



Book Review: The Islamic Finance Trading Framework; Legitimizing Profit Making

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This article summarizes and analyzes the concept of the Islamic finance trading framework as explained by Mohsin Ali and Najeeb Zada in *The Islamic Finance Trading Framework: Legitimizing Profit Making* (2019). The book seeks to build theoretical and practical legitimacy for trading and profit-making activities in Islam. Through an elaboration of Islamic commercial law, Shariah financial contracts, and comparison with the conventional system, this work asserts that Islam does not reject profit but places it within the bounds of justice, honesty, and Shariah ethics. Islam transforms the paradigm of profit from merely an economic value into a moral instrument that reflects social responsibility. By rejecting *riba*, *gharar*, and *maysir*, the Islamic trading system presents an economic mechanism that is more stable and just. This model is not only an alternative to conventional capitalism but also offers an ethical foundation that can improve global economic governance.

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INTRODUCTION

The development of the Islamic financial system since the 1970s shows a global effort by Muslims to reconstruct an economic system compliant with Shariah principles. Amidst the dominance of capitalism and an interest-based financial system, the need arose to lay a theoretical foundation that justifies business activities and profit in Islam. Ali and Zada (2019), through *The Islamic Finance Trading Framework*, seek to answer a fundamental question: how does Islam legitimize the practice of profit-making without contradicting the values of social justice and morality? They assert that Islam is not an anti-profit system, but rather a system that organizes the way profit is obtained to align with *maqasid al-shariah*—namely the protection of religion, life, intellect, lineage, and property.

This study is important because it demonstrates that Islamic commercial law is not only normative but also applicative. The principles of *mu'amalat* (transactions) are capable of meeting modern challenges through flexible financial contracts, such as *murabahah*, *musharakah*, and *ijarah*. At a time when the conventional system focuses on risk transfer, Islam offers a risk-sharing paradigm that is more ethical and systemically stable.

The development of the modern global economy, dominated by capitalism and an interest-based financial system, has given rise to various forms of social inequality, economic moral crises, and financial instability. The 2007–2008 global financial crisis became a significant moment that reopened discourse on an alternative economic system based on justice, transparency, and social responsibility. In this context, the Islamic financial system emerged as an alternative deemed more stable and ethical, as it rejects transactions containing elements of *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation).

However, behind the rapid growth of the Islamic finance industry, fundamental conceptual debates still exist: how does Islam view profit? Is the pursuit of profit justifiable from an Islamic moral and legal perspective? This question becomes relevant considering some erroneous views that assess Islam as rejecting commercial activities or profit orientation, deeming them contrary to spiritual values and social justice.

The book *The Islamic Finance Trading Framework: Legitimizing Profit Making* by Mohsin Ali and Najeeb Zada (2019) is here to answer this fundamental issue. The work asserts that Islam is not an

anti-profit system, but rather places trade and profit-seeking activities as part of socio-economic worship, as long as they are carried out within the corridor of Shariah law. In the authors' view, the legitimacy of profit in Islam is not only economic but also theological and ethical, as it is rooted in the principle of balance between individual interests and public welfare (*maslahah 'ammah*).

Ali and Zada highlight that in the Islamic system, economic activity cannot be separated from morality and spirituality. Islam views economic activity as an instrument to achieve well-being in this world and the hereafter (*falah*). As affirmed in the Qur'an (Q.S. Al-Baqarah: 201): "Our Lord, give us in this world [that which is] good and in the Hereafter [that which is] good and protect us from the punishment of the Fire," Islam encourages a balance between material and spiritual success. Therefore, the Islamic economic system rejects the paradigm of extreme capitalism that deifies profit, as well as extreme socialism that denies individual property rights. Instead, Islam combines both through principles of distributive justice, social solidarity, and moral responsibility in acquiring and distributing wealth.

Historically, the principles of trade and profit-seeking have been an integral part of Muslim society since the time of Prophet Muhammad SAW. The Prophet himself was a merchant known for being honest and trustworthy (*al-amin*), and many of his companions, such as Abdurrahman bin Auf and Uthman bin Affan, were also successful businessmen who upheld moral values and justice. This tradition formed the basis for the development of Islamic commercial law (*fiqh al-mu'amalat*), which regulates various aspects of trade, contracts, and financial transactions. In this system, every form of profit must be balanced with social responsibility and involvement in productive real economic activities.

