Naẓarīyat al-Mukhāṭarah fī al-Iqtiṣād al-Islāmī: Dirāsah Ta'ṣīlīyah Taṭbīqīyah (Risk Theory in Islamic Economics)

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"Risk" is one of the key concepts in understanding modern Islamic economics. Its importance does not only stem from its place in the classical *fiqh*, but also from its close relation to discussions in modern Islamic finance about permissible *ḥalāl* (gain) and *ribā* (usury). Risk has been seen as one of the key differences between *ribā* and non-*ribā* transactions and conventional finance and Islamic finance mechanisms. While modern economics aims to eliminate the risk entirely, principles of Islamic economics aim to establish a balance among parties through risk sharing. Because gaining money from money is *ḥarām,* the risk issue is more critical in debt-based finance. In this context, it's a controversial issue among Islamic finance scholars that Islamic banks take several precautions to completely eliminate the risk from their transactions – although Islamic finance is known as a profit-loss-sharing system.

Adnan ʻUwaidah's book *Risk Theory in Islamic Economics*, which is based on his doctoral dissertation, aims at theorizing risk in a legal and economic framework and explaining its functions. The book, which claims to be the first academic book about risk from the Islamic legal point of view, consists of an introduction and six main chapters. The author has a PhD from the Department of Islamic Economics and Islamic Banking at Yarmouk University in Jordan, which is one of the leading institutions in this field. He shows his mastery of the topic through his academic approach to the issue, use of legal terminology, and a vast bibliography that includes classical and modern resources.

The author starts the first chapter, entitled "Essence and Notion of Risk Theory" by reviewing the related literature and pointing out his own contributions. Then, he focuses on the risk theory from the perspectives of *fiqh*, economics, and Islamic economics and explains the basic concepts that are commonly referred to in the rest of the book. Then, in the second chapter entitled, "Foundations of the Risk Theory," he develops a risk theory using evidence from the Qur'ān, Sunnah, legal maxims (*al-qawāʻid al-fiqhiyyah)*, legal texts, and economics. He presents the goals and conditions of the theory and provides some examples from the classical *fiqh*. The third chapter, "Implementations of the Risk Theory in the Fiscal *Fiqh* Tradition," is about risk applications in *fiqh al-muʻāmalāt* (Islamic jurisprudence of transactions). The author investigates different types of risk in different legal contracts such as *bayʻ* (sale), *ijārah* (lease), and different types of partnerships. In this chapter, he also examines the relationship between risk and *ribā*. The fourth chapter, "The Risk Theory and Distribution," deals with the relationship between risk theory and wealth distribution – concentrating on the role of the risk theory in wealth distribution, responsibility of expenditures, and the distribution of profits. The author argues that the risk is one of the legal foundations of wealth distribution. In the fifth chapter, which is entitled "Implementations of the Risk Theory in the Banking Transactions," the author examines the theory as it affects modern Islamic banking in practice. He evaluates transactions such as venture capital, savings accounts, investment accounts, *murābaḥa* (cost-plus financing), *tawarruq* (reverse *murābaḥa*), *mudāraba muzdawijah* (double *mudāraba*), *ijārah* (renting/leasing), *al-iʻtimād al-mustanadī* (letter of credit), and *khitāb al-damān* (bank guarantee) from the risk perspective. In the last chapter, "The Implementations of the Risk Theory in the Capital Markets," the author analyzes stock market transactions such as *al-taḥawuṭ* (hedging), *al-khiyārāt* (options), *al-mustaqbaliyāt* (futures), and *al-muqāyadhāt* (swaps) and criticizes some current applications of such transactions from the risk perspective, and he deals with the concept of "speculation." In the concluding chapter, 'Uwaidah summarizes the results of the study in related contexts such as Islamic banking and capital market transactions. Lastly, he shares his practical recommendations regarding the risk theory with the readers.

The author's risk theory is based on the legal maxims outlining the relationship between risk bearing and profit such as *al-kharāj bi al-ḏamān* (any benefit must be accompanied with liability), *al-ghunm bi al-ghurm* (earning profit is legitimized only by risk sharing) – also on rights responsibilities, deed reward, and investment-return balance. His approach is parallel with the classical legal framework. According to the classical approach, there should be direct or indirect risk bearing in transactions for *ḥalāl* (permissible) profit, otherwise the profit becomes *ḥarām* (impermissible). Risk is the main difference of a typical commercial transaction from *ribā,* which does not include return risk in theory. The author correctly submits that the maın wisdom for the impermissibility of *ribā* in investment is lack of the risk element (131). Thus, risk is necessary for the *al-salāmah al-shar'iyyah* (legitimacy) of the investment contracts, and there is a close relationship between the deservedness of profit and risk (15). Through relevant examples, he tries to present a holistic and logical framework on the basis of justice, which is very important and constitutes a positive contribution to this field of study. Not only does he deal with legal matters, but also with issues that relate to fair distribution of resources, justice, and social functions.

It is pertinent to add that 'Uwaidah's work is not only a descriptive but also an analytical and critical study. The author sometimes criticizes existing theories and practices from the legal point of view, and he shows with his evaluations that he has a substantial *fiqh* background. Also, he evaluates and analyses counter opinions successfully (159–72). It is important to add that his conclusions are moderate and based on evidence and logic, evaluating the subjects through classical and modern examples. Occasionally, he refers to Western researchers and the place of risk in the conventional banking system (77–82, 134–35). In addition, his evaluation of modern Islamic financial institutions and transactions in the stock markets makes a very significant contribution to the literature. At the end of the book, he makes a very important point in relation to sustainable practices in the Islamic banking industry. He observes that instead of debt-based products, risk bearing and profit-loss partnerships will ensure justice and contribute to increased output and development. Seeking a risk balance, Islamic banks can free themselves from *murābaḥa* domination through well-structured equity-based products, which are in line with Islamic principles and in the long run contribute to the social and economic well-being of society. On the other hand, if the author had taken a step further to illustrate some of his excellent theories contained in the book – using charts and relevant statistics from different Islamic banks' risk mitigation practices – it would have added more value to the book. Such added value is essential in contemporary research in Islamic finance to bridge the gap between theory and practice, and establish the relevance of the research to the practice of risk management in the Islamic finance industry.

This kind of contribution is very important in other fields of Islamic finance, because without a holistic approach and theoretical perspective, it is impossible to see the big picture of current trends in the industry. Thus, rather than a pure legalistic and minimalist perception, we need holistic approaches to issues in the field of Islamic finance in order to arrive at sustainable decisions that will positively impact current practices. Moreover, analyzing the new Islamic finance contracts from the risk perspective is very important, because without this approach it may be difficult to differentiate these contracts from others that are commonly used in the conventional banking system.

'Uwaidah's study is very helpful for researchers and practitioners in the Islamic finance industry and Islamic law in general to understand the importance of risk in financial transactions. This book opens the gate for new and more specific studies on the concept of risk. A similar work produced in English on the Islamic finance alternative – *Risk Sharing in Finance: The Islamic Finance Alternative* by Zamir Iqbal, Abbas Mirakhor, Hossein Askari, and Noureddine Krichene – has just been published. Understanding of risk in Islamic finance is highly important, and we need more studies on this subject to be produced by hardworking scholars like 'Uwaidah and others. For these reasons, I would wholeheartedly recommend the translation of the book from Arabic to English as a great opportunity for English-speaking people to increase their understanding of this subject.

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