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Macro Indicators in the Engineering of the Islamic Financial System

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Islamic and conventional financial systems have different ethical and philosophical foundations. While the traditional system relies on materialism, the Islamic system is based on theism. Therefore, it is crucial to localize and engineer a comprehensive model of the financial system based on macro indicators of the Islamic Financial system.

This article intends to identify the macro indicators of the engineering of the Islamic Financial System from the content of authentic Islamic sources using Content Analysis methodology.

The findings of this research indicate that certain indicators such as “freedom from usury”, “Profit and Loss Sharing” (PLS), “distributive justice”, “efficiency”, and “governance of ethical virtues”, should be regarded as important indicators in the engineering of Islamic financial system.

These indicators are derived from the foundations and doctrines of Islam and the explicit content of religious ideas. Regarding the first index (freedom from usury), the Quran contains perspicuous commandments indicating that the secret of humankind’s material felicity lies behind the elimination and avoidance of usury. By eliminating usury, the Islamic financial system based on PLS prioritizes fair profit distribution, negating predetermined and guaranteed positive returns.

The indicator of “distributive justice” has been derived from an analysis of the position and characteristics of property in Islamic doctrine. “Efficiency” is rooted in the Islamic perspective, which includes wise use of property. Finally, ethics is one of the dynamic dimensions in the mission of the Holy Prophet of Islam.

These five major indicators are compatible with the Islamic financial system’s objective. However, if a conflict of indicators occurs in practice, the rational rule is to prefer the most important expediency to the important. This article outlines the criteria for distinguishing the most important from the important.

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Introduction

Islamic financial system and conventional financial system are distinct from each other in terms of ethical insights and philosophical foundations. The philosophical and ethical basis of the conventional financial system presents a model of financial capitalism, secularism, and materialism. This system emphasizes the material and economic aspects, while the Islamic financial system is founded on theism philosophy and Sharia principles. Alongside accepting the economic aspects, it places significant emphasis on ethical, behavioral, social, and sacred issues.

Therefore, the distinctive feature of the Islamic financial system is its connection with the revealed doctrines. While the conventional financial system is separated from these doctrines, and there is a fundamental difference between these two financial systems.

In addition to ethical and philosophical differences between the two financial systems, these two systems are different from the perspective of constituent components of their structure; most financial system components have been developed in the West and are based on capitalist values, differing from Islamic values in fundamental and philosophical aspects.

Unlike the traditional financial system, the Islamic financial system has a newly established structure, and its structure is not fully defined. Some Muslim economists consider the term "Islamic financial system" as a relatively recent combination that gained popularity in the mid-1980s (Iqbal 1997: 43), whilst the conventional financial system has a long history in design and implementation. This newness has led to differences among scholars regarding the nature of this system, taking different approaches to its definition. According to one of the approaches, the Islamic financial system consists of all commercial and trade activities provided they conform to Islamic principles or work under the Islamic Banking System or usury-free system (Ibid.).

Nevertheless, defining the Islamic financial system solely as an "interest-free system" cannot fully show its real nature. Undoubtedly, avoiding receiving and paying usury is its core principle but other principles are also used. Thus, this system is not confined just to banking but includes the establishment of capital, capital markets, and different types of financial intermediaries.

The Islamic financial system, therefore, constitutes a network of markets, instruments, and financial institutions that, through systematic and interactive relationships, undertake the responsibility of transferring funds from economic units with surplus financial resources to those facing resource shortages within the framework of Islamic principles and laws. In essence, the Islamic financial system encompasses operations, services, and financial markets that follow Islamic Sharia (Manzur, Rahimi & Mohammadi 2010: 106–107).

Given the role and importance of the financial system in economic growth and development, the engineering of the financial system is an undeniable necessity. However, due to the differences between the traditional financial system and the Islamic financial system in terms of philosophical and ethical foundations, as well as structural aspects, models of conventional financial systems for engineering the Islamic financial system are not suitable. The disparities between these systems, in terms of philosophical and ethical foundations, highlight the necessity of designing systems based on the indigenous requirements and accepted values of each society.

To indigenize and engineer a comprehensive Islamic financial system based on Islamic doctrine, the basic step is to organize the relationships between economic units and financing according to the principles governing the engineering of the Islamic financial system, and indicators for the Islamic financial system should be defined.

To assess the indigenized system and ensure the design of a comprehensive model of a Sharia-compliant financial system, introducing all instruments, markets, and financial institutions, and explaining the logical relationship between them based on Islamic principles and values, the existence of macro indicators in the Islamic financial system is crucial.

Macro indicators are crucial for evaluation and comparison. The initial steps towards Islamizing the financial system involve evaluating relationships between Equity Owners, borrowers, and investors based on macro indicators of the Islamic financial system.

Therefore, to achieve this objective, it is essential to understand the macro indicators for engineering the financial system. In light of this, the flow of funds needs to adhere to Islamic standards. Hence, this research, by consulting authentic Islamic sources, aims to identify the macro indicators of engineering of the Islamic financial system. The understanding of these indicators forms the basis for evaluating the engineering of a comprehensive Islamic financial system according to the objectives of Sharia. This article addresses this requirement.

The research idea is that the Islamic financial system has specific macro indicators that can be extracted by referring to the Quran and Sunna sources.

The research methodology relies on library research, document analysis, and content analysis. Extracting religious propositions from authentic Islamic sources, their significations for issues in the Islamic financial system are then utilized.

Research Background

Esawi (2014) in the book *Capital Market in Islam and its Evolutions in Iran* defines the capital market structure in the Islamic economic system and its nature. Alavi (2013) elucidates ethical norms in the engineering of the Islamic financial system in an article titled *Ethical Principles Governing the Engineering of the Islamic Financial System*. Ubaydullah (2010) in *Islamic Financial Services* mentioned some governing principles in the Islamic financial products market. Manzur and colleagues (2010) have outlined the challenges and prospects of the Islamic financial system in the article *Islamic Financial System: Challenges and Perspectives*. Ibrahim Mazyud (2009) has focused on the expansion of the Islamic financial products industry in *Islamic Financial Engineering*. Ansari J. (2007) has discussed the foundations of the financial system with an Islamic perspective in the book *The Basics of the Financial System with an Islamic Perspective.* Suwaylim (2007) in a book titled *The Industry of Financial Engineering: Opinions on the Islamic Approach*, addresses Islamic theories about the methodology of financial engineering. Tutunchian and Ewazlu (2000) have expressed the application of economic justice theory in the Islamic system of income and wealth distribution.

As aforementioned, the brief overview of the existing literature reveals that most of them have a partial approach to the subject, and the comprehensive explanation of macro indicators for engineering the Islamic financial system has not been adequately addressed. This discourse, due to its focus on this issue, represents an innovative contribution to the existing body of knowledge.