Ali and Zada then develop the idea that the Islamic trading framework is a comprehensive system that regulates trade mechanisms, contract structures, and profit legitimacy in an integrated manner. They reject the notion that Islamic finance is merely a technical adaptation of the conventional system. On the contrary, this system has a distinctive philosophical foundation, rooted in the values of *tawhid* (divine unity), *'adl* (justice), and *amanah* (trust/responsibility). Within this framework, profit is not just a measure of economic efficiency, but an indicator of honesty, productivity, and contribution to social welfare.

Furthermore, the book also highlights that the modernization of the Islamic financial system requires a

deep understanding of the relationship between classical Islamic commercial law and contemporary economic needs. Many Shariah financial contracts such as murabahah, musharakah, mudharabah, and ijarah have been re-contextualized to suit modern needs, without violating Shariah principles. This shows that the Islamic financial system is dynamic and adaptive to the times, as long as it maintains moral and legal integrity.

Thus, the study of *The Islamic Finance Trading Framework* has strategic relevance, both theoretically and practically. Theoretically, it strengthens the philosophical argument regarding the legitimacy of profit in Islam; practically, it provides a basis for the development of just Shariah-compliant financial products and policies. This article aims to analyze the concepts, structures, and principles put forward by Ali and Zada, and to show how the Islamic finance paradigm can be an ethical solution for the contemporary global economy.

DISCUSSION

Basic Principles of Islamic Commercial Law and Trading Ethics

One of the main contributions of [Ali and Zada \(2019\)](#) in *The Islamic Finance Trading Framework* is the reaffirmation that Islamic commercial law (fiqh al-mu'amalat) is not just a collection of transactional rules, but a comprehensive system of economic ethics. It integrates moral, spiritual, and social dimensions into every economic activity. In the Islamic view, business transactions are not morally neutral; every contract (aqd) has legal consequences and ethical responsibilities towards the other party and towards Allah SWT.

Islamic commercial law departs from the principle of a valid and just aqd (contract). A contract in Islam is not just a legal agreement, but also a moral pact. Ali and Zada emphasize that the conditions for a valid contract include clarity of the object of transaction (ma'qud 'alayh), mutual consent of the parties (ridha), and the avoidance of prohibited elements such as riba (interest or an excess without a valid cause), gharar (extreme uncertainty), and maysir (speculation or gambling).

Unlike the Western legal system, which separates ethics from law, Islam unites them. Ethics is not an additional moral accessory but the foundation of transactional law. Thus, principles such as honesty, transparency, and justice have a binding legal status in the Islamic economy. This is what Ali and Zada call the

moral embeddedness of trade—the integration of ethical values into the legal structure of Islamic commerce.

Furthermore, Islamic commercial law also provides protection for the rights of consumers and merchants. The concept of khiyar (option rights), for example, gives the buyer an opportunity to cancel a transaction if there is a defect in the goods, fraud, or non-conformity. This shows that the Islamic trading system is built on the principles of maslahah (public interest) and 'adl (justice), not merely on unilateral economic interests. Thus, the Islamic commercial law system not only regulates legal-formal aspects but also encourages the formation of an economic order that is just, balanced, and moral. Ali and Zada assert that the strength of this system lies in its ability to blend spiritual governance and economic governance into one complete legal framework.

Application of Islamic Financial Contracts in the Modern System

The third chapter of Ali and Zada's book explains the application of classical Islamic contracts in the modern financial context. The authors assess that the progress of the Islamic finance industry depends on the ability to adapt traditional commercial contracts to suit contemporary economic realities without losing their Shariah substance. Some contracts detailed are:

Murabahah (Cost-plus-profit sale): This is the most widely used contract by modern Shariah financial institutions. In practice, the bank buys goods needed by the customer, then sells them back at a price that includes a profit margin. Murabahah is considered Shariah-compliant because it involves real transactions and asset ownership. However, Ali and Zada highlight criticism that the dominance of murabahah risks shifting the spirit from risk-sharing to risk-transfer, similar to the conventional credit system. Therefore, they call for diversification towards partnership-based contracts like musharakah and mudharabah.

Salam and Istisna (Forward sale and manufacturing sale): These two contracts emphasize trust and the productive role of the real sector. In agricultural and industrial systems, salam and istisna contracts allow for pre-production financing without speculation, thus helping MSMEs and agricultural sectors underserved by the conventional system.

Ijarah (Leasing): Used as a Shariah leasing model. Ijarah balances financial profit with ownership of responsibility and risk. Thus, ijarah supports the principle of asset-backing, where profit must stem from tangible ownership, not financial manipulation.

