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Islamic Finance Confronting Capitalism and Encountering Post-Capitalism

NAGAOKA Shinsuke*

Abstract

Islamic finance has evolved to address various adverse effects associated with capitalism and to establish a distinctive economic framework. However, a review of its nearly 50-year history reveals that Islamic finance was not developed solely from Islamic doctrine. Instead, it has often engaged with capitalism by selectively adopting capitalist institutions, functions, and products to facilitate its growth. This study examines the evolution of Islamic finance within the context of its interaction with capitalism, particularly through the development of Islamic financial products. Although Islamic finance has experienced significant growth in the 21st century, its pursuit of expansion has occasionally resulted in a loss of originality, leading to criticism for its assimilation into capitalist structures. In response to the criticism, Islamic finance is redefining its identity by adopting new practices, especially considering the emerging post-capitalist trends and the evolving dynamics of global capitalism in the early 21st century. One of the pioneering practices is to collaborate with emerging global financial practices driven by FinTech. The collaboration of Islamic finance with FinTech can be seen as a return to its foundational ideals of decentralization and traceability. However, it goes beyond mere reclamation. By collaborating with FinTech to develop an alternative financial system, Islamic finance has transformed from a mechanism for socioeconomic development based on Islamic principles into a global force seeking a better future for all. The knowledge produced by Islamic finance has thus become a universal intellectual asset, no longer confined to the Muslim community. This flexibility and universality of Islamic finance are its defining characteristics. As the global future remains uncertain, Islamic finance will likely endure by leveraging its flexibility and universality. In this context, Islamic finance may take an essential first step towards realizing a post-capitalist society.

I. Introduction

Islamic finance, which has been in commercial practice since the 1970s and has provided financial services not only in the Islamic world but worldwide, has been developed to

* Professor, Graduate School of Asian and African Area Studies, Kyoto University, Japan.

overcome various adverse effects created by capitalism and to realize a unique economic practice. Interest-free finance based on the Islamic doctrine of the prohibition of *ribā* is the core of this unique practice and has served as the basis for the identity of Islamic finance. However, a review of its almost 50-year history reveals that Islamic finance has not necessarily been created as a practice deduced solely from Islamic doctrine. In other words, it has confronted capitalism, which is, by nature, an object of criticism to be overcome, with an attitude of "right and wrong," and has, at times, skillfully adopted the institutions, functions, and products of the capitalist financial system to benefit its own development. This study reviews the footsteps of Islamic finance, which has developed while building a relationship with capitalism, from the perspective of the development of Islamic financial products.

Islamic finance has progressed further in the 21st century. However, the pursuit of excessive growth has resulted in the loss of its originality, and its perceived assimilation into capitalism has been intensely criticized. This is a crisis of identity for Islamic finance, which has emerged as an alternative to capitalism. Those who emphasize the role of Islamic finance as an alternative to capitalism focus on reconstructing the identity of Islamic finance in response to such criticism. This paper discusses how Islamic finance is attempting to reconstruct its identity by pursuing a new approach of practice following the criticism of Islamic finance in the early 21st century, in relation to the new developments of capitalism (including post-capitalist sprouts) in the same period.[1]

II. Islamic Finance Confronting Capitalism

(1) Balancing Profit Making and Legitimacy as a Mission

A major characteristic of Islamic finance is that it is practiced as a for-profit business. A financial system that complies with the prohibition of *ribā* — an interest-free financial system — can be created relatively easily; all that is required is to loan 10,000 yen and request the borrower to repay the same amount. However, no profit is generated from this system. The lack of profit implies that the bank cannot cover its operating expenses, including staff wages, thus rendering it difficult to develop Islamic finance as a sustainable business. Islamic finance, which aims to realize a full-fledged financial system to replace Western (conventional) finance, endeavors to develop financial products that will render it a sustainable business while adhering to the legitimacy of Islamic law, which eliminates interest.

