

Glossary

ʿ <i>Adl</i>	Justice.
ʿ <i>Tbādāt</i>	Duties of man due to God.
ʿ <i>Illah</i>	Reason/characteristic behind a Sharīʿah ruling such that if a particular reason/characteristic is found in other instances, the same ruling will apply.
<i>Abkām</i>	Plural of <i>bukm</i> . (For meaning, see below).
<i>Ajeer</i>	Lessee or worker on wages.
<i>Amānah</i>	Trust.
ʿ <i>Amil</i>	Agent who acts to perform a task.
ʿ <i>Aqd al-muaqd al-mudāf</i>	See <i>Bayʿ al-mudāf</i> .
<i>Arboon</i>	See <i>Arbūn</i>
<i>Arbūn</i>	Earnest money (see also <i>Bayʿ al-arbūn</i>).
<i>Bayʿ</i>	Stands for sale. It is often used as a prefix in referring to different sales-based modes of Islamic finance, like <i>murābahah</i> , <i>istiṣnāʿ</i> , and <i>salam</i> .
<i>Bayʿ al-ʿAyan</i>	Sale of tangible objects such as goods (as against sale of services or rights).
<i>Bayʿ al-ʿĪnah</i>	Selling of something to someone at a given price (usually on credit) and then buying it back from him at the same time at a different price (usually lower but cash). This kind of sale and buy-back is prohibited because it effectively means exchanging a given amount of money with a different amount of money, which amounts to <i>ribā</i> . It can be used as a subterfuge for <i>ribā</i> dealings.
<i>Bayʿ al-Dayn</i>	Sale of debt. According to a large majority of <i>fuqahāʾ</i> , debt cannot be sold for money except at its face value but can be sold for goods and services.
<i>Bayʿ al-Mudāf</i>	A sales contract in which delivery of both the commodity and the payment is deferred e.g., forward sales in modern times. Such contracts are not permitted by the Sharīʿah.
<i>Bayʿ Bithaman Ajil</i>	Another term used for <i>bayʿ muʿajjal</i> . For meaning see below.
<i>Bayʿ Muallaq</i>	A hung sale; a sale which is not closed yet due to some problem in the attached conditions. The sale will be completed as soon as the problematic condition is rectified.

<i>Bay^ʿ-Mu'ajjal</i>	Sale on credit, i.e. a sale in which goods are delivered immediately but payment is deferred.
<i>Bay^ʿ-Mūrābahah</i>	Sale at a specified profit margin. The term is, however, now used to refer to a sale agreement whereby the seller purchases the goods desired by the buyer and sells them at an agreed marked-up price, the payment being settled within an agreed time frame, either in instalments or lump sum. The seller bears the risk for the goods until they have been delivered to the buyer. <i>Mūrābahah</i> is also referred to as <i>bay^ʿ mu'ajjal</i> .
<i>Bay^ʿ-Salam</i>	A sale in which payment is made in advance by the buyer and the delivery of the goods is deferred by the seller.
<i>Bay^ʿ al-Arbūn</i>	A sale in which an earnest money is paid and the rest is paid at the contract settlement date.
<i>Ḍamān</i>	Guarantee, security.
<i>Ḍamān al-Dark</i>	Guarantee that the object in contract is unencumbered.
<i>Ḍarar</i>	Damage; Harm
<i>Dhimmah</i>	Liability, responsibility.
<i>Dinar</i>	Name of a currency.
<i>Dirham</i>	Name of a currency.
<i>Fatawā</i>	Plural of <i>Fatwā</i>
<i>Fatwā</i>	Legal opinion.
<i>Fard Kifāyah</i>	Collective obligation on each member of the Muslim society which is discharged for the whole society if some members fulfilled it.
<i>Fiqh</i>	Refers to the whole corpus of Islamic jurisprudence. In contrast with conventional law, <i>fiqh</i> covers all aspects of life, religious, political, social, commercial or economic. The whole corpus of <i>fiqh</i> is based primarily on interpretations of the Qur'ān and the <i>sunnah</i> and secondarily on <i>ijmā^ʿ</i> (consensus) and <i>ijtihad</i> (individual judgement). While the Qur'ān and the <i>sunnah</i> are immutable, <i>fiqhī</i> verdicts may change due to changing circumstances.
<i>Ghabn</i>	Loss; usually a sudden loss.

