such as your saying is popular on such, or invited to him in terms of creation .
_ "After looking at the linguistic meaning, we conclude that the meaning of ethics in the language is confined to three connotations:

First: Creation refers to the natural qualities of human innate creation in the form of a harmonious straight.

Second: Ethics refers to the qualities acquired until it became as if it was created in it is part of its edition.

Third: that morality has two aspects: the psychological side of the mystical, and the behavioral apparent aspect.

-The concept of ethics terminology:

The jurists knew morality with many definitions that could not be mentioned, but we will mention the most important of these definitions, including: The definition of Ibn Meskawi, has defined morality as "a state of the self-calling for its actions without thought or thought , " and this case is divided into two parts: some of which are natural Mood, such as the man who moves the slightest thing to anger and irritates the least reason, and the man who reaps from the left of something like the one who freaks out the slightest voice knocking reputation or horrified by the news he hears, and the one who laughs excessive laughter of anything he likes, and as the one who grieves and grieves from the easiest thing to get, Some of which are benefited by habit and training, and perhaps the principle of thought, and then continue it a First and foremost until he becomes queen and creation. Mawardi defined it as "latent instincts of choice, of compulsion_." Imam al-Ghazali defined it as "a well-established body in which the deeds are issued with ease and without need for thought and thought". It seems through the definitions that they revealed to us

important meanings of the ethics; clarified an understanding: they are stable qualities in the human psyche issued by the actions and rapid response in a spontaneous and inexpensive way, and thus show morality. "We can define morality as a set of meanings and qualities that are stable in oneself and in their light and balance, improves the act in the eyes of human beings or ugly, and then introduces it or refrains from it".

It is noticeable that morality in the idiomatic sense does not move far from the linguistic meaning, scientists want those qualities that are self-established, and deserves described by praise or vilification, "There is no doubt that the linguistic meanings revolve around these moral concepts such as religion and virility and deserve those characterized by vilification and vice versa, the decent ethics of what is called by sound minds and straight mushrooms, and therefore people have known that honesty and honesty and the fulfillment of the covenants and so on of decent ethics, as Recognize that lying, cheating, and betrayal, from the morals reprehensible rejected by the right minds and mushrooms straight, then came the law calling for the known of morality not to mention evil, has said peace be upon him " but I was sent To complete Good morals.

What we conclude here in defining the concept of ethics is: "Ethics, including what is mountain in the origin of creation, as evidenced by the words of the Prophet peace be upon him to encourage Abdul Qais:" There are two Khalat love God: dream, and suffering "said: O Messenger He said" **:But Allah is your mountain on them."** **He** said: Praise be to Allah. This is an explicit text on this section, and the Prophet (peace be upon him) warned that the other part of morality is acquired so that man can train himself to show good morals and goodness and goodness. The Prophet (peace be upon him) said when he spent everything in his hand: And what we have is good we will not save for you, and **it is the one who exalts the forgiveness of God, and who sings the riches of God, and those who persevere, be patient**, and you will not give tender a broader good than patience. This is a clear indication that a good morality student is sincerely given from it, and Ibn al-Qayyim stated that morality is profitable by creating and costing until it becomes a queen and a queen, the result is that morality is what is nature and a mountain and what is acquired".

2. The importance of work and the requirements of financial transactions in Islam.

Islam defines work as: any financial or physical effort, or combination of the two. Therefore, the factory workers, their managers, the government workers, the businessmen, the landowners, the doctors, and the engineers are all considered working towards building an Islamic state. Therefore he urged the Holy Qur'an through his Surah and his verses to work, and Allah said: **"Do [as you will], for Allah will see your deeds, and [so will] His Messenger and the believers. And you will be returned to the Knower of the unseen and the witnessed, and He will inform you of what you used to do."** {At-Tawbah 105} And he says" **:And when the prayer has been concluded, disperse within the land and seek from the bounty of Allah, and remember Allah often that you may succeed.** "{Al-Jumu'ah: 10} And say **"It is He who made the earth tame[1] for you – so walk among its slopes and eat of His provision – and to Him is the resurrection."**{Al-Mulk: 15} ,Islamic legislation to work in all ways and means to urge and desire it, not only to collect wealth and enjoy it, but that in urging action to urge the benefit of the poor and to make the appointed better than Elman on the one hand , nawal reward in

the modern " hand High Better than the hand Lower, Hand High The data, And the hand Lower hand The questioner" and so in the induction of different types of righteousness, such as alms and spending for God and so on.