Conceptualization of Financial System Engineering

The term “financial engineering” is a relatively new expression (Suwaylim 2007: 5; Qanduz 2008: 27). Various definitions of financial engineering have been proposed with different implicit concepts in various fields. In the general definition of financial engineering, concepts such as “design”, “redesign”, and the development of financial processes have been utilized, and scientists defined financial engineering as the design of financial tools and processes. If the International Association of Financial Engineering after defining financial engineering, concludes that the term engineering implies structure. Researchers like Iqbal Afzal and Shayan Arani have summarized the foundation of financial engineering in the design of simple or complex financial structures for financing or investment purposes (Shayan Arani 1997: 24, 307).

Based on the above discussions, it can be inferred that “financial system engineering” is the design of a financial system structure and the presentation of creative solutions to solve the financial system’s problems. Hence, financial system engineering encompasses designing the structure of the financial system, defining the roles and functions of the system and financial institutes, and designing financial instruments.

Given that the Islamic financial system consists of a network of Islamic markets, Islamic instruments, and financial institutes with organized and interactive relationships, tasked with the transfer of funds from surplus to deficit economic units within the framework of Islamic principles and laws (Manzur, Rahimi & Mohammadi 2010: 106–107), So, "Islamic financial system engineering" involves designing a network of markets, instruments, and financial institutions based on Islamic principles and Sharia laws. It aims to achieve Islamic goals by providing innovative solutions to financial system issues and outlining the roles of existing institutes per Islamic principles.

The Ultimate Goal of the Islamic Financial System

Objectives are the purposes that a system is designed to achieve (Mirmoezzi 2011: 49). The ultimate goal of the general Islamic system is the felicity of individuals and society, and the ultimate goal of the Islamic economic system is public welfare (Ibid.: 161, 172). Researchers in Islamic economics, referring to Islamic sources, have concluded that the ultimate goal of the Islamic financial system, as a subset of the Islamic economic system, is also public welfare (Yousefi 2006: 268; Mirmoezzi 2011: 170).

It is worth noting that public welfare is considered the ultimate goal in conventional economic systems as well (Yousefi 2006: 251; Mirmoezzi 2011: 153). Jean Baechler states: "The capitalist system does not abandon its efforts to maximize economic returns" (Baechler 1991: 85–89). In this regard, there is an apparent similarity between the ultimate goal in both Islamic and conventional financial systems. Some researchers in Islamic economics believe that "the goals of the Islamic economic system are not distinct from any other system" (Yousefi 2005: 282). However, economic scholars explicitly debate the difference in ultimate goal between the capitalist and Islamic systems. They believe that there is a significant difference between the goals of these two systems and the interpretation of welfare offered by the capitalist system is fundamentally different from Islam's approach. The reasons for this difference include the following aspects (Chabra 1990: 37; Mirmoezzi 2011: 204–206):

1. One of the reasons for the difference arises from the disparity in the concept of felicity. In the capitalist perspective, the felicity of an individual is equated with their material well-being. In the Islamic approach, felicity is not solely tied to material well-being. A person is considered blissful when, in their evolutionary journey towards the

Almighty Allah, they have achieved the highest success and so material well-being is one of the necessary aspects of this evolutionary journey.

2. Another factor contributing to the distinction is each system's dedication to moral and ethical values, social and economic justice, and human brotherhood. In capitalism, the economic system is at the top of the hierarchy, casting its shadow over other ethical and legal sub-systems, and employing them for its purposes. In contrast, in the Islamic system, the ethical and educational system is at the top, and other sub-systems, including the economic system, must be regulated and directed in a way that provides the necessary grounds for the optimal functioning of the Islamic ethical system.

Methodology of Islamic Financial System Engineering

The method of deduction and attainment of the doctrines of the economic system in any canonical law (Sharia) is crucial, and differences in the method of deduction will result in significant distinctions in the doctrines of the inferred economic system. The Islamic religion is also not exempt from this (Yousefi 2005: 88). As mentioned in the sources of the methodology, the establishment method and discovery method are considered as the means of extracting and deducing economic doctrines.

In the establishment method, the researcher directly engages with the formulation and determination of the fundamental and general theories of the religion. These are considered the foundation for rules and legal principles and form the main structure of the economy (Sadr 1996: 370). Thus, this method is based on the transition from the substructure to the superstructure or from the principle to the secondary principle. Regarding this, an Islamic economy researcher states: "In the establishment method, we use the Quran, Sunnah, and Reason to build the foundation of Islamic beliefs and values. This includes explaining the general worldview that governs economic behavior, as well as the infrastructure of Islamic theories, thoughts, and economic doctrines. Then, using these foundations, fundamental principles and rules are derived to guide our actions in various aspects of life" (Yousefi 2006: 19–23). This is because some governing principles can be obtained through the establishment method, while others are discovered through the exploratory method. This combination method involves a multi-stage or hierarchical process for extracting the principles that govern the Islamic financial system. By establishment method, religious and value-based propositions of Islam are extracted as the foundation of the economic teachings of the Islamic school. Then, the principles based on these propositions are discovered and deduced through the exploratory method. In this article, a combination of methods is used to extract the macro indicators of the Islamic financial system.

Macro Indicators of the Islamic Financial System

The indicator is an inducer of the type of society's attitude towards various issues. Therefore, the indicators of the Islamic financial system involve instilling a specific approach to the financial system and directing financial measures and behaviors.

The macro-indicator, as implied by its name, is the aggregate indicator that addresses the components of the objective, representing the abstract and the sum of sectoral indicators, and it is closely linked to the principles governing the engineering of the Islamic financial system. The macro-indicators of the Islamic financial system measure the systematic and interactive relationships between a network of Islamic markets, instruments, and financial institutions based on Sharia criteria. As well as using these indicators, the duty of transferring funds from economic units with surplus financial resources to units facing resource shortages is organized according to the principles and laws of the Islamic system.

Referring to authentic Islamic sources, the frequency of the macro-indicators of the Islamic financial system encompasses five foundational and fundamental indicators, which include freedom from usury (*riba*), profit and loss sharing, distributive justice, efficiency, and ethical virtues. The following section elaborates on these indicators.

1. Freedom from Usury (Riba)

Usury (interest) is a fundamental variable in the conventional financial system. However, usury and an interest-based system are not considered legitimate in the Islamic financial system. The holy Quran, in several cases, condemns usury and usurers and articulates its harmful effects (Al-Muddathir: 6; Al-Rum: 39; Al-Nisa: 160–161; Ali-Imran: 130–131; Al-Baqarah: 275–276). In a clear Quranic statement, engaging in usury is equated with declaring war against Allah and His Messenger (Al-Baqarah: 278–279). Furthermore, Prophet Muhammad has explicitly termed usury as the worst and most wicked form of income: "The evil of gains is earning usury" (Hurr Amili 1988: XII/426).

From the point of view of Islamic jurisprudence, *riba* is unanimously invalid and its prohibition is one of the essentials of religion (Najafi 1981: XXIII/332).