Musharakah and Mudharabah (Profit-sharing partnerships): These two contracts are considered the ideal pinnacle of Islamic finance because they contain the principle of risk-sharing. In mudharabah, the capital provider (shahib al-mal) provides funds while the manager (mudharib) manages the business, and profits are shared according to an agreed-upon ratio. Musharakah allows all parties to contribute capital and share risks jointly. Ali and Zada argue that these two contracts reflect the spirit of Islamic distributive justice and can be a model for sustainable finance if developed more broadly.

In the modern context, combining contracts becomes important. AAOIFI (2010) through Standard No. 25 permits the combination of several contracts as long as they do not contain riba or legal manipulation. This opens up innovation opportunities for Islamic structured finance, including sukuk, microfinance, and Shariah fintech. Thus, the book shows that Islamic contract law has high flexibility and is capable of answering the complex challenges of modern finance. Islam does not reject innovation but demands ethical innovation.

The Legitimacy of Profit in Islam: Economic and Ethical Dimensions

One of Ali and Zada's main focuses is to explain the legitimizing of profit-making from an Islamic perspective. They reject the secular view that sees profit solely as a result of market efficiency, while also criticizing the ascetic view that denies economic motives. In Islam, profit (ribh) is a form of compensation for risk, effort, and productive contribution to society. Islam views profit as a manifestation of distributive justice, not exploitation. Legitimate profit must meet three criteria:

- a. Obtained through real economic activity;
- b. Does not involve riba, gharar, or maysir;
- c. Does not cause social injustice or monopoly.

Ali and Zada cite the economic history of Medina during the time of Prophet Muhammad SAW, where trade flourished without interest-based practices or exploitation. The Prophet even honored honest merchants with his saying: "The truthful, trustworthy merchant will be with the prophets and the martyrs" (HR. Tirmidhi). Thus, Islam does not reject profit but regulates the means of obtaining it. Profit is considered halal when it reflects productive participation, transparency, and justice. On the other hand, profit

obtained without risk or real contribution is considered haram, as in the practice of loan interest.

The authors also compare conventional profit theory—which emphasizes the relationship between capital, price, and the free market—with Islamic profit theory, which is rooted in spiritual and social values. In Islam, profit does not stand alone but is part of the concept of *falah* (total well-being). Therefore, Muslim entrepreneurs are required to balance personal interests (*tijarah*) and social interests (*zakat*, *waqf*, and social responsibility).

Comparison of Islamic and Conventional Trading Systems

Ali and Zada (2019) conduct a comparative analysis between the conventional and Islamic trading frameworks. They conclude that the main difference lies in the philosophy of risk and moral orientation. In the conventional system, economic relationships are based on contractual mechanisms without moral consideration. The main goal is efficiency and profit maximization, where risk is often transferred to other parties (risk transfer). Conversely, the Islamic system is based on the principle of risk-sharing, where profit and risk are shared fairly. This creates more sustainable stability and prevents the excessive speculation that causes financial crises.

Furthermore, Islam rejects the concept of separating religion and economy. Trading activity is not considered profane, but part of social worship. In other words, the Islamic trading system is an "economic ethics" system that functions not only to create material prosperity but also to maintain spiritual and social balance. Interestingly, Ali and Zada show that the Islamic financial system was relatively more resilient to the 2007–2008 global crisis because it did not use derivative instruments containing *gharar* and *maysir*. This serves as empirical evidence that the integration of morality into the economic system is not a weakness, but a source of structural strength.

Business Ethics and the Role of Government in the Islamic Economy

Business ethics in Islam is not just an individual responsibility, but also a social structure. Ali and Zada emphasize the importance of business ethics that include honesty, responsibility, and a balance between individual rights and public interests. They mention that the Islamic market should be free from manipulation, hoarding (*ihhtikar*), and cartel practices, yet remain

supervised by public authorities to ensure economic justice is maintained.

In the context of policy, Islam views the government as a guardian of justice (*hami al-'adl*). State intervention is justified to prevent economic inequality, poverty, and environmental damage. Concrete forms of intervention include the management of zakat and waqf, basic price supervision (*hisbah*), and the promotion of corporate social responsibility (Islamic CSR). Thus, the role of government is not to control the market totally, but to ensure that economic freedom operates within the bounds of morality and social justice.

CONCLUSION

The book *The Islamic Finance Trading Framework* asserts that Islam provides full legitimacy for the practice of trade and profit-seeking, as long as it is based on principles of ethics, justice, and social balance. Islam transforms the paradigm of profit from merely an economic value into a moral instrument that reflects

social responsibility. By rejecting *riba*, *gharar*, and *maysir*, the Islamic trading system presents an economic mechanism that is more stable and just. This model is not only an alternative to conventional capitalism but also offers an ethical foundation that can improve global economic governance.

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