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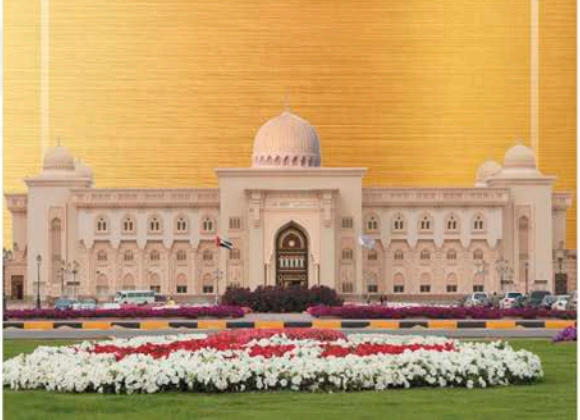

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رؤية للربا من منظور العلمانية: دليل من روسيا

A VISION OF *RIBA* FROM THE PERSPECTIVE OF SECULAR SCIENCE: AN EVIDENCE FROM RUSSIA[1]

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الملخص

في عصرنا الحالي، يُعدّ توقيع عقود الائتمان أمرًا عاديًا للغاية، وهو أمرٌ نمارسه يوميًا. إن تحريم بعض الأديان العالمية للائتمان (إقراض المال بفائدة) لا يؤثر على النظرة الإيجابية العالمية لمعاملات الائتمان لدى عامة الناس. في قطاع التمويل الإسلامي، يُعدّ تحريم إقراض المال بفائدة أحد المحظورات الرئيسية. لا تُقدّم غالبية المنشورات الروسية حول هذا الموضوع سوى تبريرٍ دينيٍّ لهذا التحريم، دون تقديم أي دليلٍ علميّ/دنيويّ على تحريم إقراض المال بفائدة، أو ربما، على العكس من ذلك، على جوازه. وبينما تتجه روسيا نحو تأسيس قطاع تمويل إسلامي، تُصبح مسألة التبرير العلماني لعدم قابلية تطبيق علاقات الائتمان عنصرًا حاسمًا في هذه العملية. تُثبت هذه الورقة البحثية بطلان علاقات الائتمان، من منظور "بيع المال" و"إجارة المال". وتُحلل نسبة 1) فوائد استغلال هذه العلاقات الباطلة (الخاطئة) إلى 2) الخسائر الناجمة عن استغلالها. كما يقترح البحث صيغة جديدة لتمويل رأس المال العامل، وذلك من خلال إصدار سندات إسلامية.

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Abstract

Nowadays, signing a credit contract is something absolutely trivial, something we do on a daily basis. The fact that certain world religions have outlawed credit (lending money at interest) has no effect on the global positive perception of credit transactions by the public at large. In the Islamic finance industry, the prohibition of lending money at interest is one of the key bans. The great bulk of Russian publications on this subject offer only a theological justification of this prohibition, without giving any secular/scientific substantiation of the prohibition of lending money at interest or, perhaps, on the contrary, of its permissibility. While Russia is willfully heading for establishing an Islamic finance industry, the issue of the secular justification of the inapplicability of credit relations becomes a crucial element of the process. This paper proves the invalidity of credit relations, both through the prism of "sale of money" and of "lease of money". The paper analyzes the ratio of 1) the benefits from exploiting such invalid (incorrect) relations to 2) the losses from their exploitation. Also, the paper proposes a new format of working capital financing, namely, through the issuance of Islamic promissory notes.

الكلمات الدالة: الربا، الائتمان، العلاقات الائتمانية، النقد الائتماني، السندات الإسلامية، المضاربة، الصكوك، المشاركة.

Keywords: *Riba*, Credit, Credit relations, Credit criticism, Islamic bond, *Mudarabah*, *Sukuk*, *Musharakah*.

1.0 Introduction

The Islamic prohibition of credit operations, *riba*, originates from religious requirements. But for a secular state, especially for one that is building an Islamic/partnership finance industry, as is doing Russia right now, it is important to have a scientific, logically relevant assessment of legitimacy of interest-based relations. To do that, let us analyze the origin and customs of lending money at interest (credit). A scientific understanding of credit relations means, among other aspects, finding a path of searching for a solution of one of the current problems of the Islamic finance model (IFM) – absence of specialized contracts enabling working capital financing.