Therefore, in the economic and subsistence dimension of human life, "usury is one of the most obvious manifestations of disobeying God and turning away from His remembrance and not clinging to divine piety. Almighty

God clearly states one thing in the verses of the Quran. One of the secrets of people's material happiness is eliminating usury and staying away from usurious transactions" (Samsami 2010: 116).

Regarding the philosophy of prohibiting usury, it is mentioned in narrative sources that Allah Almighty forbade usury because it leads to the decline of properties. If a person buys one dirham for two dirhams, the price of one dirham is one dirham, and the other is invalid (usurpation). Therefore, usury transactions are detrimental to both the seller and the buyer. Allah Almighty has declared usury forbidden for His servants because it results in the decline of properties. The reason for the prohibition of usury in the credit contract is the disappearance of good deeds and the spoiling of properties, leading people towards seeking undue profits and abandoning benevolent lending. Furthermore, usury leads to corruption, injustice, and the spoiling of wealth (Hurr Amili 1988: XII/425), because, all those engaged in economic activities involving industries, agriculture, and services participate in profit and loss. However, usurers are exceptions to this rule, receiving profits without engaging in positive and beneficial activities. This practice is a form of injustice and a way to conduct business without effort (Esawi 2014: 36).

In the literature on the Islamic financial system, after analyzing the nature of usury (*Riba*), researchers have pointed out that its most significant feature is the creation of a disconnect between the financial sector and the real sector. Therefore, the prohibition of usury provides the theoretical foundation for establishing the fundamental principle known as the Interaction between the monetary sector and the real sector in the Islamic financial system (Qahaf 2009: 81; Suwaylim 2007: 115–116). Usury consists of time. Its concept refers to the separation of time from real economic activities and results in a divergence between the financial sector and the real sector. Thus, the separation of these two sectors incurs substantial costs. The increasing costs associated with this separation hinder the achievement of the main objective, namely efficiency and transaction cost reduction. Hence, canonical law (Sharia) emphasizes the integration of these two sectors to achieve balanced and sustainable economic growth, which is one of the fundamental principles necessary for the development of Islamic financial products (Suwaylim, ibid.).

According to Keynesian and Neo-Keynesian economic analyses, usury can create a situation where money acts for money; it means diverting money from the commodity and capital markets into speculative activities. The motive for speculative activities in the conventional financial system causes money to gain interest prices, determining prices in the money market instead of the commodity and capital markets. This results in a divergence between the money and capital markets in the conventional financial system, causing a portion of the money to be diverted from commodity and capital investment and entering the financial market for speculation and taking advantage of profitable opportunities. This process enlarges and inflates the financial sector, gradually overshadowing the real sector. In this scenario, the circumstances for the occurrence of financial crises will be favorable.

Therefore, interest and usury are among the major factors leading to the divergence between the financial and real sectors in the economy. Islam, by prohibiting usury and interest, aims to prevent the divergence of the monetary and real sectors.

In the literature of the Islamic financial system, another consequence of the prohibition of usury is the circulation of money in the production path. Based on the Quranic statement: “Allah has allowed trade and forbidden usury” (Al-Baqarah: 275); Islamic Sharia, expresses its displeasure with usury contracts and declares its approval of other transactions. Comparing the structure of usury and other contracts indicates that the structure of usury and interest differs from the structure of various legitimate transactions. The imposition of interest diverts the circulation of money from the production stream. Nevertheless, eliminating it allows the money to circulate in the production path. In other words, in the Islamic financial system, money circulation through usurious loans and with the “money-money” tool, which acts parallel to the real economy, is not legitimate. Instead, money owners can generate profits through the process of “money-goods-money” using Sharia-compliant contracts. Therefore, net financing and money acquisition from money is not legitimate. The money is not approved as a product of activities. Instead, it is acknowledged as an intermediary and a means of exchange. Some researchers believe: “The value of money lies in the chain of effects of exchanges, unlike the value of goods, which lies in the chain of causes of exchanges” (Motahhari 1967: 175).

Comparing the structure of usury and other contracts indicates that the structure of usury and interest differs from the structure of various legitimate transactions; the imposition of interest diverts the circulation of money from the production stream. But, eliminating it allows the money to circulate in the production path. In other words, the Islamic financial unequivocal prohibition of usury and the interest-based system in Islam dispels doubts about eliminating usury or interest from the Islamic financial system. It is essential to organize the engineering of the Islamic financial system based on the elimination of usury.

2. Profit and Loss Sharing (PLS)

This principle is firmly based on the theoretical foundations of jurisprudential and religious rules, and authentic narratives (Hadiths), explored and deduced by directly referring to the written heritage of narration and jurisprudence. Jurisprudential rules such as *Ma ala al-amin illa al-yamin* or the principle of Estiman, as well as the nullity of liability condition of the agent, all form the superstructures of the underlying principle of PLS. In jurisprudence, the jurisprudential rule of *Ma ala al-amin illa al-yamin* (Bojnurdi 2003: VII/46; Mughniyah 2002: II/644) is known as the Estiman rule (non-guarantee of the trustee). According to the essence of this rule, if the property that has been entrusted to the trustee becomes damaged, incomplete, or defective, no guarantee applies to the trustee, except to fulfill the oath. The *al-Amil amin* rule is a consensus among jurists, and no one has opposed it (Najafi 1981: XXVI/378).

Al-Khiraj bi al-Diman rule is derived from the explicit wording of the famous hadith of the Prophet. This tradition is regarded by Shiite jurists due to its behavioral and injunctive fame (Tabatabai 2013: IX/222; Kashifulghita 2001: 15; Najafi 1981: XXV/175; Ansari, M. 2001: VI/170). The abundance of narrative sources in the transmission of this hadith in Sunni collections (Beyhaqi 1995: V/321–322; Abu Dawud, n. d.: II/198; Ahmad ibn Hanbal 2001: XLIX/447; Al-Shafi'i, n. d.: I/189) causes its verbal or conceptual frequency. The economic concept of *al-Khiraj bi al-Diman* is that anyone who benefits from economic activities should also bear the potential losses. Thus, the economic content of this narrative relates to the principle of capital risk-taking, implying a rejection of guaranteed profits.

Another jurisprudential rule is *Man lahu al-ghanam fa lahu al-gharam* (Shirazi 2014: 214; Mostafavi 2000: 284). In essence, this rule is another expression of the *al-Khiraj bi al-Diman* rule, emphasizing the correlation between loss and benefit (profit); anyone who legally owns the profit also bears the loss (Mostafavi, ibid.).

The proposition *Butlanu ribh ma lam yudman* is a recognized and well-established rule in the Shiite jurisprudential school (Allamah Hilli 1995: 291; Makki Amili, n. d.: II/263; Bahrani 1992: XX/75) and is also acknowledged in Sunni narrations (Hakim al-Nishaburi 1990: II/21; al-Asqalani, n. d.: IV/27; al-Nasa'i 1990: IV/43). The meaning of this rule is that earning profit from something for which the person or owner has no guarantee, or whose guarantee is not on their shoulders, is prohibited. The scope of the *Butlanu ribh ma lam yudman* rule is broader than "the nullity of liability condition of the agent" rule, encompassing not only participatory contracts but also exchange contracts. This is while the scope of "the nullity of liability condition of the agent" rule is limited to the *Mudarabah* contract and some participatory contracts.