In developing their financial products, the pioneers of Islamic finance focus on the sustainability and development of Islamic banks under competition from Western banks. Western banks — introduced by Western countries in the modern era — were steadily

1 Some of the descriptions herein are based on the additions and revisions to "How Islamic Finance Has Confronted Capitalism," in Shinsuke Nagaoka ed. *Islamic Trust Studies 2: Mobility of Money, Ownership, and Market* (The University of Tokyo Press, pp. 71–93, 2024, in Japanese).

established throughout the Islamic world and had become vital to the countries' economic infrastructure, indispensable to industry and residents. Under these circumstances, Islamic banks began their commercial operations similar to small boats on an ocean. To commence their business, they were required to entice not only "bank-loathing" pious Muslims but also Muslims and non-Muslims who are familiar with Western banks. Hence, the pioneers of Islamic finance developed a series of financial products that functioned on par with the financial services offered by Western banks.

(2) Making Islamic Commercial Instruments Financial Products

Table 1 shows the overall representation of the financial products used in Islamic banking, which includes most of the functions of Western banks.[2] These products are based on those formulated in pre-modern Islamic law and used in actual commercial transactions. The pioneers of Islamic finance restructured those instruments to enable new functions of financial products that can satisfy the demands of the modern world. Next, we shall trace this process using *muḍāraba*—the first Islamic financial product developed.

Table 1: Functions of Western Banks and Corresponding Islamic Banking Products

<table>
<tr><th colspan="2">Deposit</th><td rowspan="7">Banks</td><th colspan="2">Lending</th></tr>
<tr><td rowspan="2">current deposit</td><td>qarḍ ḥasan</td><td>car loan</td><td>murābaḥa</td></tr>
<tr><td rowspan="2">wadī‘a</td><td>mortgage</td><td rowspan="2">mushāraka</td></tr>
<tr><td rowspan="2">ordinary deposit</td><td rowspan="2">loans to businesses</td></tr>
<tr><td rowspan="3">muḍāraba</td><td>muḍāraba</td></tr>
<tr><td rowspan="2">term deposit</td><td>finance lease</td><td>ijāra</td></tr>
<tr><td>trade finance</td><td>salam, istithnā'</td></tr>
</table>

Source: Prepared by the author

Muḍāraba is a system whereby a merchant with financial resources lends money to a merchant with business acumen and both parties share the profits from the business undertaken by the latter. In the pre-modern Islamic world, *muḍāraba* was not only widely used in remote trade, wherein money was lent to merchants who were well informed about products in different regions, but also in other economic activities [Goitein 1967: 170, 247; Udovitch 1970: 183–186; Abu-Lughod 1989: 220; Reid 1993: 110]. In this mechanism, the lender can generate money without violating the prohibition of *ribā* by receiving the profits of the

2 See Chapter 1 of [Nagaoka 2025] for more details regarding each Islamic financial product listed in the table.

borrower's business, instead of interest, in exchange for fund lending. This mechanism piqued the attention of pioneers of Islamic finance who were pursuing balance between profit making and the legitimacy of Islamic law.

Furthermore, under this mechanism, the more successful the borrower's business and the more profit it generates, the more profit the lender receives. Conversely, if the business fails and the profits decrease, then the lender receives less profit. Another feature of *muḍāraba* is that if the business does not perform well at all and the borrower cannot repay the loan, then the repayment can be waived or postponed. Thus, the lenders are incentivized to interfere actively to ensure that the borrower's business performs well, such that their own profits can be increased and repayment secured.

However, in *muḍāraba* as a commercial transaction instrument, the principle is that the lender and borrower are in a one-to-one relationship. Following this principle does not allow the bank to perform the basic functions of Western banks, which is to accumulate funds from multiple depositors and lend them to multiple firms. Alternatively, if the principle is followed such that lending and borrowing occur between a single depositor (or a group of depositors responsible for lending to a single firm) and a single borrowing firm, then the risk of the firm's inability to repay the loan is borne entirely by the single depositor, and only a limited number of depositors would be willing to assume such a high risk and place their money in a bank.