In terms of methodology, the article used various methods and techniques of research, in particular, literature search and analysis. Among the specific methods used by the author, we can highlight analysis and synthesis, historical-logical, system and factor analysis, and the method of scientific abstraction.

2.0 Search for Subject-Related Literature

A conventional search by key words for academic literature dedicated to scientific rather than theological criticism of credit or its justification (protection against criticism) in the RSCI (eLibrary.ru/) databases yielded very few results.

For example, 22 articles were found if word combinations with the key words such as "credit, commodity" were used. Only two of them were on the subject in question. Eventually, the search with the use of a variety of key words yielded three articles only. However, consultations with colleagues and scanning the references in the already found publications helped the author to focus on several subject-related papers that deserve consideration. So, all in all, the literature review comprises 19 publications.

Being impressed by the promotion of the outstanding capabilities of the artificial intelligence (AI) technology, the author asked several times one of the popular AI resources to make a list of literature on the subject, writing requests such as: "make a list of scholarly articles, which prove or, on the contrary, disprove that "credit" is a "commodity". Surprisingly enough, AI promptly compiled lists of articles and was indeed fairly reasonable in its comments that said something like "Whether or not "credit" can be regarded as a "commodity" depends on the context and theoretical framework, within which the question discussed. Yet, what was immediately suspicious was that AI did not give the numbers of the journals that published those articles. The author attempted on his own to find websites of those journals and, much to his surprise, found that all the journal names were fictitious. So, it looks like it is yet too early to believe the slogan that AI is a good assistant for a scholar.

3.0 Literature Review

A review of the resulting list of literature shows that the term "credit" was known as far back as in the ancient times and can be found already in discussions between ancient philosophers, most of which were critical about it. For example, the ancient Greek philosopher Aristotle disapproved of credit relations and emphasized the purpose, for which money was invented: "Usury is most reasonably hated because its gain comes from money itself and not from that for the sake of which money was invented. For money was brought into existence for the purpose of exchange..." (Lyausheva, S.A. and Shaov, 2012). Thomas Aquinas, the Italian philosopher and theologian, also disapproved of usury: "… To accept usury for the loan of money is in itself unjust; because this is selling what does not exist"; he also wrote: "Money… was invented chiefly for the purpose of exchange" (Aquinas, 2008). The most solid arguments against credit can be found in the Italian monk Gratian's *Decretum*, the basic source of the medieval canon law. The *Decretum* proclaims that usury: comes from the sin of greed; is a theft of time; is a sin against justice (Dubyansky, 2011). The article also analyzes the confusion of the notions of sin and debt. As long ago as in the 19th century, Max Weber, the German sociologist and philosopher, summed up the views of the ancient thinkers and wrote: "The canonical prohibition of interest…finds its equivalent almost in all of the world's ethical systems" (Braudel, 2006).

In essence, criticism against credit is as follows: since money is not a commodity, it cannot have a price (interest), therefore, usury is a fraudulent operation in trading what does not exist. Some of the authors looked for compromises to bring the existing practice into accord with the theory and classified credits into productive and consumer ones. In case of the former, interest was permitted, while in case of the latter, it was prohibited. It was suggested that under some conditions, when such are fulfilled, the lender may lawfully receive interest for credit, i.e.: compensation of damage caused by a delay in the return of money. In the author's opinion, though, "compensation of damage" can hardly be suggested as an argument to justify interest payments.

Despite criticism and antagonism, credit relations continued existing until on the cusp of the 14th-18th centuries the negative attitude towards them changed to the exact opposite. It would appear that one of the reasons for that was a change in the system of values in the European countries where the biblical values that had existed for more than a thousand and five hundred years were replaced by new, democratic values, the cornerstone being the recognition of a man's right to choose those religious values that he has no intention to adhere to. From that moment, criticism of credit almost completely retired from the scientific/secular public space, remaining only in the field of theology.