According to the PLS principle, there is no legitimate mechanism in the Islamic financial system where capital owners can transfer the financial risks of participatory economic activities to investors through a guarantee condition. The superstructure rules mentioned above are adjusted as follows:

1. According to the Estiman principle, the condition of the agent and the investor regarding the principle of capital is void, and equity owners

are not authorized to transfer financial risks arising from participatory economic activities.

2. Based on the general principle of *al-Khiraj bi al-Diman*; any income obtained comes with the acceptance of responsibility and commitment (risk).
3. The content of the *Man lahu al-ghanam fa lahu al-gharam* rule; negates the receipt of guaranteed profit and emphasizes the principle of capital risk-taking.
4. Based on the content of *Nahy ribh ma lam yudman* (from restrictions of the Islamic Prophet; the receipt of guaranteed profits is prohibited in Islamic Sharia.

From the arrangement of the superstructures mentioned above, a substructure result is obtained, indicating that, based on Islamic foundations and explicit doctrines of religious propositions, Profit follows the guarantee (*Diman*). To receive profits, one must also be willing to accept the possibility of losses. Therefore, “Profit and Loss Sharing” is one of the principles governing the Islamic financial system. According to this principle, earning profit and receiving positive returns are based on accepting responsibility for the potential losses and damages associated with the transaction. The relationship between units with surplus capital and units with capital deficit should be organized based on cooperation and fair risk and return sharing. Thus, in the Islamic financial system, banks do not guarantee any fixed return for depositors, and on the investment side, banks do not demand any fixed return from investors. Islam emphasizes the fair distribution of profit and risk. Parties in a transaction must share in the risk, profit, and loss of an investment, and neither party should gain a predetermined and guaranteed positive return. This will encourage the trend towards profitable and economically viable projects, enhancing the efficiency of Islamic banks compared to conventional banks.

Profit allocation in Islamic contracts is based on the principle of capital risk-taking. In participatory contracts such as *Mudarabah*, *Musharakah*, and other agreements, both the agent and the investor are partners in the profits and losses of the economic activity. In contracts with fixed returns, if someone is the owner of the capital, the profits and losses of economic activity are their responsibility.

3. Distributive Justice

Justice has risen to prominence across three crucial domains of human knowledge: within philosophical theology, it serves to describe divine actions; in ethics, it defines human conduct (Motahari 1967: 69–89); within the realm of social sciences, it embodies the essence of human behaviors, relationships, and legal frameworks (Yousefi 2005: 5).

Social justice permeates various spheres such as law, politics, economics, etc. (Hosseini 2008: 12–13). In the economic field, fair economics is considered when economic behaviors and relations are regulated justly (Yousefi, ibid.). An integral facet of economic justice lies in distributive justice, often intertwined with it (Eivazlu 2005: 85). Distributive justice entails that wealth distribution meets the needs of all members of society, thereby rendering inequalities in income, wealth, and societal values acceptable (Rajai, n. d.: 410).

The Holy Quran mandates the establishment of justice by decreeing (al-Hadid: 25). Islam articulates the quality of wealth distribution in the form of legal provisions. These provisions, as superstructure, indicate the general criteria of distributive justice. In addition, some of these criteria independently and as part of the purposes of Sharia are presented in religious doctrines.

The principle of "Non-Wealth Circulation among the Rich People" is considered as the purpose of Sharia. According to this principle, properties have been entrusted for public use, and should not solely circulate among the rich people (Eivazlu 2008: 40). In the Holy Quran, the allocation of *Fay'* is deemed to serve this purpose: "So that (properties) will not be a perpetual distribution among the rich from among you" (Hashr: 7).

Distributive justice is closely linked to the concept of rights. But, what is the origin of the emergence of the right? In the Quranic approach, the work is the first source of the emergence of the right and allotment: "To men belongs a share of what they have earned, and to women a share of what they have earned" (Al-Nisa: 32).

The need is the second source that gives rise to the right to share wealth and income. According to the Quranic proposition, the right of the beggar and the deprived should be allocated from the properties of the pious (Al-Zari'at: 19). It means that the abstinent, with the purity of their nature, perceive the rights of the beggar and the deprived in their properties and allocate a portion of their properties to the needy for the dissemination of mercy, altruism, and goodness (Tabatabai 2013: XVIII/374). In the Holy Quran, the Almighty has mentioned that one of the many uses of *Fay'* is to help those in need: "The spoils that Allah gave to His Apostle from the people of the townships are for Allah and the Apostle, the relatives and the orphans, the needy and the traveller" (Al-Hashr: 7).

From the perspective of Islamic economics, since the system of creation is based on right and justice, the financial relationships are structured on the principles of justice. According to the principle of "prohibition of illegal confiscation of property", justice is realized when incomes and wealth are in line with the principles of rights and are justified by both Islamic legal and customary (consensual) standards. According to the principle mentioned in the holy Quran, financial relationships should not be baseless but should be founded on the principles of justice and have valid justification both according to Islamic law and customs: “O you who have faith! Do not eat up your property among yourselves unrightfully, but it should be trade by mutual consent” (Al-Nisa: 29).

Imam Ali emphasizes that transactions in financial markets should be based on the principles of justice, and prices should be determined based on the rights of the parties involved in the transaction so that participants in the market do not face injustice: “Let the sale be a kind one with fair measures, and prices that do not cause injustice to either the seller or the buyer” (Sayyid Razi 1993: 377).

Moreover, the Quran highlights the unity and brotherhood that exists among believers. It refers to them as brothers of one another: “Believers are indeed brothers to each other” (Al-Hujurat: 10).

There are narrations indicating that brotherhood creates a financial right. For instance, Imam Ali says: “Brothers are adornments during prosperity and a refuge during calamities” (Amadi 1989: 82). As well as, Islamic rules include solutions such as social *Takafful*, social *Kifalat*, and social *Diman* to address the needs of all members of society.

The position and characteristics of properties in Islamic doctrines are influenced by the divine’s ideology and the divine legislation system. Therefore, property and wealth are considered divine trusts entrusted to humans. As the appointed representative and caliph of God on earth (Al-Baqara: 30), humans are bestowed with divine endowments and blessings beyond measure and play their role as chosen ones and they are entrusted with the responsibility of ensuring that wealth is distributed fairly among all members of society. Allah Almighty commands: “Expend of that unto which We have made you successors” (Al-Hadid: 7).

The summary of the general principles and basic propositions mentioned above is as follows:

1. According to the principle of the “necessity of circulating wealth among all members of society”, properties are meant for common use and should not be restricted to the wealthy. Furthermore, Islam emphasizes the importance of establishing justice in society, and this is evident in the honorable verse (Al-Hadid: 25); which commands us to do so. As a result, it is necessary to ensure that the resources and facilities of society are distributed fairly among all individuals. In this regard, Islam does not endorse the possession of material facilities by a small section of society, as this goes against Islamic doctrines.