3. The requirements of financial transactions in Islam:

-First: Commitment to the general provisions of the law of adherence to the solution and away from the sanctity and suspicion connected to them, God said" **O you who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers". {Al-Baqarah: 278}** Therefore ,the Shariah provisions require that financial transactions be carried out on a specific economic activity within the frameworks laid down by Islamic legislation. Basically, financial transactions in Islam need to be accompanied by real business and commercial activities that generate legitimate profits, and this ensures that the money goes towards productive economic activity, which It creates a strong link between the financial movement and the production movement, which in turn isolates the Islamic financial system from excessive handling of heavy debt, taking risks in a prudent manner, and avoiding speculative actions, such as what happens to those who left God Almighty said"**But if you repent, you may have your principal – [thus] you do no wrong, nor are you wronged".{Al-Baqarah: 279}**).

-Second: the preservation of covenants and covenants and commitments and sincerity of fulfillment; is at the heart of the requirements of the legal ethical dealings of money, God said" **O you who have believed, fulfill [all] contracts"{Al-Maidah:1}** In addition to the fundamental goal of Islam, which is to achieve the purposes of the law, through the achievement of justice and equity, as well as the prohibition of usury, God said" **But Allah has permitted trade and has forbidden interest".{Al-Baqarah: 275}** Based on this arrangement, real activity is therefore expected to generate enough wealth to offset risks.

-Third , follow the rules and abide by the conditions and controls legitimacy in the contracts and behavior, meaning that the requirement to share the risks necessary Islamic financial institutions to operate in accordance with the strong practices of risk management include appropriate action as required by the case ; in terms of economic viability for practical activity or assets The underlying principle of sharing profit and loss and adherence to the values of justice and equity in a comprehensive manner, gives Mechanism list in the heart of the same transaction for aspects of accounting, auditing, and make sure the system as this arrangement includes the principles of ethics and legality control.

-Fourth: Download indeed economic Downloads in line in full conformity with the legal texts that define the curriculum True in the course of the economic process , in practice, these basic features if adhered to image fully as required by the legal provisions, they are working to reduce the likelihood of financial imbalance; thus can Potential risks that arise when the environment and economic conditions in the financial markets worsen may diminish, and while abandoning compliance with Shariah rules, economic risks will be harsher for financial institutions with aggressive investment strategies during periods of strong growth.

The whole of these requirements are due to the legal texts of the book and the Sunnah, which drew the right approach and solid foundation for the construction of Islamic society, whether in the economic, social or other side, the line of Islamic legislation has lost the most accurate plans for the conduct of the contractual process in a manner that pays off, and propels the wheel of growth Economic development and progress on a continuous basis without

exposure to risks and crises, but I drafted economic legal formulation to bring the picture and to clarify the idea, and this is all the advantages of the Islamic legislation based on good ethics.

4. The ethical aspects of financial transactions in Islam

-The trade in Islam on a range of legal controls that have been developed to fit into the origin of legitimacy and bear fruit on the ground in Tus seen legitimate trade , including rules but not limited to ; embryogenesis good of occurrence of the vacancy contracts and financial behavior among traders and other fraud morality, And monopoly, deception, fraud, arrogance, injustice, riba, ritual, lying, scandal, coercion, and all forms of eating people's money falsehood, has been explicitly forbidden by the Koran and true Sunnah .

The trader must create values of faith, morality and good behavior, in addition to sophistication, insight and understanding in the provisions of financial transactions and jurisprudence of sales, which are the basics that must be understood by dealers in the markets from knowing the elements and conditions of the correct sale, and the sale of the prize and forbidden by Sharia, and the sale around which suspicions are raised, This is an imposition of an eye on every trader .

The first requirement: the legislative dimension of ethics in business and financial behavior.

The Islamic legislation has won the precedent of all other legislations in releasing the freedom of contracting, and removing the shackles of the contracts and their families from the formalities and ceremonies that were in the previous legislations. Man can create whatever he wants from the contracts as long as they do not oppose a text, unanimity or analogy, because the origin in the contracts is passport and health. The more correct, it is not deprived of them and invalidates only as indicated by the law prohibited and invalidated text or analogy .Therefore, al-Ghazali, al-Nawawi and others say: the intention is disrupted by five reasons» :**the tongue, humor ,ignorance, coercion, and dysfunction of the mind** ; «if found a defect of these defects, or in other words if a condition of satisfaction is not available, the contract in some cases is corrupt , Or void - unlike between the public and the tap - and in some cases unnecessary, that is, one of the two contracts, or both the right of choice, and hence these shortcomings, some of which directly affect the satisfaction, the contract under which it was corrupt or void - As in coercion, some of which affect compulsory satisfaction, the contract under which it is not binding, but to The right of option, such as fraud, deceit, exploitation and so on, in other words, these conditions, including what is a condition for the satisfaction of satisfaction as being not under duress, and some what is a requirement for unnecessary, such as not being a mistake or exploitation, or fraud - a great detail and disagreement.