In his *Defence of Usury* (1787), the English moral philosopher Jeremy Bentham argues that: "no man ought to be hindered to borrow money on terms he thinks proper to accede to". In his essay *On Interest* (1752), Bentham's compatriot, the philosopher David Hume says that interest is a part of profits, and that interest rates arise from three circumstances: a great demand for borrowing; little riches to supply that demand; and great profits arising from commerce. The French philosopher Charles Louis de Montesquieu believes that "in order for trade to take place, money must have a price, but this price must be low" (Shpaltakov, 2019). According to the German cardinal Joseph Höffner, "Since, as an incentive to saving, interest fulfils an economically important function, it is morally unobjectionable" (Lukin, 2012).

In the last decades it has become impossible to find a finance manual that would question the validity and legitimacy of credit relations. Credit is perceived as something absolutely natural, as a certain axiom that does not need to be justified. For example, "In the market economy, payment of interest for a credit is a re-distribution of a part of the profits received by the borrower to his lender" (Goncharova and Goncharov, 2013). At the same time, there are regular arguments that advocate the right of credit to exist. For example, "A lender gets his interest because he lends a part of his capital to the borrower and, for the period of this credit transaction, can no longer receive his own profit he would have received on the lent capital if no credit had been granted" (Goncharova and Goncharov, 2013). The argument appears to be lame because the authors do not analyze an alternative scenario, when, instead of granting the credit, the lender implements the project on his own.

Moreover, in the professional community itself, credit is sometimes interpreted as “sale of money”, and sometimes – as “lease of money”, but what are the nature and the internal mechanism of such “sale” and “lease” remains obscure.

Instead, all manuals and textbooks explain how to maximize the interest income. As a result, credit relations are highly appreciated by the public at large. For instance, a survey by the NAFI (National Agency for Financial Studies) analytical centre shows that over 70% of respondents think a credit default to be a violation of the law (AiF-Moscow, 23.08.2024).

Nevertheless, despite the absolute dominance of the credit ideology in the field of finance, scholarly disputes about the validity of credit continue, albeit on a modest scale. For example, I. Toprover emphasizes that “money is the product of exchange of commodities and facilitates the exchange of equivalents” (Toprover, 2006). M. Tashtamirov speaks about the destructive role of loan interest on the whole: “Money lent at interest, especially at compound interest, causes an exponential growth of the entire money stock in circulation. There’s nothing to compare this growth with, except for a cancerous growth” (Tashtamirov, 2015). A. Dubyansky argues against credit saying, for example, that “usurers charge fees for the general values, i.e. values belonging to everyone, to be more exact, for time”. He also points out that the sale of commodities is different from their lease relative to credit (Dubyansky, 2012).

It should be noted that alongside scholarly discussion, there are also popular science debates that differ in the degree of emotion and the contestability of arguments. Let us remember some of the most remarkable populist arguments put forward by those who speak against credit. The most popular argument, in the author’s opinion, is as follows: the usurer takes money for time, and time belongs to the Almighty, therefore, monetizing time is a sacrilege. The most plausible argument runs that “White peoples’ practice of lending livestock for feed could give rise to the custom of granting loans at interest ... Credits in the form of livestock — credits in the form of commodity money — were one of the first forms of self-growing capitals” (Toprover, 2007). The most ingenious argument is as follows, “It is hard to imagine what chaos would follow if 1 meter in the metric system in 2012 equaled 45 centimeters in 2000. If a measure of value were expressed in money, it would be normality" (Lukin, 2012).

The review of literature reveals that the basic valid argument against credit is that money is not a commodity and one can't get a consideration for it: no commodity, no price. At the same time, the publications lack a detailed analysis of credit relations from the point of view of the evolution of relations based on the exchange of commodities, the meaning of the term "commodity", and the types of exchange operations (sale, lease). On the whole, it is definite that the age-old discussion on the permissibility/validity of credit relations, whose framework encompassed individual aspects of this problem, furnishes no meaningful and reasoned answer to the question whether or not credit is permissible.

4.0 Misuse of Money

The official term used to denote interest-based relations is credit. A contract stipulating the terms of a credit transaction is a standardized document. The transaction structure outlined in the contract is a sort of exchange operation, hence, to analyze credit, one should first understand how the economic mechanism of the exchange of commodities works. The starting point for the analysis is the process of distribution of wealth created in the human society. There are three main modes of distribution:

(i) misappropriation;
(ii) fraud;
(iii) exchange.