To overcome these challenges, a concept known as the two-tier *muḍāraba* (see Figure 1), was developed. This concept was proposed by South Asian Islamic economists and jurists in the mid-20th century, and formulated by Muhammad Nejatullah Siddiqi (1931–2022) [Siddiqi 1973], among others. In the two-tier *muḍāraba*, separate *muḍāraba* relationships are established for depositors and banks, and for banks and firms. In the former *muḍāraba*, the depositor lends money to the business undertaken by the bank, instead of to the enterprise, which is the ultimate borrower. Countless such *muḍāraba* are entered into between individual depositors and the bank. In the latter *muḍāraba*, the bank becomes a lender of money to individual businesses. This concept reduces the risk burden on the depositors because the profit received by the depositors does not depend on the performance of the bank's individual loans but on the total profit the bank receives from its lenders (i.e., the bank's business in general).

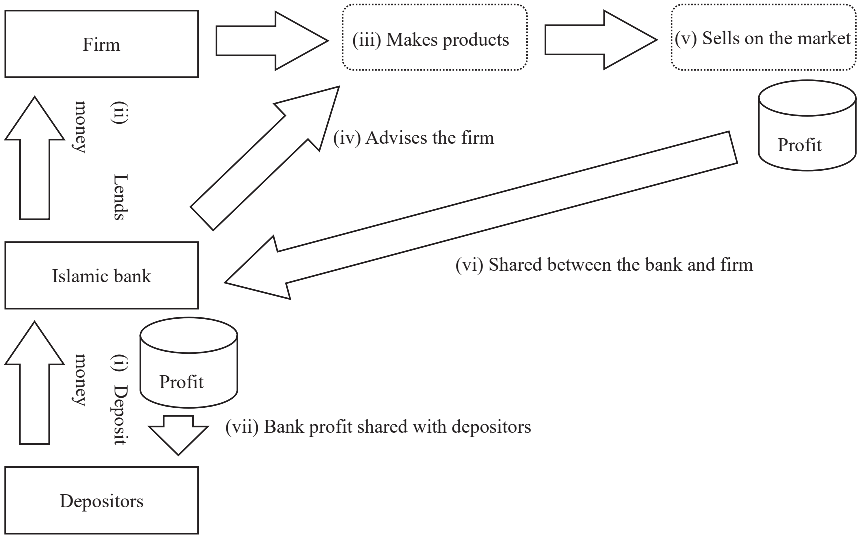

Figure 1: Mechanism of Two-Tier *Muḍāraba* in Islamic Banking
Source: Prepared by the author

As is well known, the banking system began in the modern West; thus, banks did not exist in the pre-modern Islamic world, where *muḍāraba* was formulated in Islamic law. However, by incorporating the new idea of combining two *muḍāraba*s, *muḍāraba* was reborn in as a financial method with functions equivalent to those of Western banks. Moreover, it is not merely an imitation of Western banking; rather, it embraces the legitimacy of Islamic law (non-interest banking) and the original philosophy of *muḍāraba* (cooperative nature). Consequently, the uniqueness of Islamic finance, which differentiates it from Western banking, has been substantially secured.

III. Islamic Finance Adversely Affected by Capitalism

(1) Rapid Growth of Islamic Finance

At the turn of the 21st century, Islamic finance began to develop rapidly. The center of this growth occurred primarily in Malaysia and the Gulf countries of the Middle East. In Malaysia, the Islamic Finance Masterplan was issued in 2001, and further promotion measures were adopted to achieve the numerical target set in the Masterplan (over 20% of the domestic banking market share by 2010). This numerical target was achieved, and the share has continued to increase, with Islamic banks possessing a 32.1% share of the domestic banking market in terms of assets at the end of 2023 [IFSB 2024: 28]. Malaysia is not only promoting domestic development, but also aiming to become a global hub for Islamic finance. It is actively attracting Islamic financial institutions from outside the country and striving to establish various international standards for Islamic finance.