2. Justice is a fundamental value that is closely related to the concept of rights. The right to share in society's wealth and income derives from two main sources – useful economic labor and the needs of the less fortunate. Therefore, the financial resources of society must be distributed in a way that meets the needs of the less fortunate at a level that is considered adequate.
3. In Islamic religion, financial arrangements are structured based on the principles of justice and equity. The principle of "prohibition of illegal confiscation of property" is a clear reflection of this philosophy. Thus, the monetary system must be designed with utmost regard for justice and equitable distribution of resources.
4. Imam Ali has emphasized the significance of conducting transactions with fairness and accuracy in the general and financial markets. He has emphasized that prices should not be exploitative for either the buyers or sellers. These statements are considered the prerequisites for achieving justice in all transactions, which means that each rightful person should receive their due share. Therefore, it is crucial to follow these principles to ensure that justice prevails in the financial markets.
5. The holy Quran refers to believers as brothers, indicating that members of Islamic society have a responsibility to fulfill each other's needs. This responsibility is based on the principle of religious brotherhood. In a community of faith, unjust distribution of wealth and resources contradicts the principle of Islamic brotherhood, and whenever there is a needy, those who are blessed with financial resources have a responsibility to assist their fellow human beings who are in need.
6. According to the divine worldview, the properties and wealth are a divine trust given to humans. As the stewards and successors of Allah on Earth, humans are responsible for managing and utilizing these gifts in a manner that is beneficial to society. This can only be achieved when wealth is distributed among people based on merit and justice.
7. Islamic directives include various mechanisms such as social *Takafful*, social *Kifalat*, and social *Diman* to address the needs of all members of society. These concepts collectively express the dominance of the principle of fair distribution of resources and the provision of economic and financial opportunities for the needy in the Islamic economic system.

After analyzing the cases mentioned, a common theme emerges that distributive justice is the core of Islamic economic principles. As a result, it becomes clear that the fundamental principle of the economic system of Islam is based on distributive justice. Islam firmly rejects any mechanism that relies on the unfair distribution of funds, and inequitable circulation of wealth and income among a select few high-income individuals while depriving other segments of society of opportunities to work and capitalize.

As the Islamic financial system is considered a subset of the broader Islamic economic system, where distributive justice is a fundamental and universal principle, logically, it serves as a foundational and essential principle for its sub-systems. Therefore, the principle of distributive justice governs the engineering of the Islamic financial system as a fundamental and foundational principle.

When the criteria related to distributive justice enter the realm of the financial system, they directly impact this domain. Below, a brief explanation is provided regarding how the principles of distributive justice influence the foundations of the financial and monetary system:

a) The eternal Islamic principle on the circulation of wealth states that financial resources, including both real and credit assets, should not be solely in the hands of the wealthy. It emphasizes that wealth is a divine trust given to humans, and it should be managed in such a way that it is distributed fairly throughout society to prevent poverty and promote economic balance. Consequently, this principle conveys in the financial and monetary system the concept that credit facilities and monetary resources in society should be allocated in a manner that not only circulates wealth among the affluent but is distributed fairly throughout society to alleviate poverty.
b) In the context of superstructure discussions, the emergence of rights in a society's wealth and income can be attributed to two primary sources. The first source is the productive and useful economic work carried out by individuals. The second source is the need that arises due to various factors such as disability, illness, or other circumstances that limit an individual's ability to generate income through work and effort. In the Islamic financial system, distributive justice demands that financial resources and facilities are allocated in a way that benefits all members of society, including those who are unable to earn a living due to physical, mental, or intellectual disabilities. This equitable distribution of resources is crucial in reducing relative poverty in society and ensuring that even the most vulnerable groups are provided with a basic subsistence level of support. By promoting a balanced distribution of facilities, the Islamic financial system seeks to create a more just and fair society for all its members.
c) According to the theoretical basis of Islamic brotherhood, social *Takafful*, and social *Kifalat*, financial institutions have a religious duty

> to provide support, cooperation, and sponsorship to fellow believers in need. These institutions act as legal entities and are responsible for fulfilling this faith-based obligation. Through the implementation of contracts based on Islamic principles, monetary and financial institutions possess the ability to engage in social cooperation and sponsorship that can help alleviate poverty and promote fair distribution of resources. Thus, they can play a significant role in poverty alleviation efforts.

Islamic philosophers have extensively discussed the idea of social equilibrium in the context of justice. They emphasized the significance of social balance as one of the three fundamental pillars of the Islamic economy. It is worth noting that the principle of "prohibition of wealth circulation among the rich people" is closely associated with the concept of social balance, especially economic balance. To establish economic balance in society, two main factors are crucial. Firstly, wealth should not be concentrated solely among the wealthy but rather should be distributed fairly among all members of society. Secondly, there should be no poor individuals in society (Eivazlu 2005: 105), as everyone should have access to the resources, they need to live a decent life. In the Islamic financial system, distributive justice calls for the allocation of financial resources and balanced distribution of banking facilities to be done in a way that ensures that even the weaker sections of society can benefit from them. This approach empowers these individuals with purchasing power, enabling them to participate in the market equally to those with average means.

Therefore, from the Islamic viewpoint, unlike socialist ideologies, the emphasis is not on promoting complete income equality among individuals. Rather, it stresses the importance of establishing a harmonious and stable standard of living and livelihood for all members of society. This includes empowering the impoverished and enabling them to become self-sufficient, rather than just providing them with equal financial resources. Ultimately, the goal is to achieve balanced and sustainable economic growth and development that benefits everyone.

4. Efficiency

Efficiency is an economic concept that denotes the effective allocation of resources (Rajai, n. d.: 380). In the context of Islamic finance, the emphasis on efficiency is grounded in Islamic economic theories and jurisprudential rulings extracted from authentic Islamic sources such as the Quran and Sunnah. These sources provide a comprehensive framework that guides the Islamic financial system to prioritize efficient resource allocation and utilization.

The first documentary of efficiency in the Islamic financial system emphasizes the importance of the rational use of properties in religious resources. This means that resources should be utilized in their rightful position and optimally exploited to achieve optimal results. Conversely, irrational and foolish use of resources is deemed inefficient, leading to economic losses due to suboptimal resource allocation. It's worth noting that Allah, in the Quran, explicitly prohibits entrusting wealth to the foolish and unqualified: "Do not give to people weak of understanding your property for which God has made for you as (means of) support" (Al-Nisa: 5).

Qiyam and *Qiwam* come from the same root and have the same concept (Hakimi 1991: 88). *Qiwam* position means finding a suitable position to achieve the beneficial effects of everything. In economic terms, achieving beneficial outcomes means utilizing and exploiting resources in the best possible manner, equivalent to the concepts of technical and allocative efficiency in economic literature (Eivazlu 2005: 101).