There are two more channels of distribution – inheritance and a find, but they are rather rare, and their economic impact is insignificant, so, further on, they will be ignored.

Out of the three modes of distribution mentioned above, only exchange is acceptable for the bulk of the society, because it rests on the equitable participation of all members of the society, unlike in case of fraud or misappropriation where one member has a priori some advantage and makes use of it to his own benefit.

Before the emergence of states (power structures), the main drivers for the distribution of wealth for the most part of the human history as we know it were misappropriation and fraud. The situation gradually changed with the development of the state power institutions tasked to maintain certain order among the population.

Let us look at the required elements indispensable for any exchange operation: people, i.e. participants of the exchange, commodities, i.e. things that are exchanged and information about commodities.

In terms of a specific individual, exchange is a tool that serves the individual's purpose – to exchange one thing for another, whereas in terms of the entire society, exchange operations serve to accomplish an important social objective – to obtain prices for commodities that are as fair as possible, i.e. that are acceptable for most members of the society. Hence, if all people participate in exchange operations, all commodities available in the society will be involved in the exchange, people will be able to receive all information about commodities and the obtained prices for commodities will be as fair as possible. Exchange procedures must be arranged in a way so as to comply with the requirements for the security, promptness, simplicity and low cost of the transaction.

In the infancy of mankind, people just exchanged one commodity for another. But that was not safe and the result of the exchange – the ratio of exchanged commodities – could not be regarded as accurate and was unlikely to be the same in the next transaction. Obviously, people always sought to simplify, lower the cost of the procedure of the exchange, accelerate it and make it safer. The only way that was invented to increase the efficiency of exchange operations was to introduce an equivalent in exchange practices, first a commodity equivalent, and later on, a money equivalent.

The introduction of equivalent commodities in exchange operations made prices more accurate. But the human society continued evolving. With the time, the number of people who participated in exchange operations, the amount of exchanged commodities and of the available information grew. At some stages, the increase in the quantity of the aforementioned factors transitioned into quality, and then, the society needed another upgrade of the exchange procedures. Each time such an upgrade appeared to be some improvement of the exchange equivalent. With certain assumptions, the equivalent evolved as follows: barter, commodity equivalent, precious metal, gold/silver coins, metallic money made of non-precious metals, paper obligations (money), non-cash money, digital currency.

Accordingly, money is a thing that has been invented to upgrade the exchange procedure. However, as often happens in life, a thing created for one purpose is used by people for another one. That's just the case: money invented in order to upgrade the exchange procedure is being used as a commodity. Though, let's say it once again, originally, money was not supposed to be a commodity.

At present, the elements of the exchange process are: exchange operation participant (seller, buyer), commodity, money (universal exchange equivalent), information and state (in the first place, as the maker of laws that regulate exchange operations).

The evolution of mankind, let's stress it again, could not but have its impact on money, too. At first, it was about commodity money, which then was replaced by the so-called fiat money that is the issuance of obligations by someone that is trustworthy or has power in society. Hence, money has been invented in order to make the mechanism of exchange operations more effective. Any use of money in any other capacity (especially, as a commodity) changes the money stock and the demand to supply ratio and, as a result, distorts prices.

To illustrate what has been stated, let us take an example comprising three elements. 1) In a state without any financial sector, real commodities in circulation are worth 1 billion rubles. The money turnover rate is two turnovers per period. Money printed for servicing the commodities is worth 0.5 billion rubles. Demand and supply meet at equilibrium. 2) Now, let us assume that the state sees an active evolvement of credit relations. That means that very quickly money becomes a commodity and the state must add to the value of its money stock up to 1.5 billion rubles. The money stock remains the same (0.5 billion). The equilibrium that existed is broken: the amount of commodities has grown but the money stock has not. In this case, the value of money should be expected to rise and, as a result, prices for commodities should be expected to fall on the whole. 3) Now, let us assume that the state decides to abandon the practice of credit relations. The money stock shrinks because the money that is no longer a commodity stops existing. The money stock remains the same. In the end, the equilibrium is broken again, but this time it is the value of commodities that rises, which eventually makes prices grow on the whole. This primitive example gives reason to expect similar changes in the economy of a country that is apt to completely re-engineer its economy according to the Islamic finance standards. However, reducing the money stock and accelerating money turnover can be seen as countermeasures against a rise in prices.