In the Gulf countries of the Middle East — another center of Islamic finance — the soaring oil prices in the 2000s resulted in a large influx of oil money and significant development therein. Islamic finance garnered significant attention as a method of financing such large amounts of money. The new financial product, *ṣukūk*, began to be used in earnest in Bahrain in 2000, and has since been used frequently for considerable projects in the Middle-East Gulf countries.[3] The Burj Khalifa in Dubai — the world's tallest building — was financed by *ṣukūk*. Additionally, new Islamic banks have been established in the Gulf countries, and in the first decade of the 21st century (2001–2010), the number of Islamic banks tripled (from 9 to 27) [Ernst & Young 2011: 18].

This rapid growth demonstrates the fortitude of Islamic finance in the developed countries; in the early years of its commercial development in the 1970s and 1980s, Western media, such as the BBC (British Broadcasting Corporation) and the *Wall Street Journal*, derided it as a "voodoo economy" [Mirakhor 2002: 5]. Since around 2000, however, a number of well-known Western financial institutions such as Citibank, HSBC, Deutsche Bank, Standard Chartered, and BNP Paribas have participated in Islamic finance. Additionally, the British government has implemented various tax measures to position London as the gateway for Islamic finance in Europe, thereby facilitating the smooth operation of Islamic finance. When the global financial crisis erupted in 2008 and the adverse effects of financial capitalism erupted simultaneously, Islamic finance was highlighted as an example of a desirable form of finance that supports the actual economy.

Islamic finance has continued to develop since then, with the total global Islamic financial assets reaching US$ 3,378.5 billion at the end of 2023.[4] This is approximately double the amount it was a decade ago. By business type, Islamic banks constitute approximately 70% (70.2%) and *ṣukūk* (outstanding) approximately 25.2% of total Islamic financial assets in the world. By region, the Gulf countries of the Middle East constitute one-half (52.5%) and Southeast Asia one-fifth (21.8%). Meanwhile, the share of Islamic finance in each country's banking market, from highest to lowest, is as follows: Saudi Arabia (75.0%), Brunei (61.7%), Kuwait (55.7%), Malaysia (32.1%), Qatar (28.8%), Djibouti (25.1%), UAE (23.2%), Jordan (22.1%), Bangladesh (21.3%), Bahrain (20.9%), and Pakistan (19.6%). In these countries, Islamic finance is integrated into the daily lives of the people as their daily financial system.

(2) Factors Supporting Rapid Growth

A factor supporting the rapid growth of Islamic finance in the early 21st century is the development of new financial products that can address the liquidity problems of Islamic finance. These financial products are known as commodity *murābaḥa* and *tawarruq*.

3 See [Nagaoka 2025], Chapter 1 for the specific mechanism of the *ṣukūk*.

4 All figures below are based on [IFSB 2024] (some corrections by the author).

Commodity *murābaḥa*, as the name suggests, incorporates *murābaḥa*, which is a method of managing liquidity by exchanging funds among Islamic financial institutions (see Figure 2). First, a bank with liquidity shortage (Bank B) asks a bank with excess liquidity (Bank A) to purchase a commodity from the market. Bank A purchases some commodity from the commodity market and sells it to Bank B for a deferred payment of *murābaḥa*. As Bank B needs the cash, it immediately resells it to the market and successfully secures the current liquidity. For Bank A, the difference between the purchase price and sale price to Bank B is the profit from this transaction.