<i>Gharar</i>	Literally, it means deception, danger, risk and uncertainty. Technically it means exposing oneself to excessive risk and danger in a business transaction as a result of uncertainty about the price, the quality and the quantity of the counter-value, the date of delivery, the ability of either the buyer or the seller to fulfil his commitment, or ambiguity in the terms of the deal; thereby, exposing either of the two parties to unnecessary risks.
<i>Ḥadīth</i>	Sayings, deeds and endorsements of the Prophet Muhammad (peace be upon him) narrated by his Companions.
<i>Hajʾ</i> (or <i>Haj</i>)	Pilgrimage to Makkah; one of the pillars of Islam.
<i>Halāl</i>	Things or activities permitted by the Sharīʿah.
<i>Hāmish al-jiddiyah</i>	Margin payment.
<i>Ḥaq al-Tataruq</i>	Right of way or passage.
<i>Ḥaq Shurb</i>	Rights over water.
<i>Ḥaqq</i>	Right.
<i>Ḥarām</i>	Things or activities prohibited by the Sharīʿah.
<i>Hujjaj</i>	Plural of pilgrim.
<i>Iqāfa al-ʿAqd</i>	Relegation of contract.
<i>Iḥsan</i>	Beneficence, kindness, virtue.
<i>Ijārah</i>	Leasing. Sale of usufruct of an asset. The lessor retains the ownership of the asset with all the rights and the responsibilities that go with ownership.
<i>Ijārah Şukūk</i>	Tradable forward instruments against rentable assets.
<i>Ijtihād</i>	In technical terms, it refers to the endeavour of a jurist to derive a rule or reach a judgement based on evidence found in the Islamic sources of law, predominantly, the Qurʾān and the <i>sunnah</i> .
<i>Iqtaʿ</i>	Unclaimed lands.
<i>Istiṣnaʿ</i>	Refers to a contract whereby a manufacturer (contractor) agrees to produce (build) and deliver a well-described good (or premise) at a given price on a given date in the future. As against <i>salam</i> , in <i>istiṣnaʿ</i> the price need not be paid in advance. It may be paid in instalments in step with the preferences of the parties or partly at the front end and the balance later on as agreed.
<i>Jabālah</i>	Ignorance, lack of knowledge. In contracts, it refers to lack of information with respect to the subject of the contract or the terms and conditions of the contract.

<i>Ju‘ālah</i>	Performing a given task against a prescribed fee in a given period.
<i>Ju‘l</i>	The fee or prize promised in a <i>Ju‘ālah</i> .
<i>Khīyār</i>	Option.
<i>Khīyār al-‘ayb</i>	Option to rescind a sales contract if a defect is discovered in the object of sale.
<i>Khīyār al-majlis</i>	Option to rescind a contract during the same meeting in which contract is agreed.
<i>Khīyār al-ru‘yah</i>	Option to rescind a sales contract after physical inspection of the object of sale.
<i>Khīyār al-shart.</i>	The option to rescind a sales contract based on some conditions. One of the parties to a sales contract may stipulate certain conditions, which if not met, would grant a right to the stipulating party an option to rescind the contract.
<i>Khīyār al-tadlees</i>	Option to rescind a contract if a party finds that it has been cheated.
<i>Māl</i>	Asset. Property.
<i>Mu‘āmalāt</i>	Relationships/contracts among human beings as against ‘ <i>ibādāt</i> which define relationship between God and His creatures.
<i>Muḍāf</i>	Deferred to the future.
<i>Muḍāf ‘aqd</i>	Forward contract. A contract in which commodity and price both are deferred to future date(s).
<i>Muḍārabah</i>	A contract between two parties, capital owner(s) or financiers (called <i>rabb al-māl</i>) and an investment manager (called <i>muḍārib</i>). Profit is distributed between the two parties in accordance with the ratio upon which they agree at the time of the contract. Financial loss is borne only by the financier(s). The entrepreneur’s loss lies in not getting any reward for his services.
<i>Muḍārib</i>	An investment manager in a <i>muḍārabah</i> contract.
<i>Muqāraḍah</i>	Carries the same meaning as <i>muḍārabah</i> . For meaning see above.
<i>Murābahah</i>	Sale at a specified profit margin. The term, however, is now used to refer to a sale agreement whereby the seller purchases the goods desired by the buyer and sells them at an agreed marked-up price, the payment being settled within an agreed time frame, either in instalments or in a lump sum. The seller bears the risk for the goods until they have been delivered to the buyer. <i>Murābahah</i> is also referred to as <i>bay‘ mu‘ajjal</i> .