The prohibition of extravagance (*Israf*) in Islam is another documentary for the principle of efficiency. The holy Quran contains explicit guidance on the avoidance of extravagance: "But be you not prodigal for God does not love those who are excessive" (Al-An'am: 141; Al-A'raf: 31). Also, *Surah* Anbiya, in the Quran, mentions in verse 9 the dire consequences that await those who are extravagant in their spending.

Extravagance implies extra, futile, and unreasonable expenses. The economic interpretation of extravagance is the failure to observe technical efficiency in economic activities or in the uses of property. Technical efficiency refers to the maximum possible utilization of available resources for a certain level of production (Eivazlu 2005: 239).

In the religious propositions, the order to reform divine gifts (*Ni'mat*) is one of the other documentaries of efficiency. Imam Ali, about the necessity of optimal use of blessings, says: "Make every blessing that Allah has bestowed upon you righteous and do not let any of Allah's blessings be wasted, and reveal the signs of the blessing that Allah has bestowed upon you within you" (Sayyid Razi 1993: 396).

In this narration, the reforming of blessings is juxtaposed with not wasting or ruining them. Therefore, optimal use of resources is a form of rectification, while inefficient use of resources is a squandering of them and causing a form of ruin to the properties.

The special attention of Islam to the good performance of work and considering it as worship can be seen as a confirmation of Islam's attention to productivity, efficiency, and well-being (Dadgar 1999: 56). It is reported from the Prophet of Islam that he said: "Worship has seventy parts, seeking lawful sustenance is the most virtuous of it" (Kulayni 1986: 78). In connection with efficiency, a saying from Imam Ali is mentioned, stating: "The value of each individual belongs to how well they perform their duties" (Sayyid Razi 1993: 419).

In Islamic economists' approach, good performance of work has a direct relationship with efficiency. That is, valuation should be based on the performance of individuals. In conventional economics tends to value activities based on the productivity and efficiency of individuals involved in the production process. (Dadgar 1999: 56).

Disseminating accurate information to buyers and sellers, preventing monopolies, encouraging competition, and overall transparency in the market are essential elements for increasing efficiency. These elements are also emphasized in Islamic economics. The Prophet of Islam advised traders to observe five characteristics, which include avoiding falsehood (false oaths) in the transaction, not covering up the defects of the goods being traded, refraining from exaggerating the description of the item when selling, and condemning it when buying (Kulayni 1986: V/150).

One of the transactions prohibited in Islam is *Talaqi rukban*. It is narrated from Imam Baqir, who said: "The holy prophet said: 'No one should engage in the trade of *talaqi rukban* outside of the city'" (Hurr Amili 1988: XVII/444).

In the past, there was a common practice known as *Talaqi rukban* among some market participants. This practice involved leaving the city to meet commercial Karavans and engaging in trade with them. The aim was to purchase goods from these Karavans at a lower price than the prevailing market rate or to sell their goods to them at a higher price. This was possible because the traders outside the city were not aware of the current prices of goods in the market. In effect, *Talaqi rukban* allowed some market participants to take advantage of the lack of information among the Karavan traders and make profits through shrewd trading.

This act is considered *Makruh* (reprehensible) by famous jurists (Najafi 1981: XXII/470–471). The prohibition declared by the Prophet of Islam has been interpreted as *Makruh*. However, some jurists consider it forbidden if the action is done to buy and sell goods again within the city (Naraqi 2001: I/258).

In economic approach, *Talaqi rukban* is seen as hindering informational circulation, placing the seller in a situation of incomplete information. If the sellers visit the market, they will discover the real prices (Eivazlu 2005: 211). Therefore, *Talaqi rukban* hampers informational efficiency, and narrations forbid it.

Furthermore, in Islamic jurisprudence, there are various options or rights to terminate in specific cases, such as *Khiyar Ayb*; *Khiyar Ghabn* (selling goods for less than their real value or buying goods for more than their real value), *Khiyar Shart*, *Khiyar Takhalluf Shart*, *Khiyar Takhalluf Wasf*, *Khiyar Taazzor*

Taslim, *Khiyar Tadlis*, *Khiyar Ru'yat*, *Khiyar Ta'khir*, *Khiyar Haywan*, and *Khiyar Majlis*, which all indicate that, in the Islamic Sharia approach, the Islamic market places significant emphasis on upholding conditions that guarantee security and instill confidence in the market. This includes implementing measures that ensure the proper and transparent circulation of information. As an Islamic institution, the market is committed to putting these principles into practice to foster an efficient marketplace (Hadavi Tehrani 1999: 203–207).

The summary of the above-mentioned discussions includes the following points:

1. The Quranic directive emphasizing rational and appropriate use of resources signifies a commitment to the principle of efficiency in the utilization of real and credit properties. The emphasis on rational and optimal use of properties includes both real and credit properties. Therefore, credit properties are also subject to divine guidance. In this regard, if the financial system is designed in a way that allocates resources, facilities, and loans to projects that are not economically viable, leading to the waste of resources, it amounts to the inefficient and unjust use of the economic resources of society. This, according to Quranic terms, is considered an irrational and unjustifiable use of resources and contrary to divine order takes the economy out of its stable position (*Qiwam*).
2. The holy Quran prohibits extravagance. The economic interpretation of extravagance is failing to observe technical efficiency in economic activities. Therefore, the prohibition of extravagance indirectly encourages efficiency, as one of the indicators of efficiency is the avoidance of waste in resources, assets, and incomes.
3. Throughout religious *Ahadith*, the concept of property reform is frequently discussed. The point that optimal and proper use of financial resources is regarded as a kind of reform and inefficient use and waste of financial resources is regarded as a kind of ruining them. Therefore, according to the provisions of the hadiths, facilities such as credit properties that are available to humans should be used optimally and efficiently.
4. Islamic attention to the excellence of work, considering work as worship, condemning laziness, encouraging the creation of confidence, and increasing mutual trust and responsibility, all indicate the focus of Islam on enhancing productivity, efficiency, and well-being.
5. Conveying accurate information to buyers and sellers, preventing monopolies, encouraging competition, and, in general, transparency in

the market are essential elements for improving efficiency. These elements have been strongly emphasized in religious *Ahadith*.

Therefore, from the above content, it is evident that efficiency in the Islamic economic system and financial system (as the sub-system) has received significant attention. Efficiency is a core point in Quranic and narrative propositions as well as Islamic rulings. Thus, in the engineering of the Islamic financial system, efficiency is considered a key principle and foundation.