5.0 Credit is a Voluntary Undertaking: No Interest, No Credit

Returning to the key topic, it is important to define the meaning of the term "commodity". According to the most common definition, a commodity is a thing produced: not for personal use, but for exchange. Naturally, in this context, it would not be correct to regard money as a commodity. Money is not a commodity even if it is used as such. It is true that money was not invented for personal use (1), nor for exchange as such (2), but rather to improve the exchange procedure.

Since there are two types of commodities: those consumed in full and those consumed in part. Fundamentally, there are two transactions that can be carried out with commodities: sale and lending (delivery of possession). Accordingly, there are two types of contracts:

- full sale of a commodity, which implies the transfer of title to the commodity to the buyer (sale as such);
- sale of only the right to use a commodity without any transfer of title to the commodity (lease)

So, to understand the role of money as a commodity, one should answer two key questions:

- is it permissible to sell money?
- is it permissible to lease money?

An affirmative answer to at least one of these questions will support the scientific validation of credit transactions. However, let us point out at once that the most obvious issue about credit transactions is that credit is exchange of one and the same thing (money) whereas exchange implies, in fact, two different exchanged items. Therefore, technically speaking, credit is neither sale nor lease but lending.
Let us analyze each aspect individually.

5.1 Validity of sale of money

a) Based on the characteristics of the first type of commodities, a situation when money is fully consumed after an exchange operation can be considered to be sale of money. For example: food was offered for sale, the food was bought and eaten, i.e. consumed. In other words, purchase of food can be presented as the following scenario: “bought – consumed”.

But when it comes to the sale of money, when the borrower receives money, he does not eat it or melt it or saw it up, but he spends it to buy what is necessary. I.e. the generally accepted meaning of the word combination “full consumption” (a change of the physical state) changes by default for a different meaning “buying what is necessary”. The ultimate consumption is replaced with an intermediate operation, namely, buying. And here there is a different scenario: “bought – bought – consumed”, or, “bought (money) – bought (real commodity) – consumed (processing of the bought real commodity)”.

The word “consumed” will not refer to money but to the real commodities bought for this money. Accordingly, there is no basis to attribute the sale of money to commodities that are “consumed in full”. Hence, it is not correct to classify credit transactions as “sale of money”.

b) Another important property of a commodity consumed in full is that after the exchange it fully goes out of circulation. Money, on the contrary, does not go out of circulation after an exchange operation and continues to be used to service the process of exchanging commodities. This means that, from this point of view too, money cannot be classified as things “consumed in full”, hence, its sale is not valid.

5.2 Validity of lease of money

a) The moment the buyer hands money over to the seller, the buyer ceases to be the owner of the money. But the key element of lease is that the sellers reserves the right of ownership to the leased item (money, in this case). A person holds the right of ownership to money while he is holding it in hand (in pockets, in the wallet, etc.) or on a bank account. Once money is handed over/transferred, it is owned by a new owner. This is because in social practice it is not customary to keep a register of owners of money in cash. In any case, if the buyer loses the right of ownership to money, credit cannot be referred to as lease of money.

b) In the context of leases, the lessor bears the owner's risks: the leased item requires overhaul maintenance, or it can be subject to deterioration, and an appropriate infrastructure needs to be supported (for example, when leasing vehicles, the lessor continues paying for the vehicle storage location). Fairly enough, the lessor receives lease payments that cover, as minimum, depreciation and costs related to the aforesaid owner's obligations. When granting a credit, the lender does not bear expenses similar to expenses of the owner of real property, as is illustrated in the example. The lender does not have to charge depreciation on the credit, or worry that the credit is subject to deterioration or requires overhaul repair, etc. Hence, in case of credit there is no reasonable basis for "lease payments for money" (interest payments), which once again speaks of invalidity of lease of money.

