

# **Towards a Post-Covid Global Financial System**

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# **Towards a Post-Covid Global Financial System: Lessons in Social Responsibility from Islamic Finance**

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INVESTOR IN PEOPLE

*We dedicate this book to our mothers:  
Moshammad Rahima Khatoon  
Mariyam Saada  
Fatema Shaikh*

*We have enjoined on man kindness to his parents; in pain did his mother bear him,  
and in pain did she give him birth.  
(Quran, 46:15)*

*The Prophet Muhammad said, may Allah's peace  
and blessings be upon him:  
Your Heaven lies under the feet of your mother (Ahmad, Nasai).*

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## Foreword

It is an honor for me to write the foreword to this important book that discusses the post-Covid global finance system with a focus on social responsibility lessons from the Islamic finance industry. The pandemic, which initially began as a health crisis, has not only led to an economic and financial crisis but to a full-blown human crisis. During this unprecedented emergency, our perceptions and conduct regarding socio-economic issues have shifted to attaining socio-economic good through social justice and shared prosperity. Islamic finance is no exception to this. The pandemic has allowed us to rethink and reconsider the direction of Islamic finance as an alternative to the dominant financial system, one that serves humanity with social responsibility. In this regard, I strongly believe that the chapters published in this book have assisted in understanding how Islamic finance ought to be reshaped in the light of the pandemic.

There is no doubt that research and publication play a pivotal role even at a time of unprecedented extremity. In times like this, the focus of research and publications should not only be dedicated to health-related issues; it is equally important to focus on areas of human concern. Therefore, I commend the publisher and the editors of this book for taking the initiative to publish selected quality research papers on pandemic-related Islamic finance subjects. The chapters found in this book shed light on the post-Covid impact on Islamic finance as well as proposing innovative solutions to some of the critical issues faced by it. Therefore, I am confident that this book will play an indispensable role in shaping the post-Covid Islamic financial system.

The economic and social disruptions caused by the pandemic so far have been devastating. The impact it has created on the lives of common people is inconceivable. The social distancing rule is applied today to all human dealings, and the very mode of interactions between humans has been forced to change. Technology adoption and adaption to internet-based human dealings and interactions have become an integral part of our lives. This has resulted in an escalation of the adoption of fintech in commercial transactions. Moreover, the proportion of the world population in poverty has sharply increased. Due to this, social finance is needed more than ever globally, and the importance of collective and social responsibility has been realized.

Today, we have had the opportunity to show the world that Islamic finance is different from conventional finance. The way Islamic financial institutions have dealt with the debt moratoriums without burdening customers who have been subjected to a sudden and sustained loss of income has given hope to the world

that Islamic finance is indeed an alternative to the conventional financial system. Likewise, the pandemic also allowed us to experience the social justice Islam provides via Islamic social finance tools and institutions. When the poor and needy required a helping hand, the commercial finance instruments, and products available in the market were utilized to provide them the financial relief they needed. The Islamic notion of social justice through Islamic social finance institutions and instruments whereby the rich and comfortable give back to the society through shared social responsibility became a solution for those who had no means to ask for a helping hand.

The pandemic has taught us several lessons. One of them is that the world is more than ever in need of moral and ethical financing. Islam's emphasis on morality and ethics is reflected in Islamic finance. What is required from the stakeholders of the Islamic finance industry is not only to display the moral and ethical aspects of Islamic finance but to let the world know and appreciate them. This could be achieved by redefining Islamic finance in the light of *maqasid al-Shariah* (objectives of Islamic law) by adopting value-based intermediation in all our dealings. I am pleased to note that the three parts included in this book:

- resilience of the Islamic financial system during the pandemic.
- the pandemic's transformation of *zakat* and *waqf* management practices; and
- case studies of Islamic finance and pandemic innovations

will provide readers, including practitioners, academicians, and students all over the world with comprehensive information on the lessons in social responsibility from Islamic finance while moving towards a post-Covid financial system.

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