

HABIB AHMED, MEHMET ASUTAY, AND RODNEY WILSON Eds. *Islamic Banking and Financial Crisis: Reputation, Stability and Risks*. Edinburgh: Edinburgh University Press, 2014. X+ 224 pages, illustrations, tables, figures, index. £70.00 Paper ISBN 978-0-7486-4761-3.

*Islamic Banking and Financial Crisis*, edited by Habib Ahmed, Mehmet Asutay, and Rodney Wilson, definitely has merit. The book comes at a time when conventional financial institutions face stress and, in many instances, utter failure as a result of the 2008 global financial crisis. While the book is not designed primarily as a retrospective, it does offer an opportunity for reflection. Among the aims of the volume are to initiate the novice gradually into the complexities of Islamic banking. The writing style throughout is both academic and graceful, and the contributors provide thoughtful contributions on some the major themes in Islamic banking. Even those who are already well informed will appreciate this volume which both retraces familiar issues and contributes much that is new. The inclusion of numerous tables, figures, and concrete examples throughout the book makes it a combination of clarity and vision

Professors Ahmed, Asutay and Wilson devote several pages at the beginning to outline the scope of the volume. Do Islamic financial institutions perform better than their conventional counterparts during periods of financial stress? To what extent do systems for managing risk have to be adapted for Islamic financial institutions given their unique characteristics and the need for Shariah governance? The editors then explain the theory of Islamic banking and dissect it with critical comments of their own and from a broad range of other writers.

The organization of *Islamic Banking and Financial Crisis* is exceptional. The first three chapters are devoted to established and common expositions of the purported core defects of conventional financial institutions. Chapter four is largely a comparative assessment of the relative strengths and weaknesses of Islamic and conventional financial institutions. The four middle chapters focus on risk management in the Islamic financial industry, which constitutes the most established and formidable argument for the soundness of Islamic finance. These chapters critically evaluate substantive risk-management policies and probe their use in Islamic financial institutions. The closing chapters are interesting and provocative, and bring together important themes for future research on Islamic finance. In particular, these chapters provide an excellent springboard for a better understanding of the resilience of Islamic financial institutions. For example, chapter ten emphasizes the actual process of Shariah reporting, which contributes to resilience by insuring that all transactions are in conformity with Shariah principles. The Shariah report is very important as an endorsement of compliance with Shariah principles, and is a crucial mean by which the general public finds information about the extent to which services and products of Islamic finance institutions meet the Shariah requirement.

It is the combination of the earlier reviews with the remaining chapters that gives the book a fresh scheme of organization as well as methodology. All of the chapters mesh quite well. The legal foundation provided by the earlier chapters allows the reader to understand more fully the subsequent examinations of particular activities of Islamic financial institutions.

This is unquestionably a fine book, yet there are still a few aspects that could be addressed in future editions. The volume's target audiences include researchers and graduate students. Academics could assign the book for a course on Islamic finance, but this would have to be a course designed primarily for advanced students because there is no discussion or presentation of basic and essential materials relating to the subtopics of Islamic finance such as the prohibition of interest, the requirement of risk-sharing, and even the main instruments of Islamic finance (Murabaha, Musharaka, Mudaraba). In addition, for a book that consistently offers readers cogent discussions of up-to-date issues and cases, it surprisingly omits

consideration of one of the most important recent developments in Islamic finance — sukuk. The fact that the government in the UK has implemented schemes for sukuk receives little attention from the editors and contributors. Omitting consideration of such an important issue is a missed opportunity. Nevertheless, the contributions in the book provide the reader with useful intelligence on how the Islamic finance industry works and a context for understanding its role in the recent financial crisis.

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