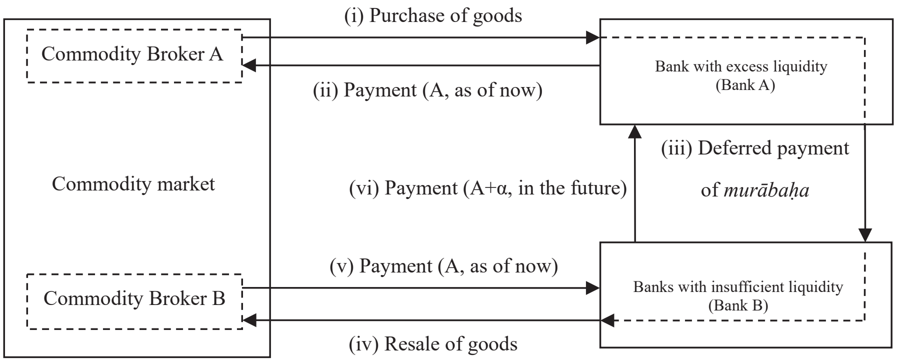

Figure 2: Mechanism of Commodity *Murābaḥa*
Source: Prepared by the author

In general, commodities are purchased from and resold to large commodity markets such as the London Metal Exchange, where nonferrous metals such as zinc, bronze, nickel, tin, and copper are typically managed. In 2007, Malaysia launched its Commodity Murabahah Programme for liquidity management using domestically traded coconut oil. In 2008, the Bahrain-based International Islamic Financial Market established the Master Agreements for Treasury Placement for facilitating international trade by commodity *murābaḥa*.

Tawarruq is the same as commodity *murābaḥa* in that it is a financial product that satisfies the demand for cash, and their mechanisms are almost identical (see Figure 3). However, in Islamic finance, a well-established distinction exists between liquidity management products for financial institutions, known as commodity *murābaḥa*, and liquidity management products for customers, known as *tawarruq*. First, at the request of a customer requiring cash, an Islamic bank purchases some commodity from the commodity market and sells it to the customer for *murābaḥa*. Subsequently, the customer can obtain cash by reselling the commodity to the market. For the customer, the difference between the price of the *murābaḥa* and the resale price is the cost of using *tawarruq* (interest on a consumer loan in Western finance).

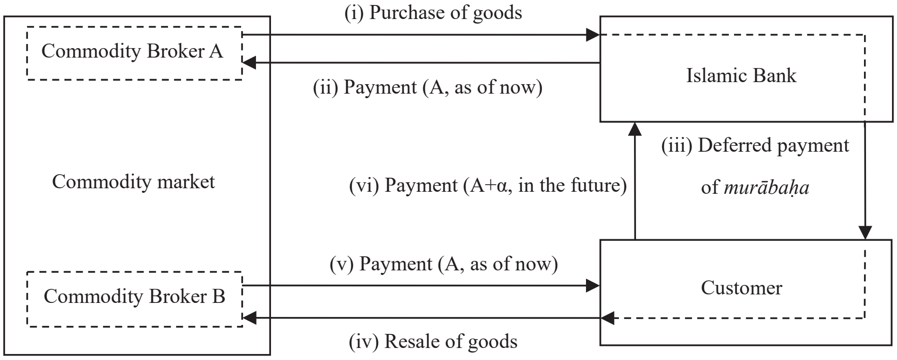

Figure 3: Mechanism of *Tawarruq*
Source: Prepared by the author

Tawarruq became popular in Saudi Arabia in 2000 when the National Commercial Bank (NCB, currently known as Saudi National Bank) began managing it. It later disseminated to other Gulf countries and Malaysia. The development of commodity *murābaḥa* and *tawarruq* solved the problem of liquidity, which had been considered a pressing issue in Islamic finance, and enabled the provision of services almost equivalent to Western finance, which significantly improved the competitiveness of Islamic finance.

(3) Islamic Finance Toward Financial Capitalism

Although the development of commodity *murābaḥa* and *tawarruq* has successfully increased the competitiveness of Islamic finance significantly, these financial products have been criticized in that they do not necessarily conform to Islamic principles. For example, commodity *murābaḥa* and *tawarruq* are financial products that allow cash borrowing and lending in an Islamic manner while ensuring the same level of return to the lender as interest-based loans; however, does using financial products that are virtually identical to interest-based loans in Islamic finance conform to Islamic principles?

