

Islamic finance in the US and American Muslims

As CEO of one of the Islamic finance organizations in the US, KAL ELSAYED is very passionate about Islamic finance. That may be an obvious sentiment, but there was a time that he was unaware of this method of financing, and knew little of why it was such an important part of the Muslim faith.



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Is it so hard to believe that, especially in the US?

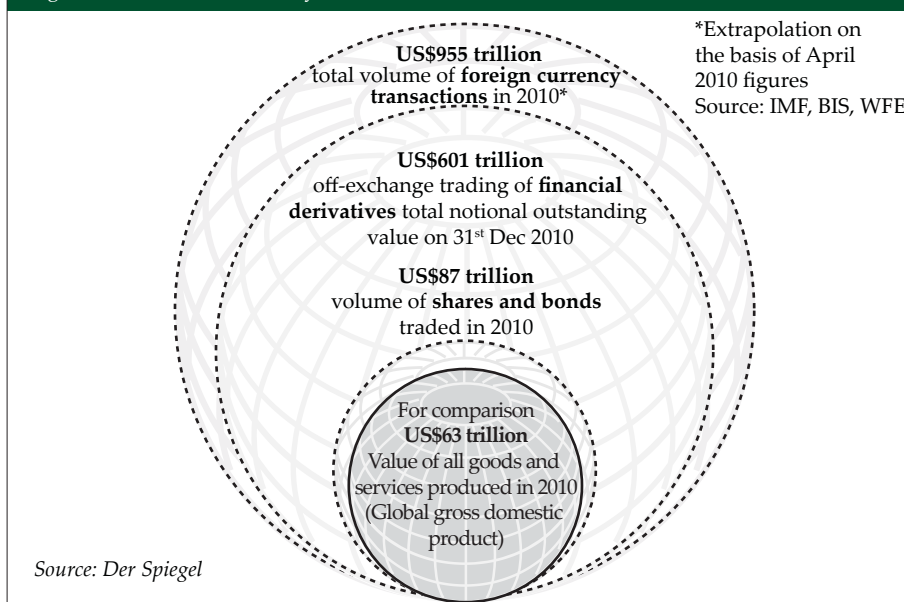
If you think about how most of us learned about Islamic finance, you will find that the majority of us were told that Riba (usury) is forbidden, and that it is one of the great sins in the Muslim faith. No one ever explained why, and generally speaking, the conversation stopped there.

Growing up in the US, we tend to ask a lot of questions. The answer to why Islamic finance is forbidden, as well as why Islamic finance matters, takes a combination of a scholar and an economist to answer.

A scholar may explain that usury creates wealth out of thin air. This act of creating something from nothing is a transgression against Allah (swt)'s divine right.

An economist may explain that usury raises debt, increases inequality, aggregates wealth in the hands of a few, increases poverty and raises unemployment, and how that happens through this method of financing. Guidance has a comprehensive view of the role it presents to the American

Figure 1: Debt-based economy



Muslim community, and the unique solution it has introduced to help them achieve their financial goals without compromising their values. We not only see our role as a financial institution, but we are also a community leader and educator that is socially responsible to represent the American Muslims.

Islamic finance is not simply a manner in which Muslims go about organizing their finances.

When the American Muslims are represented by an institution like Guidance, which maintains a strict code

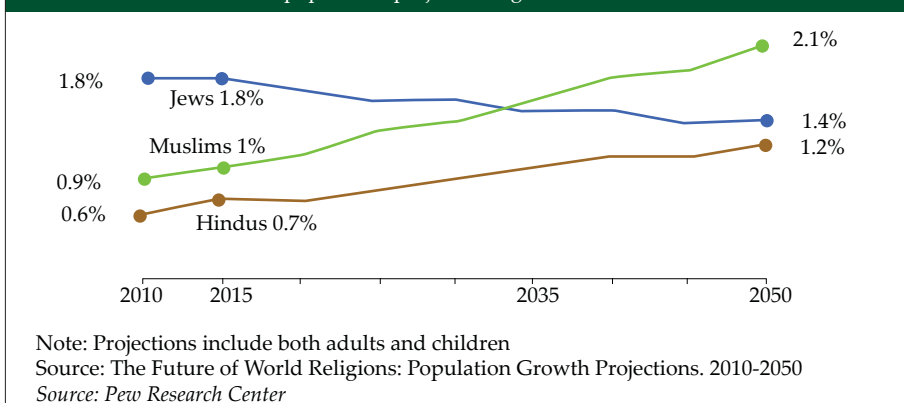
of adherence to the timeless values of Islamic finance while being a socially responsible and forward-thinking organization, we become a vanguard for that community.

As such, we are aware of key pieces of legislation as their implications would impact the financial products that Guidance markets. As a result, Guidance has begun to expand its government outreach and engagement to voice concerns about legislation and regulation that might help or harm the ability of institutions to offer Fiqh (jurisprudence) compliant products in the US.

Guidance utilizes consultants who have begun developing Tier 2 relationships with government officials and other religious communities. Religious finance has long been a part of the US legal universe. The expansion, integration, and protection of Islamic finance within our nation's economic structures must be ensured with the same status as the financial practices of other religions.

Across the US, organizations that engage in specialized Christian, Jewish and Hindu financial practices are extended legal protection to develop their communities and engage their faith. To

Chart 1: American Muslim population projected to grow



Continued

accomplish extending this to the Muslim community, specialists in policies, legislation and government processes are engaged to assist Guidance in presenting its case to the government.

A recent study by the Pew organization revealed a number of characteristics about the American Muslim population that are necessary for developing a plan to accommodate their coming needs. Firstly, Muslims are disproportionately first and second-generation immigrants. They are also disproportionately young.

Currently, their financial status as a group is skewed toward the financial extremes. Versus the overall American community, Muslims on average make more. Yet, a disproportionate number are jobless, most likely from a lack of networks in the business world to take advantage of. And most importantly, American Muslims have more children than the national average.

In concrete numbers, Muslims in the US represent approximately 1% of the total population, around four million people, and that number is expected to double by 2050.

On average, Muslims in the US are financially more secure than the general population. They are also considerably younger than the overall American population, with well over one-third of American Muslims being under 35, against under one-fifth of the overall American people.

What this means is that the average American Muslim is young, has money they will probably be looking to invest and will continue to do so for decades to establish their families and provide for their children's future.

Thus, the work Guidance is doing in securing fair and just treatment for Islamic financial practices in the US is of critical importance.

Guidance's success in promoting Islamic finance not only among the public but also in our government will determine the ability of the young and developing Muslim community to achieve the American dream and achieve financial success while honoring their religious beliefs. (f)

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