5. Evolution of Ethical Virtues

Ethics serves as a general criterion for discerning the goodness or badness of deeds and faculties: "Any faculty (persistent quality) or deed that contributes to the realization of human integrity is virtuous and good, and anything that obstructs it is vice and bad" (Mirmoezzi 2011: 458). The Prophet of Islam declared the purpose of his mission as the evolution of ethical virtues (Beyhaqi 1995: X/323; Ahmad ibn Hanbal 2001: XIV/512–513; Tabarsi 1993: X/500), emphasized on employing noble ethical virtues in the financial system (commercial transactions) (Imam Reza 1985: 252) and considering the perfection of faith by adhering to ethical values, as stated: "The most complete of the believers in faith is the one with the best morals" (Kulayni 1986: II/99). Therefore, ethics constitutes a dynamic dimension in the noble mission of the Prophet of Islam and has entered various systems, especially the economic and financial systems, as their sub-system, and it organizes the Islamic financial system based on ethics.

Therefore, in the Islamic faith, ethical principles such as honoring customers, cooperation, benevolence, and charity in human relations are viewed in a positive light. Conversely, unethical practices such as forgery, fraud, deception in transactions, underselling, and manipulation, are negatively addressed.

Takrim (honoring) is a sublime concept in ethical literature. This term conveys the meaning of respecting and valuing others, providing pure benefit to them without demeaning or tarnishing their honor (Raghib 1991: 707). The Almighty Allah, in the holy Quran, mentions the honoring of human beings: "We have certainly honored the children of Adam" (Al-Isra: 70).

Cooperation, benevolence, and charity are considered key principles in Islamic ethics (Ubaydullah 2010: 33). In the holy Quran, Allah commands cooperation and assistance in the realization of good deeds and piety and prohibits cooperation in sin and aggression: "Help one another in righteousness and piety, and do not help one another in sin and aggression" (Al-Ma'idah: 2).

Therefore, the axis of cooperation in the verse is cooperation and assistance for the sake of good and charity. In the noble verses, examples of benevolence and charity are mentioned, and *Infaq* is introduced as one of the examples, and the cooperation emphasized by the Quran revolves around cooperation and assistance for meeting the needs of the needy and ensuring the interests of vulnerable groups: “And (a righteous person is one who) spends (her/his) wealth with all the interest she/he has in it, to relatives, orphans, the poor, the homeless, the needy, and the slaves” (Al-Baqara: 177).

Thus, one of the most important aspects and examples of cooperation is charity (*Infaq*), and other philanthropic motivations such as *Waqf*, *Sadaqah*, and *al-Qarz al-Hasan* can also be considered as instances of cooperation (*Ta’awun*), that are an issue for cooperation to eliminate poverty in the society and meet the needs of vulnerable groups. The Islamic principle of brotherhood, as mentioned above, plays a significant role in realizing cooperation (Haduyinia 2008: 128). The principle of brotherhood conveys the message that due to being of the same religion, individuals have double engaged in collaboration and cooperation, striving to meet social needs and work towards the welfare of their fellow believers.

Following the verses of *Surah* Al-Ma’idah, it can be concluded that Muslims are obligated to cooperate in virtuous and charitable activities, collaborating to combat wrongdoings and unethical actions, as mentioned in the sacred verse *Ithm wa Udwan*. Therefore, cooperation (*Ta’awun*) has both positive and negative aspects. The positive aspect involves beneficial actions such as *Infaq*, *Sadaqah*, *al-Qarz al-Hasan*, etc. The negative aspect pertains to cooperation in preventing illicit activities, unjust actions, and oppression.

One of the concepts related to cooperation (*Ta’awun*) is the notion of *Ihsan*, which means doing good. Good deeds are those performed with benevolence, aiming for the happiness of humanity. The holy Quran states that Allah orders justice and *Ihsan*. The meaning of *Ihsan* in this verse is bringing goodness and benefit to others (Tabatabai 2013: XII/479).

Participants in the financial system are prohibited from engaging in certain behaviors. One of these prohibited behaviors is gambling. Gambling involves risking money in hopes of gaining uncertain benefits based on luck and chance (Salehabadi 2006: 60). In the Holy Quran, gambling is referred to as *maysir*. God commands to stay away from *maysir* because it is an evil and satanic act. Avoiding it is a condition for salvation: “You who believe, liquor and *maysir*, idols and raffles, are only the filthy work of Satan; turn aside from it so that you may prosper” (Al-Ma’idah: 90).

Also, in verse 91 of this *Surah*, Allah explicitly prohibits gambling and *maysir*, highlighting their detrimental effects, such as creating enmity and hatred in society and causing people to forget the remembrance of God.

Prohibition of *gharari* transactions is one of the principles governing financial transactions, especially in capital markets. According to the lexical books, the term *gharar* refers to the act of deception and fraud (Sadi 1987: 272; Ibn Athir, n. d.: III/355; Jawhari 1989: II/769). *Gharar* in financial dealings signifies deception and the use of deceit in transactions. According to the principles of Islamic Sharia, any financial relationship which involves the sacrifice of virtues such as truth and honesty, and instead has elements of dishonesty and deception, is considered illegitimate. Both parties involved in such a transaction must commit to good intentions and avoid any element of deception or misleading appearance. Such transactions are deemed to be against the principles of Sharia.

From the Islamic perspective, *ghishsh* (non-disclosure of fundamental information in financial dealings) contradicts Islamic ethical principles. Conveying accurate information to buyers and sellers and transparency of information are emphasized elements in the Islamic economy. The Prophet of Islam instructed traders to adhere to five characteristics, including refraining from perjury in transactions, not concealing the defects of the traded item, avoiding market exaggeration (praising one's goods and disparaging others'), etc. (Kulayni 1986: V/150–151).

Summarizing the discussed ethical principles, the governance of ethical virtues in the financial system is based on negative principles such as rejection of *gharar*, rejection of gambling and *maysir*, rejection of *ghishsh*, and prevention of misleading advertisements. Additionally, it relies on positive principles like cooperation (*ta'awun*), benevolence, and charity, as well as respecting (*takrim*) customers.

Regarding the application of the evolution of ethical virtues in the financial system, the following points are noteworthy: the principle of human munificence emphasizes that individuals deserve respect in all circumstances, particularly in their capacity as customers demanding goods and services. This principle is especially important in the Islamic financial system, where customers should be treated with the utmost respect and not be subjected to any unfair practices that deprive them of their property or deceive them in any way.

To ensure that transactions are conducted with integrity, honesty, and a commitment to the buyer, parties involved should deal with each other with good intentions. All relevant information that may affect the transaction should be disclosed, and fair prices should be set to ensure that customers are not harmed or lose out in any way.

It is also crucial that customers' properties are not denigrated, and they are not placed in a position of ignorance by false advertising. Therefore, transactions should be carried out in a way that is transparent and fair to all parties involved, with a focus on ensuring the well-being of the customer.

The ethical principle of *Ihsan* holds significant importance in the Islamic financial system and is highly effective in the financial market. Acts of *Ihsan* involve initiating good deeds and providing benefits to others (Tabatabai 2013: XII/479). In this context, the governance of this ethical principle in the financial market contributes to fair pricing and the sound functioning of the market, exceeding the concepts of fairness, kindness, and consideration. Furthermore, *Ihsan* promotes cooperation and collaboration in Islamic society, with one clear manifestation being assistance to the economically disadvantaged (Mirmoezzi 2011: 510–514).