c) In leases of real commodities, the lessee is limited in using the leased assets. The lessee cannot do anything he wants with the leased assets. Generally, lease contracts stipulate in detail for what purposes assets are leased and what exactly the lessee has the right to do with the leased assets. Nothing of this applies to credit (lease of money). The borrower may use received funds at his discretion, especially in case of working capital credits. Yet, for the record, banks usually deal with this by requesting the borrower to present a detailed business plan and by blocking transfers if the plan is not observed.

d) Let us also note that the lessor understands in advance the lessee's target business capacity and income (because the lessor knows the characteristics of the item leased). In case of credit, the lender may not know this because the lender cannot have absolute certainty about how the credit amount will be used.

Based on the above, the author confidently draws a firm conclusion: there is no basis to recognize sale and/or lease of money as valid operations. As to any rule, there are exceptions to this conclusion, too, i.e. there are situations when sale/lease of money may exist. However, this is only possible under specific conditions when money is a real commodity, which is foreign to the nature of money.

For example, the lender lends not just 100 rubles but a banknote with the face value of 100 rubles and a certain serial number. The credit contract stipulates both the face value and the number of the banknote. Then, the borrower undertakes to return to the lender exactly that banknote that has been lent to the borrower. In this case, we deal with a specific, real leased item, the right to use which is first transferred and then returned. This is proper lease (of the banknote), the lessor accepts the risks associated with the banknote (deterioration) and, for this reason, has the right to charge a fee. The fact that the face value and the serial number of the banknote are stipulated in the contract guarantees that the lessor reserves the right of ownership to that very banknote. Another example is sale of a rare or collector coin or banknote. In this case, the transaction price will be justly different from the face value.

By their frames and conditions, these exceptions only accentuate the validity of the conclusion made above. Returning to the two posed questions, it should be added that the modern (fiat) money is obligations. In other words, it is debentures (commonly, of central banks) securing an appropriate value. Then, credit is, in fact, exchange of obligations with different face values. Accordingly, the next question is whether an obligation can be a commodity. Yes, it can, but an obligation is debt and in debt relations what must be returned is only what has been borrowed, without any additional payments. But credit is exchange of obligations for unequal amounts. This is another argument against the validity of a credit contract.

To sum up the analysis, it can be argued that credit transactions resemble sale and/or lease of money merely in appearance and, by their nature, do not correspond to the characteristics of these transactions. Credit operations can be rather attributed to a corrupted (improperly modified) loan contract. Being invented for one purpose (to facilitate exchange), money, in fact, has been adapted to be used for other purposes. It is hard to blame anyone for that because credit is a simple, convenient and easy-to-understand universal mechanism that well accords with market relations and is effective in motivation management. Given all these properties, it is little wonder that no one is concerned about the actual mismatch between the form and substance of credit relations.

Summarizing the above, it can be stated that: benefits from incorrect use (misuse) of money appear to outweigh significantly potential losses (primarily, not financial costs but logical and technical losses). Therefore, it is reasonable to assume that the prohibition of riba will result in more complex and costly financial operations. This conclusion is substantiated in practice: indeed, attempts to implement Islamic contracts in real-world contexts sometimes complicate the process of the exchange of commodities, and in particular, fund-raising procedures, and, as a result, raise the prices of end products. However, the IFM is not based on the profit maximization principle, consequently, the amount of costs on the transition to the model is a very secondary matter, both for the financial regulator and for all those market participants that aspire to establish the IFM in reality, and not in appearance.

6.0 Working Capital Financing

In particular, prohibition of riba complicates the process of working capital financing. One of the working capital financing mechanisms, most widely spread in practice, that, in appearance, is, but, in the essence, is not *Shari'ah*-compliant, is the so-called *tawarruq*: a series of contracts, in the performance of which a bank buys metal and immediately sells it at a higher price and on an instalment plan to the customer (borrower), the customer immediately re-sells the metal (usually, to the same party, from which it has been bought), and, in the end, the customer has money and an obligation to the bank, and the bank has an obligation on the repayment of debt plus interest for the credit, albeit not explicit.