Critics focus on the method and logic of endowing Islamic legality to commodity *murābaḥa* and *tawarruq*. Those who approve of commodity *murābaḥa* and *tawarruq* focus on the legality of the individual transactions that constitute the financial product and develop the logic that if each of the transactions has Islamic legality, then the instruments are also legal, in general, when added together. In other words, the legitimacy of Islamic law is established by classifying the individual transactions that constitute the financial product into their component forms in an element-reductive manner.

This method of ensuring Islamic legitimacy was frequently used in other Islamic financial products developed during the same period (2000s), such as *ṣukūk* and Islamic derivatives. In particular, this method was actively used to introduce newly developed financial products by

Western banks into Islamic finance as a method of Islamic justification for their introduction. A unique body named the Sharia Advisory Committee, which is established in each Islamic bank, contributed significantly to the development of Islamic financial products using this method. Islamic jurists familiar with Islamic law and financial practices are invited to serve on these committees, which not only oversee the conformity of daily operations with Islamic law but also develop financial products. The Islamic jurists on this Sharia Advisory Committee widely adopted the method described above, which resulted in the development of a series of Islamic financial products that remains relevant under the evolving financial capitalism.

However, as highlighted by Mehmet Asutay of Durham University in the UK — a leading scholar of Islamic economics and finance — such a method renders the development of financial products comparable to those of Western banks, regardless of whether the financial products are substantively compatible with Islamic principles [Asutay 2012]. Critics are extremely concerned about the state of Islamic finance, which abandons Islamic principles in its relentless pursuit of growth by catching up with Western banks; these critics believe that if the adherence of financial products to Islamic principles is questionable, then they should not be allowed. Mahmoud El-Gamal of Rice University in the US, who is a leading critic of Islamic finance, has been highly critical of the fact that such financial products are so prevalent in Islamic finance, saying that it is no longer Islamic or anything else, and that the signboard of "Islamic" should be taken down [El-Gamal 2006: 174].

The development of such financial products significantly affects the identity of Islamic finance because the new financial products are not developed merely by deviating from Islamic law, but rather by the approval of Islamic jurists. Although Islamic jurists are rightfully using the term Islamic finance, they are unknowingly assimilating with Western banks and financial capitalism, which they should be opposing. In other words, the relentless pursuit of growth and expansion of Islamic finance has resulted in its own identity crisis.

IV. Towards Identity Reconstruction of Islamic Finance

(1) Advent of New Capitalism and Islamic Finance

In response to the current state of Islamic finance, which has been assimilated into financial capitalism, new efforts have been expended since the 2010s to overcome this situation and to rebuild its identity. These efforts can be classified into two main aspects: one is an attempt to return to the origins of Islamic finance and determine the ability of Islamic finance in overcoming the various adverse effects of capitalism, such as inequality and poverty[5]; the other initiative is a movement to participate in the new global financial practices being explored by FinTech. This section discusses the latter initiative in the context of new developments in capitalism (including post-capitalist sprouts) that is developing over the same period.

5 See Chapter 9 of [Nagaoka 2025] for more discussion and case studies on this attempt.

FinTech refers to a series of new money flows that emerge by combining financial services with cyber technology. Various practices are being implemented, such as payments using smartphones, crowdfunding (in which individuals and companies raise funds via the Internet), and P2P lending, which uses big data in cyberspace to evaluate individual creditworthiness and match lenders and borrowers for money lending and borrowing.

Whereas these FinTech practices may further strengthen the current financial capitalism, the arrival of a new financial system that will replace the existing order is anticipated. The existing financial system can be characterized by its centralization and anonymity. Centralization refers to a vertical regulatory and supervisory pyramid with the central bank positioned at the top. Anonymity refers to the inability to monitor the location of money that has left one's possession. Considering deposits and loans as an example, the intervention of a bank between the lender (depositor) and borrower renders it impossible to discern the origins of one's money and its transactions.