In the realm of finance, the governance of the spirit of *Ta'awun* plays a critical role in ensuring that the financial system is responsible for promoting collaboration and cooperation within the society. In essence, this governance framework encourages philanthropic activities and moral incentives, such as providing benevolent loans to the less fortunate. This approach recognizes that benevolence and charity should not be overlooked in the pursuit of financial gains alone. As a result, Islamic financial institutions are motivated to support charitable units, and organizations, and facilitate benevolent loans.

Moreover, the governance of cooperation in the financial system necessitates the implementation of various entities such as cooperative companies or joint-stock companies that operate based on virtue and piety. These entities are designed to promote social well-being and uphold ethical values. By doing so, the financial system can play a significant role in promoting the greater good of society.

Interrelations of Macro-Indicators in the Islamic Financial System

The Islamic financial system is based on five key indicators that are aligned with the ultimate objective of establishing a financial system that adheres to Islamic principles and values of justice. These indicators are crucial for ensuring the proper flow of funds, promoting economic growth, and safeguarding the welfare of society. The governance of these principles is considered essential for maintaining the integrity of the Islamic financial system and ensuring that it operates following the core values of Islam.

Despite the compatibility of these indicators in achieving the goals of the Islamic financial system, a fundamental question arises in cases where we need to prioritize and choose one principle over another: which principle takes precedence, and which must be sacrificed? For instance, providing financial assistance to underprivileged areas aligns with the principle of distributive justice but may not necessarily be in line with the efficiency principle. In such situations, the rational rule of preference and the principle of essential interest or necessary welfare become crucial.

In practical situations, it is worth noting that conflicts may arise between different indicators. In such cases, it is essential to determine which indicator holds the most significance over the others. However, this determination should not be based on personal preferences of individuals or groups, but rather on an Islamic perspective and religious doctrines. To assess the most important expediency over the important, criteria for discerning importance need to be employed. These criteria include as following (Al-Wakili 2005: 197–256; Qardawi 2001: 30; Aqanazari 2006: 156):

1. The interests of the society and the public usually precede over the interests of any individual or group.
2. Great expediency takes precedence over small expediency.
3. Expediency at the necessity level takes precedence over other interests.
4. The main interest has priority over the secondary interest.
5. Disposing of the most important corruption has priority over important or less important corruption.
6. Eliminating corruption often takes priority over any attracting of benefit.
7. Permanent expediency is superior to temporary expediency.
8. An expedient that we are aware of is more valuable than one we guess to be expedient.
9. An expedient that is achieved in the future, but is important, is superior to a current less important expedient.
10. Expediency that is among the purposes of the Sharia is superior to the expedient that is among the means of the Sharia.
11. An expedient that is urgent has priority over an expedient that is not urgent.

The significant issue regarding the conflict of indicators is the determination of priorities and the identification of executable interests. In many instances, societal conditions may not allow for the simultaneous implementation of all major indicators in various areas of the Islamic financial system. Therefore, prioritization based on the aforementioned criteria is essential. These criteria help distinguish the most essential interests from less crucial ones. They assert that when one of two phenomena offers more significant benefits to the people and society, it takes precedence. However, determining whether, in the actuality of society, phenomenon A provides greater benefits than phenomenon B requires additional independent and scientific research (Aqanazari 2006: 156).

Conclusion

From the collective content of this discourse, it is evident that the macro indicators of engineering in the Islamic financial system provide criteria for designing a financial system aimed at achieving human well-being and the evolution of human and Islamic values.

Based on the indicators of avoiding usury and participation in profit and loss, the engineering of Islamic financial institutions prohibits investments in processes with predetermined and fixed returns. Therefore, in the Islamic financial system, mechanisms of institutions such as stock and capital markets, based on transactions of treasury bonds, treasury bills, current deposits, or any other document involving interest and guaranteed returns, are not engineered. Designs of instruments such as preferred stock, some kinds of swaps, currency derivatives, etc. are also prohibited. Conversely, encourages the engineering of instruments in the financial system based on profit-and-loss-sharing contracts.

Furthermore, the outcome of designing a financial system based on the indicator of avoiding usury manifests in the convergence of the financial sector and the real sector of the economy. For example, by eliminating usury from the financial system, the fixed interest rate loses its role in allocating monetary resources within the society. In this scenario, the allocation of monetary resources and surplus funds in society is shaped based on the needs of the real economic sector rather than speculative and profit-driven motives of stock trading. The result of this is manifested in the coordination and coherence between the financial market and the real market, indicating compatibility and balance between the monetary and real sectors of the economic system.

According to the indicator of distributive justice, the engineering of the Islamic financial system is centered on just economic growth. High economic growth is considered worthless if it is accompanied by the production of unnecessary or morally questionable goods or services. Additionally, growth that exacerbates social inequality by encouraging excessive consumption, leading to the squandering of material and spiritual treasures, or results in the domination of affluent classes over weaker ones, is unacceptable in Islamic terms. The Islamic financial system must be designed in a way that its outcome satisfies the needs of all members of society and mitigates inequality in distribution, avoiding the concentration of wealth solely among the affluent and ensuring its balanced distribution among all members of the community.

The result of engineering the Islamic financial system based on the efficiency indicator involves establishing a system where financial resources and funds are allocated to the best entrepreneurs most efficiently (maximizing returns while minimizing costs). In the optimal plans, investments are made in the best projects that satisfy the real needs of individuals. In financial markets, superior instruments meeting the goals and motivations of customers and their preferences are exploited.

Moreover, by engineering the Islamic financial system based on the indicator of the evolution of ethical virtues, a structure is created that relies on cooperation, kindness, and abstaining from collaboration in sin and enmity. In such a system, collaboration in monopolization, the formation of cartels and trusts, hoarding goods and services to make them scarce, and profiting from price increases are considered forms of cooperation in sin and aggression, which Islamic financial engineering prohibits. On the other hand, the performance of cooperative and joint-stock companies in improving market prices and distributing profits among the workforce based on cooperation and benevolence is commendable and definable as virtuous. Additionally, the governance of charity (*Ihsan*) and philanthropy, extending kindness to others, and assisting the poor and vulnerable segments of society, contribute to the expansion of cooperation and solidarity in Islamic society.

Based on the content of this discourse, the macro indicators of the Islamic financial system are compatible with achieving the goals of the Islamic financial system. Despite this compatibility, in practical terms, indicators may come into conflict as the realization and compliance with these principles in the material world are subject to contextual conditions and may lead to conflicts. In such situations, the solution to resolve conflicts lies in adhering to the rational rule. The rational rule in these cases prioritizes the most important interests over the important ones. However, what matters at this stage is determining who the authority is for evaluating interests and distinguishing between the most important interests and important interests. In this regard, it is necessary to rank general interests and evaluate them from the perspective of jurisprudence and civil law, referring to the principles and criteria for distinguishing between the most important interests from important interests in jurisprudential sources mentioned in this article.

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