

PRINCIPLES OF ISLAMIC FINANCE AND THEIR ROLE IN THE MODERN ECONOMY**Kakhkhorova Mashkhura Bakhrom kizi**

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Annotation. This article analyzes the theoretical foundations of Islamic finance, its core principles, and their role in the modern economy. The study examines key concepts such as the prohibition of interest (riba), risk-sharing, asset-backed financing, and ethical responsibility. It also highlights the differences between Islamic finance and conventional financial systems, as well as its role in ensuring economic stability. The findings suggest that Islamic finance can serve as an alternative solution to contemporary economic challenges.

Keywords: Islamic finance, riba, mudarabah, musharakah, sukuk, economic stability, Shariah principles.

Аннотация. В данной статье анализируются теоретические основы Исламские финансы, их ключевые принципы и роль в современной экономике. В исследовании рассматриваются такие основные понятия, как запрет Риб (процента), распределение рисков, финансирование, обеспеченное реальными активами, а также этическая ответственность. Также освещаются различия между исламской финансовой системой и традиционными финансовыми системами, а также их роль в обеспечении экономической стабильности. Результаты исследования показывают, что исламские финансы могут служить альтернативным решением современных экономических проблем.

Ключевые слова: исламские финансы, риб, мудараба, мушарака, сукук, экономическая стабильность, принципы шариата.

In recent years, Islamic finance has become an important component of the global financial system. Its main characteristic is that it is based on Shariah principles and prioritizes ethical norms in financial activities. The Islamic finance system aims to promote interest-free economic relations, ensure fair distribution, and strengthen the connection with the real economy. Today, this system is widely used not only in Muslim countries but also in developed economies, where it is recognized as an alternative financial model.

In the modern economy, financial crises, speculative operations, and social inequality remain pressing issues. Islamic finance offers solutions to these problems through interest-free financing, fair risk and profit sharing, and operations based on real assets. Therefore, it plays a significant role in ensuring economic stability.

There are various approaches in the academic literature on Islamic finance. In particular, Muhammad Umer Chapra and Habib Ahmed consider Islamic finance as a moral economic system and emphasize its role in ensuring social justice. Muhammad Ayub, on the other hand, analyzed Islamic financial instruments from the perspective of economic efficiency. In contemporary research, Islamic financial tools are viewed as instruments for economic stability and financial diversification. Overall, the literature review shows that Islamic finance is not only religiously grounded but also economically well-founded.

Islamic finance is based on several fundamental principles. First, the prohibition of Riba means that earning income through interest is not allowed, which prevents financial exploitation. Second, according to the principle of risk-sharing, profits and losses in financial transactions are distributed fairly among participants. Third, all financial operations must be backed by real assets. Fourth, gharar

(uncertainty) and maysir (speculation) are prohibited. Fifth, financial activities must serve social interests and comply with ethical norms.

At the same time, there are several challenges in the development of the Islamic finance system. First of all, integrating a financial model based on the prohibition of Riba with the conventional financial system is complex. This is because the global financial market largely relies on interest-based mechanisms, which creates certain limitations for Islamic financial institutions in a competitive environment.

In addition, the lack of a well-developed legal and regulatory framework is another important challenge. In many countries, there is no separate legislation for Islamic finance, or it is not sufficiently developed. As a result, the implementation of instruments such as Murabaha, Mudaraba, and Musharaka often faces legal uncertainties.

Another significant issue is the shortage of qualified specialists. Islamic finance requires specific knowledge and skills, meaning that professionals must have a deep understanding of both economics and Shariah principles. Therefore, the lack of highly qualified experts slows down the development of this sector.

Moreover, the low level of financial literacy among the population is also a considerable problem. Many consumers do not fully understand the nature of Islamic financial instruments and cannot clearly distinguish them from conventional banking products. This leads to slower growth in demand for Islamic financial services.

In addition, in some cases, there are debates regarding the full compliance of Islamic financial instruments with Shariah principles in practice. In particular, certain types of Sukuk resemble conventional bonds, which has led to academic discussions. This situation may negatively affect investor confidence.

There are also challenges related to technological development. Islamic finance is not yet sufficiently integrated into digital finance and fintech sectors. The share of Islamic financial products in modern banking services, mobile applications, and digital payment systems remains relatively low.

The research findings indicate that the Islamic finance system plays an important role in the modern economy. Its main advantages include ensuring economic stability, strengthening social justice, reducing financial risks, and supporting real economic activity. At the same time, it has strong potential to develop globally as an alternative to the conventional financial system.

In conclusion, for the effective development of the Islamic finance system, it is essential to improve the legal framework, train qualified specialists, enhance financial literacy, and widely implement innovative technologies. Addressing these challenges will enable Islamic finance to secure a stronger position in the global economy.

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