FinTech is oriented toward the opposite characteristics of these existing financial systems, namely decentralization and traceability. This orientation is particularly strong in cryptocurrencies, which are currencies exchanged as electronic data using cryptography. Cryptocurrencies are not legal tenders issued by governments or central banks and do not feature underlying assets or centralized administrators. Therefore, money can be exchanged borderlessly without regulation or supervision from existing organizations. This implies that trust and value are not secured by existing organizations. Instead, cryptocurrencies use distributed ledger technology (blockchain) to secure their trust and value. This technology allows information regarding all transactions to be published as if it were in a newspaper, which enables all participants to monitor money transactions, thereby deterring unauthorized tampering. Thus, cryptocurrencies present characteristics that directly oppose the existing financial order and are garnering a high level of attention as a driving force behind the new financial system.

Similarly, Islamic finance began examining the issuance of cryptocurrencies in the late 2010s. In 2023, the world's first Islamic cryptocurrency, named IslamicCoin, was launched by a Dubai-based venture of the same name.[6] The question of whether cryptocurrencies are Islamically acceptable remains unanswered. The OIC International Fiqh Academy, which is the most influential body associated with the various dynamics surrounding contemporary Islamic law, reserved its conclusion in its No. 237th jurisprudential ruling (*fatwā*) issued in November 2019; it stated that further research and investigation into the instability and risks of transactions involving cryptocurrency is required.[7] Some Islamic jurists and legal advisory bodies in various countries have reached certain conclusions regarding the advantages and

6 See the IslamicCoin website <https://islamiccoin.net/>.

7 See the OIC International Fiqh Academy website <https://iifa-aifi.org/en/5980.html>.

disadvantages of cryptocurrencies. For example, the Egyptian Islamic advisory council named Dār al-Iftā' issued a *fatwā* in December 2017 that does not allow cryptocurrencies under the name of Shawqī Ibrāhīm 'Allām, who serves as the Grand Mufti of Egypt.[8] Additionally, 'Alī al-Qurra Dāghī (al-Qaradāghī), an Islamic jurist in Qatar who is influential in the practice of Islamic finance in the Middle East, regarded Bitcoin, which is one of the leading cryptocurrencies, as highly risky to be called money because it cannot offer exchange and value-preservation functions, which are two of the three functions of money. Furthermore, 'Alī al-Qurra Dāghī is highly critical of the current state of cryptocurrencies and asserted that they cannot replace existing money.[9] This suggests that cryptocurrencies, despite their strong speculative nature, are merely an arm of financial capitalism, and that the acceptance of cryptocurrencies by Islamic finance may jeopardize its own identity.

Meanwhile, a number of jurists have provided positive assessments of cryptocurrencies. For example, at a conference organized by the Islamic Financial Consultancy named Amanie, where he chaired the Sharia Advisory Board, Mohamed Ali Elgari — an Islamic jurist and economist from Saudi Arabia who is also influential in the practice of Islamic finance in the Middle East — stated that the emergence of cryptocurrencies is an inevitable consequence of the long history of money in which the Islamic world is involved. Additionally, he praised the mechanism as an innovative technology that allows financial transactions to be conducted more securely between parties without interference.[10] Mohd Daud Bakar, an Islamic jurist who has long served on the Shariah Advisory Council of the Bank Negara Malaysia (Central Bank of Malaysia), states that the advantages of cryptocurrencies are their openness and transparency — features that render it possible to combat money laundering and criminal financing — and that they contribute to the creation of a fairer financial system than the existing order [Mohd Daud Bakar 2020: 46–47]. These positive assessments suggest an expectation of the aforementioned characteristics of cryptocurrencies: decentralization and traceability. Cryptocurrencies are viewed as having the post-capitalist potential to replace the existing financial order as well as a new platform for Islamic finance.

(2) What Does the Encounter Between the New Capitalism and Islamic Finance Imply?

The abovementioned characteristics of cryptocurrencies, such as decentralization and traceability, are in fact the same characteristics of the financial system in the pre-modern

8 See the Egyptian Dār al-Iftā' website <https://www.dar-alifta.org/ar/fatawa/14139/%D8%AA%D8%AF%D8%A7%D9%88%D9%84-%D8%B9%D9%85%D9%84%D8%A9-%D8%A7%D9%84%D8%A8%D9%8A%D8%AA%D9%83%D9%88%D9%8A%D9%86-%D9%88%D8%A7%D9%84%D8-%AA%D8%B9%D8%A7%D9%85%D9%84-%D8%A8%D9%87%D8%A7>.