<i>Mushārahah</i>	Partnership. A <i>mushārahah</i> contract is similar to a <i>muḍārahah</i> contract, the difference being that in the former both the partners participate in the management and the provision of capital, and share in the profit and loss. Profits are distributed between the partners in accordance with the ratios initially set, whereas loss is distributed in proportion to each one's share in the capital.
<i>Najash</i>	In reference to sales contract, it means contriving with the seller and bidding a higher price not with an intention to buy but simply to fetch a higher price from other potential buyers.
<i>Qarḍ</i> or <i>Qarḍ Al-Ḥasan</i>	A loan extended without interest or any other compensation from the borrower. The lender expects a reward only from God.
Qur'ān (Also Written As Al-Qur'ān)	The Holy Book of Muslims, consisting of the revelations made by God to the Prophet Muhammad (peace be upon him). The Qur'ān lays down the fundamentals of the Islamic faith, including beliefs and all aspects of the Islamic way of life.
<i>Rabb al-māl</i>	Capital owner (financier) in a <i>muḍārahah</i> contract.
<i>Rahn</i>	Collateral in a loan contract.
<i>Ribā</i>	Literally, it means increase or addition or growth. Technically it refers to the 'premium' that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or an extension in its maturity. Interest as commonly known today is regarded by a predominant majority of <i>fuqahā'</i> to be equivalent to <i>ribā</i> .
<i>Ṣadaqah</i>	An act of charity.
<i>Salam</i>	The short form of <i>bay' al salam</i> .
Sharī'ah	Refers to the corpus of Islamic law based on Divine guidance as given by the Qur'ān and the <i>sunnah</i> and embodies all aspects of the Islamic faith, including beliefs and practices.
<i>Shirākah</i>	Partnership. Technically, it is equivalent to <i>mushārahah</i>
<i>Ṣukūk</i>	Certificates of Assets.

<i>Sunnah</i>	The <i>sunnah</i> is the second most important source of the Islamic faith after the Qur'ān and refers to the Prophet's (peace be upon him) example as indicated by his practice of the faith. The only way to know the <i>sunnah</i> is through the collection of <i>aḥādīth</i> , which consist of reports about the sayings, deeds and endorsements of the Prophet (peace be upon him).
<i>Sūrah</i>	A chapter of Al-Qur'ān.
<i>Takāful</i>	An alternative for the contemporary insurance contract. A group of persons agree to share certain risk (for example, damage by fire) by collecting a specified sum from each. In case of loss to anyone of the group, the loss is met from the collected funds.
<i>Taşarruf</i>	Act (or ability) of someone to use something as he pleases.
<i>Wadī'ah</i>	A contract whereby a person leaves valuables with someone for safekeeping. The keeper can charge a fee, even though in Islamic culture it is encouraged to provide this service free of charge or to recover only the costs of safekeeping without any profit.
<i>Wakālah</i>	Contract of agency. In this contract, one person appoints someone else to perform a certain task on his behalf, usually against a fixed fee.
<i>Zakāh</i> (Also written as <i>Zakāt</i>)	The amount payable by a Muslim on his net worth as a part of his religious obligations, mainly for the benefit of the poor and the needy. It is an obligatory duty on every adult Muslim who owns more than a threshold wealth.