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The Distinctive Features of Teaching of Islamic Economics: Philosophy, Principles and Practice

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Abstract

This article considers the basic teaching principles in universities of the course on Islamic economy and its practical application to classical economy environment. In contrast to the classical model of economy which is irrelevant to religious norms of the society, the Islamic economy, banking and business are tightly connected to the proscribed ethic regulations of Quran. The functioning of Islamic Economy is performed strictly in the framework of Islamic Law. Thus the teaching of Islamic Economy is done in parallel in two parts: the Islamic Law and Classical economy. The development of correct understanding and interpretation of Islam through educational activities in the field of education and science is one of the attempts to implement Islamic economic principles in Russia.

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1. Introduction

In the contemporary globalizing world, there has been increased interest in the study of alternative economic models, in particular the Islamic Economy. The experience of Islamic finance is considered as one of the perspective areas of economic development in the world. Practical application of Islamic finance and Islamic business model grows exponentially, so a basic knowledge of Islamic economy and financial system has been attracting many experts, financiers, researchers and university professors. Since the end of 20th century the principles of financing of such an economy became widespread both Muslim and non-Muslim countries. The growth of Islamic finance in the Middle East was driven mainly by strong demand for Islamic financial products. Population and growing middle

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class fostered the demands for the Islamic finance products. Dr. Mohammed Masum Billah, the Chairman of MBW says that applied Islamic financial sectors have developed into a global dimension, which is highly dynamic and growing rapidly with utmost appreciated by not only among 1.8 billion of Muslim, but also by non-Muslim across the today's world (Billah, 2013). According to Ernst & Young's World Islamic Banking Competitiveness Report "Growing Beyond: DNA of Successful Transformation World Islamic Banking", global Islamic banking assets with commercial banks to reach \$1.8 trillion in 2013 (2011: \$1.3 trillion), representing average annual growth of 17%. Islamic Finance Country Index (IFCI) was launched, which ranked 36 countries of the world in terms of their involvement and leadership role played in the global Islamic financial services industry. It doesn't mean that Islamic instruments are used only in Islamic countries. Among key participants of Islamic finance globally are the Middle East, Turkey, Malaysia, Indonesia, Brunei, Singapore, North America, Pakistan, Bangladesh, South-West Africa and Great Britain (Ernst & Young, 2013). The interest expressed by Europe to the Islamic economy and Islamic financial instruments arose earlier before the beginning of the global economic crisis in 2008. Concerning the current state of the market of Islamic finance in European Union, it should be noted that this market develops most rapidly and the pace of its development is truly impressed. The first transactions in producing Sukuk (bonds equivalent in Europe) began in July 2004, when the Saxony-Anhalt State (Germany) carried out an issue of Sukuk Al-Ijara on 100 million euros. From the moment when this financial instrument has become so extensively used by a sovereign and corporate European borrowers, a number of European Union countries, particularly the Great Britain, Germany, Luxembourg, adopted amendments to their legislation, reconciling transactions of Islamic finance by law. Similar changes in the legislation were planned by France and Turkey before recent global financial crises. There are many institutions, including Western banks, competing with the original Islamic banks by means of Islamic "windows", and the general lesson in financial, as in other, markets is that profit spreads and profit margins fall as new financial institutions enter the market (Hassan, Lewis, 2007). From the experience of Russian companies in the field of transactions involving Islamic financial instruments, including Islamic sukuk bonds, it should be noted that modern Russian companies are successfully cooperate with the largest Islamic investors. Certainly the Russian market is of the interest for Arab countries, especially the Republic of Tatarstan, as an attractive region in terms of economic, cultural and traditional features. For example the application of Islamic financing instruments, in particular the issue of Islamic sukuk, attract major investors in infrastructural projects of the Republic of Tatarstan as "Innopolis" and "Smart City Kazan". Companies from Southeast Asia and the Middle East participate successfully in these projects. The interest to sukuk is also shown by Bashkortostan, republics of Northern Caucasus and CIS countries. Sukuk continues to be in the spotlight of the global economic crisis. However, there are risks related to securities. Two particularly volatile factors are oil prices and the political situation in the Islamic countries. Nevertheless, this year the new Islamic bonds issues are prepared not only in Russia, but also in China, Kazakhstan, South Korea and India.

2. Understanding of Islamic economic philosophy, principles and practice

Islamic economics is a completely different economic system, which differs from the classical capitalist economy. In particular, Islamic economics follow the rules and laws of Sharia (the overall law of the existence of the Universe along "Siraat al-Mustaqim" (Direct and True Path)). In the light of this, the teaching of the principles of Islamic economy is closely connected with the explanation of the peculiar elements of Islamic doctrine. Since the early Islamic period right practice of essential existential-law "Shariah" acquires spatiotemporal socialization. It is worth to remember the facts that go deep into the history which shows the origins and development of classical science and thinking in the East. The Latin saying "Ex Oriente Lux" (Light is from the East) is not accidental because the first prophets of humanity came from the East, scientific thought originated there and the formats of public morality were defined there too. Since the early Islamic period right practice of essential existential-law "Shariah" acquires spatiotemporal socialization. Closely related to the features of doctrine, morality, mentality, family and social traditions, Eastern management focused on the formation of the human mind and has a direct impact on the decisions and behaviour of society as a whole. In order to properly represent how the Islamic finance works, it is necessary to know the principles of Islamic law, which is focused on solving the dogmatic and religious issues and regulating the behaviour of citizens and their way of life in general. The universal nature of this approach is manifested in the civil law which includes three main parts are religious dogma, Islamic ethics and so-called practical standards (Syukiyaynen, 1997). Sharia operates by purely Islamic concept of money and capital, focusing on relations proportion of profits and risks, as well as the social responsibility of financial institutions and

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