9 See the interview with Al Jazeera posted on his website <http://www.qaradaghi.com/Details.aspx?ID=3790>, (viewed August 10, 2020).

10 See the video of the meeting (Shariah Minds Forum) published by Amanie <https://www.youtube.com/watch?v=5OEA7fFAyGk>, (viewed August 10, 2020).

Islamic world. As mentioned earlier, banks did not exist in the pre-modern Islamic world. However, the term "bankers without banks," introduced by the Islamic medieval historian Abraham Udovitch, implied that an alternative financial system existed, comprising various actors, such as money changers, local wealthy people, and nautical merchants, who were involved in money lending and borrowing [Udovitch 1979]. Its notable characteristics are decentralization and traceability.

The early system of Islamic finance was based on the commercial transaction instruments used in the decentralized financial system with modern designs. It still maintained the characteristics of the pre-modern financial system, as represented by the cooperative nature of *muḍāraba*. These characteristics diminished gradually with the development of Islamic finance, particularly during the shift toward financial capitalism in the 2000s. This was accompanied by the assimilation of Islamic finance into finance capitalism, as depicted in the cases of commodity *murābaḥa* and *tawarruq* in the previous section. Considering this long history, the combination of Islamic finance and FinTech, which emerged as one of the efforts to overcome this situation, may be evaluated as a practice that restores the original financial ideal (decentralization and traceability) targeted by Islamic finance.

If the advent of the new capitalism represented by FinTech can be described as "a standard bearer for pushing through capitalism in a left-wing accelerationist way," to paraphrase Alex Williams and Nick Srnicek [Williams and Srnicek 2013], then Islamic finance can be considered to have paradoxically reclaimed its Islamic financial identity by pursuing the catch-up to Western finance and capitalism to the extreme.

However, Islamic finance, which has begun to combine with FinTech to seek a new financial system that can replace the existing financial order, no longer seeks to only realize socioeconomic development based on Islamic principles; rather, it has transformed into an entity tasked with the mission of seeking a desirable future for the global community. This implies that the knowledge emanating from Islamic finance has become universal knowledge that should be utilized as a common intellectual property of humankind, and not merely knowledge belonging to Muslims. This form of Islamic finance may resemble identity loss to those who insist on its uniqueness. However, compared with its identity crisis when it assimilates with finance capitalism, this form of Islamic finance is not something to be pessimistic about. The current situation, in which Islamic finance, which emerged to establish an alternative to Western finance, has begun to collaborate with movements and practices (including FinTech) that aspire to realize a post-capitalist society in other worlds and regions to explore a new global society in the post-capitalist era, is more appropriately regarded as a positive sublimation of identity than a crisis. The flexibility and universality that Islam has cultivated that has made this possible.

V. Conclusion

The combination of Islamic finance and FinTech has only begun. Thus, one cannot confirm whether it will result in the construction of a new financial system adapted to a post-capitalist society, or whether it will end up merely bearing the weight of financial capitalism. This is because, as shown by history, Islamic finance has developed flexibly in a relationship that has been inextricably linked to capitalism, and this flexibility occasionally benefits the maintenance of the status quo, as in assimilating to financial capitalism. However, from a different perspective, this flexibility to adapt to any scenario is a characteristic of Islamic finance and has been the driving force behind its development in any form, as discussed herein. Therefore, as the future of the global affairs remains uncertain, Islamic finance will survive by fully exploiting its flexibility and universality. In this context, an important first step toward the realization of a post-capitalist society may well be realized by Islamic finance. Islamic finance, which provides us with such faint hope, reminds us that a truly viable vision of a post-capitalist society will emerge from a place that is inextricably linked to capitalism, instead of from an idea or practice that seeks radical change.

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