Hence, we shed light on the provisions of the contracts, which was sentenced to invalidity or corruption or stop, because of the immoral behavior of one of the two contracts, and these contracts are many in the books of Islamic jurisprudence, including what is known and evident, such as usury, and what was declared forbidden to include a morality in one Its pillars, which include sales that include injustice, deceit, fraud, fraud and monopoly, the wisdom of the prohibition of these contracts is the moral corruption that guarantees it.

The sum of inferred from the positive and costly judgment, that fraud, deception and bad morals in financial and commercial transactions, is prohibited forbidden paid, because it includes the meanings of damage and corruption ,and invalidated for violating the purposes of the wise street from permitting contracting, freedom of ownership, and the distribution of wealth among people so as not to be State among the rich of them and do not eat it wrong.

The second requirement :the social dimension of ethics in business and financial behavior .

The nature of social life between people since they found that many of them contracts and agreements and the exchange of benefits to spend their needs, came the Islamic law and approved of the contracts that deal with people after clearing them of all kinds of injustice, and ordered to fulfill these contracts, the Almighty said" **O you who have believed, fulfill [all] contracts**"{Al-Maidah:1}, and the fulfillment of contracts in the context of achieving justice among people, and if justice among people is the first goal of Sharia, then justice in contracts is manifested in two things that were enshrined by the Shariah provisions:

1. Balance between the obligations of the parties:

In order for people to do the premium they must abide by the provisions of the Koran and measure the obligations of the parties to balance so as not to overwhelm each other, but God threatened Muslims woe if they manipulated the balance so as to disturb the balance between the parties in more than one place in the Koran and from these holy verses imposed Muslims have to strike a balance between the obligations of both parties. Shari'a has prohibited many contracts in which this balance is distorted, either because of the exploitation of one party to the other, because of the ignorance or compulsion of either party, or because of the desire to take risks, including preventing the sale of all kinds of deceit .Gambling, riba and monopoly, as well as the imposition of some legal provisions in many decades to prevent imbalances, and the details of this talk is found in the mothers of jurisprudence books.

2. Consent between the parties to the contract :

The Almighty said" **O you who have believed, do not consume one another's wealth unjustly[1] but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful**". {An-Nisa: 29}, I considered this verse no compromise between the two parties is similar to the murder of the soul, and therefore it was agreed that scholars all, that the contracts are not based only on the full satisfaction of the parties, as acknowledged by the positive laws also; The scholars spoke about the shortcomings of satisfaction, the cases marred the will of one The parties are not fully satisfied with their binding.

Based on this, the moral imbalance that affects contracts and financial acts is a major breach in society and society loses its balance and regularity. Therefore, obscene injustice is one of the most prominent social ethical problems that affect financial transactions and contracts and Islamic legislation is the only legislation that dealt with contracts and behaviors that included the criteria of obscenity.

The general principle underpinning the contract in Islamic legislation is derived from the principle of the right to it. Both are socially and ethically based. In addition, the economic aspect of the contract is treated as one of its greatest tools and most in need of mutual benefit. And money- in light of all that .The Soul

The examiner, on the side of transactions, sees the intent of the street to save money, an end in every condition and restriction, and the attachment to creation and facilitation, a rule in the consideration of interests, which works his thought in the general framework - through which Murad understands the wise street finds the strange connection between taking into account the physical side and consideration The moral aspect is mostly the vocabulary of financial transactions.

In fact, the social dimension of morality in commercial and financial transactions is to maintain a balance between classes of society so that one class does not overwhelm one another, and society loses its balance between classes. This moral concept is indicated by the generous verse "**so that it will not be a perpetual distribution among the rich from among you**" {Al-Hashr: 7}. Class does not account for money while society lives in a state of need and urgency, leading to the absence of society of good morals, and turning it into a quagmire of vices or a forest of monsters where the weak weakens, so Islamic law was keen to observe ethics in its provisions on contracts and financial actions, to maintain social balance, he fought the forms of moral corruption in financial behaviors that, in total, lead to harm to individuals and society alike. This is the essence of the social dimension of ethics in Islamic financial behaviors.

V. CONCLUSION

At the end of this research, the main findings are:

The concept of ethics is closely related to its linguistic and idiomatic aspects in many aspects of financial transactions in Islamic law.

- (a)The growth of Islamic economics will only materialize through equipping with ethics.
- (b) The danger of failure will only diminish by adhering to ethics.
- (c) Islamic Sharia had invalidated many contracts just because they fail on the ground of ethics.

VI. RECOMMENDATIONS

Some of the main recommendations recommended by the research:

- Activate and demonstrate the image of Islamic good morals in financial and banking institutions and work to develop them on the ground.
- Expand studies that examine the ethics that must be available in Islamic financial and banking transactions and highlight its provisions.
- Training and teaching staff of Islamic financial and banking institutions on ethical methods in Sharia financial transactions and contracts.

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