

# Heterodox Perspectives on Islamic Prohibition of *Riba and Gharar* Towards Transcending the Trend of *Financialization*

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The paper aims at linking three prominent issues relevant to the financial world today – the mounting level of *financialization*, heterodox perspective on functionless investors, and compatibility of Islamic principles to heterodox thinking particularly in regards to interest and uncertainty. Examining the vast array of burgeoning literature the paper argues that the trend of financialization in the capitalist countries has created a new class of capitalist with huge accumulation of wealth ensued merely from financial transactions. Income gap between the rich and poor has widened which is at odd with heterodox perception of equality among social classes. In the Marxian and Keynesian traditions, there is little room for functionless investors to expropriate surplus earned by working and entrepreneurial classes particularly through financing means. We find Islamic prohibition of interest and uncertainty compatible, to a good extent, with this heterodox thesis. Islam does not allow rentire income from interest; rather it encourages profit and loss sharing financial contracts so that uncertainty involving with the future income is shared by contracting parties.

Keywords: financializaiton, heterodox economics, Islamic finance, interest, uncertainty