In the IFM, besides *musharakah* (contribution to the charter capital) there are two types of contracts that allow financing the counterparty: *mudarabah* and *sukuk*. Both contracts are, in essence, loans with conditions. Let us recall that:

- *Mudarabah* is trust financing (without pledge) of a company's business; the financier accepts the risk of receipt or non-receipt of profits depending on the company's performance and, accordingly, has the right to a part of profits;

- *Sukuk*, also, is often trust financing through the issuance of bonds, for which there are agreed regular payments conditioned on the financial output of a project, asset, etc.

Consequently, it can be assumed that a third type of loan is possible – also conditioned on the financial result. Since it is about working capital financing (wages, taxes, raw materials, etc.), the organizational output of such financing will be the enhancement of the efficiency of the utilization of working capital, which may result either in maintaining the current scale of business or even in improving business parameters. In this case, the financial result, on which a consideration for the loan may be conditioned, can be an increase in profits or, as alternatives: an increase in revenues and in the added value. One of the said options can be selected depending on the business profile.

As *mudarabah* is an ordinary contract and *sukuk* is the issuance of debt obligations (bonds), it is proposed to execute a contract for working capital financing (considering quick working capital turnover) in the form of a promissory note providing for the payment by a fixed date of the loan amount and a percentage of the promissory note maker's financial result. While *sukuk* is commonly referred to as "Islamic bonds", a contract for working capital financing can be called an "Islamic promissory note". The proposed approach suggests a set of three loans that can serve well for a variety of financing aspects (see Table 1).

At the same time, the hardest part, in the author's opinion, about the transition to Islamic contracts or about the launch of new types of contracts is the psychological adaptation of the financier: instead of receiving a fixed consideration, whatever is the borrower's performance, the financier should get used to accepting the risks of the borrower's business and be satisfied with a percentage of the financial result. This can be done by increasing the cost of misuse of money (as an instrument of fraud), which implies, in the first place, improving the financial literacy of potential customers and participants of the IFM while focusing on the objective of doing business in compliance with Sharia laws. Furthermore, it makes sense to consider reducing significantly the tax burden, above all, the income tax, for Islamic financial institutions (versus conventional ones).

Table 1: Comparison table of contracts based on lending transactions

Contract	Object of financing	Type of financing	Participation in business management	Contract basis	Sharing of profits and losses		Performance indicator	Source of consideration (financial result)	Issue of securities	Contract term	Fund-raising period
					Sharing of profits	Sharing of losses					
1. *Mudarabah*	Equity capital	Trust financing (no pledge)	No	Contribution to the capital	Yes	No	Profits	Percentage of "profit after tax"	n/a (contract)	Options are possible, including open-term contracts	Mid-term
2. *Sukuk*	Property, plant and equipment	Trust financing option: pledge	No	loan	Yes	No	Profits	Percentage of "profit before tax"	Bonds	Limited term	Mid- and long-term
3. "Islamic promissory note". A new type of contracts for working capital financing (proposed)	Working capital	Trust financing (no pledge)	No	Contribution to the capital	Yes	No	Increase in profits	Percentage of "profit before tax"	Promissory note	Limited short term	Short-term
For reference:											
Musharakah	Charter capital	Trust financing (no pledge)	Yes	Contribution to the charter capital	Yes	Yes	Profits	Profit after tax	Shares	Open-term	Mid- and long-term

Author-developed

7.0 Conclusion

Money was created with the aim of increasing the efficiency of the mechanism of commodity exchange transactions, but in fact it is used as a commodity itself. The use of money as a commodity changes the volume of the commodity mass, and accordingly changes the relationship between supply and demand, which, as a result, distorts the price level in society. There are no grounds to recognize the sale and/or lease of money as correct transactions.

The benefits of incorrect use of money turn out to be significantly greater than the possible costs (which are mainly not financial, but logical and technical in nature). It is proposed to formalize the contract "for replenishment of working capital" in the form of a bill of exchange, under which it is assumed that the loan amount and a share of the financial result of the bill-issuing company will be paid by the established date. Considering the practice of calling *sukuk* "Islamic bonds", it is proposed to call the contract for replenishment of working capital an "Islamic bill of exchange".

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