



What is Sharia Banking?

By: John L. Terry, III

London is the leading Islamic banking center in the West, and the Netherlands is seeking to overtake London in this regard. Wall Street is becoming enamored with Islamic banking (also known as Sharia banking) and this banking model is rapidly gaining acceptance in the Western world.

Unlike the traditional banking model most Westerners are familiar with, Islamic banks are managed according to Sharia law. The main difference between Western banking and Islamic banking is the Quran prohibits the collection of interest in all monetary transactions, charging fees (and donations) for services provided in lieu of charging interest on loaned capital.

Islamic banks are also governed by a Sharia Advisory Board, which is comprised of Islamic scholars and clerics who are responsible to ensure all of the bank's activities are in strict compliance with Sharia (Islamic) law. Those in favor of Islamic banking believe the Islamic banking system is superior to the capitalistic model of the West, because it is structured around a "strict code of ethics" (based on the Quran) and is prohibited from "exploitative practices" (including the charging of interest).

According to Islamic banking proponents, this allows banking to be an integral part of a moral society (governed by the Quran). In contrast, they believe capitalism is solely focused on money (profit) and this incites greed and the exploitation of others, which leads to the social problems in the West, including the division of classes and unequal distribution of wealth. They also believe the Islamic banking model would rid the West of these social problems and bring about a more equitable and fair society.

Many of the scholars and clerics who sit on these Islamic Banking Advisory Boards come from the more radical elements of Islam, and the educational centers that promote and encourage violence against the West. According to the [Brussels Journal](#), these groups have openly expressed hopes of returning Islam to Europe "as a conqueror" either by preaching and ideological change or "by the sword".

Islamic banks now position themselves as the moral alternative to Western banks, and 3 in 4 Muslims in England prefer sharia-compliant banking products over their Western banking counterparts. In Europe, Islamic banking is now reaching beyond the Muslim community, seeking to become the preferred choice of non-Muslims for banking transactions, citing their products (and banking ethics) are superior to the Western banking system. In London alone, some 20% of inquiries into Islamic banking products is now coming from non-Muslims.

As Sharia banking becomes increasingly accepted as an alternative to the Western model, the opportunity to spread Islamic ideology to non-Muslims increases. According to Sheik Yousef Al-Qaradawi (a leading Sunni cleric, spiritual leader of the Muslim Brotherhood, and head of the fundamentalist European Council for Fatwa and Research), the introduction of Islamic banking into the West will be the vehicle through which Islam will establish a caliphate (Islamic government rule based on the Quran) throughout the world.

According to [Helena Christofi](#) of The Brussels Journal, "Replacing western institutions with a global Islamic order is, in fact, the goal of Al-Qaradawi's Muslim Brotherhood. According to its founder, Hassan

Al-Bana, the Brotherhood seeks to “[reclaim] Islam’s manifest destiny; an empire, founded in the seventh century, that stretched from Spain to Indonesia,” and its 1982 “secret plan” exhorted its members “to channel thought, education and action in order to establish an Islamic power on the earth.” The Muslim Brotherhood is a central link between Islamic banking and Islamic fundamentalism; the first Islamic bankers were members of the Muslim Brotherhood who wanted to use “the structural power of bank ownership” to advance the fundamentalist movement in the Gulf States in the 1970s. Today, its most powerful progeny, the Kuwait Finance House, covertly finances fundamentalist groups in Kuwait and abroad.”

To educate the West, the Islamic Bank USA has created a website (www.islamic-bank-usa.com) to inform non-Muslims about Sharia banking. According to their website, Sharia compliant banking products must be:

1. Interest free
2. Trade-related with a genuine need for the fund in its purest form, so it is therefore equity-related.
3. Ethically directed. Certain areas of finance are permitted, while others are not. For example, funds cannot be provided for liquor, pork, gambling, pornography and anything that Islamic law deems unlawful.

Most products offered through Islamic banks include a profit (mark-up) rather than charging interest on the amount at risk. Islamic banking prohibits trading in debt, so Islamic banks do not issue conventional bonds. Islamic bonds are not interest based, but returns are based on a mathematical formula that links the cash flow (that will be generated by the asset to be purchased) to the cost of the asset itself.

Sharia banking law also requires that a portion of all fees (by some accounts, 20% or more) collected be paid to Islamic charities, which are often fronts for terror organizations (according to Western intelligence sources). This has proven to be a major funding source to move profits from the West to Islamic organizations, and effectively aids in the redistribution of wealth to the Middle East.

WorldNetDaily recently reported concerns expressed by the US Treasury over potential ramifications of Islamic banking institutions seeking to make substantial investments in Western (i.e. US) banks and securities firms. As Islamic institutions gain a financial foothold in the Western banking and investment community, they could exert political pressure or force these institutions to offer Sharia-compliant banking products (which in turn further solidifies Islamic ideology into the West).

Should Sharia banking become the accepted form of commerce in the Western world, the Islamic clerics would have a powerful platform to espouse their ideology and significantly alter how life in the West is lived. The influence and control Sharia banking could impose on life in the US, both in the governmental and private sectors, is considerable.

And once financial control is wrested from the Western banking system, the Golden Rule of Finance becomes the governor of life.

The Golden Rule of Finance simply states, “He who has the gold, makes the rules.” For Europe, it may be too late....and the US isn’t far behind, unless they wake up.