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## The promotion of *Isrāf* and *Tabzīr* Through Islamic Finance -A myth or Reality

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### Abstract

Focusing on wants rather needs and taking them as an important goal of the life, is called consumerism, which leads to buying of goods and services more than they are needed and spending money in luxury brands just to show of being occupying a special social status and wasting the economic resources in useless activities. On the hand, the conventional shape of linear economy is based on Hotelling's theory, i.e., take, make, yield, and destroy, which is constantly having adverse effects on human lives and the environment. Islam being a moderate religion and code of life, Islam considers such behavior *Isrāf* and employs its every effort to uproot it from society. Yet, the present shape of Islamic finance, has being designed being a financial system will have both the desire and every effort to bring more and more products into the market, and to offer its services to the client as much as possible. However, the question raises here is, does this attitude of Islamic finance leads to promote *Isrāf* and consumerism? And what steps are being taken to prevent this behavior and what more should be done? The purpose of this study is to find an answer to this question by conducting a comparative and analytical study of the current shape of the Islamic financial system.

### KEYWORDS

*Isrāf*; *Tabzīr*; Islamic finance; Islamic banking; consumerism.



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## Introduction

### 1.1. (Study background, field, and research question)

Islam is a religion of moderation, in which there is no room for both extremism and heresy, Also, to facilitate the human being and making their life easier, is one of the main objectives of the Sharī'ah law. But at the same time, Isrāf & Tabzīr (Excessive behavior), waste of wealth and time is also a highly undesirable act in Sharī'ah.

In the present age, since materialism became a popular vogue, due to which the human being has become a money-making machine which's only purpose is to get maximum money, materialistic luxuries, and conveniences and unfortunately most, if not all, financial systems and institutions are recklessly revolve around the same axis. Since their main object is to make maximum accumulation, they devote all their energy to satisfying the vein desires of the clients.

On the other hand, the current conventional financial system is based on Hoteling's 1931, rules, led by linear economy that had adverse effects on the human life and environment.

However, Is this the same case with Islamic financial institutions? Or we could consider their role differently? no doubt, most of Islamic financial institutions are very careful about the Sharī'ah compliance of their transactions, yet the question is, is it enough for the Islamic financial industry that its activities are Sharī'ah-compliant? Or the Islamic financial system should go one step further and make every effort to adhere to all aspects of the Sharī'ah objectives and adorn the industry with every attribute that would make it an ideal financial system., precisely to focus on sustainable development (SDGs)which is adhere to ecological footprints. Because the rise of the current shape of Islamic finance is in response to the prevailing conventional financial system which is undoubtedly an illusion to maintain the political dominance of the colonial powers. Hence, they will have to focus on introducing more Sharī'ah compliant products. In resultant Islamic finance become as a Ḥalāl subset of the linear economy paradigm in a more specific mode, For example, a person, i.e. A has got a car financed by Islamic Finance in 2020. Now in 2021, the same person wishes to go to Islamic Bank for obtaining finance for a higher model car (which is the price, the volume etc., is higher than the previous car in every respect)

Will it fall under the category of Isrāf & Tabzīr (extravagance and waste) or promoting capitalist mentality?

The purpose of this paper is to analyze the current situation considering the principles of Islamic finance and to find the answer to this question.

## **1.2. Problem statement**

Despite being a nascent system, Islamic finance is the fastest-growing financial system in the world, which has established its position in both Muslim and non-Muslim worlds through its Divine Guided Principles, Realistic Approach, Moderate Procedures and Best Products.

Unlike other traditional financial systems, Islamic Finance is not involved in the trading of fictitious assets and contracts, just to hunt more customers, rather it determined to offer the products and services that are real, balanced, Sharia compliant, ethical values and Eco-friendly.

The focus of the study is on finding an answer to the question that " whether Islamic finance is involved in promotion of extravagance/ Isrāf and Tabzīr?

## **1. 3. Objectives of study**

Introducing Isrāf and Tabzīr and proving that Islamic finance cannot promote Tabzīr (according to its popular meaning) at all because every business activity of Islamic finance must be Sharī'ah compliant.

2. Most cases of Isrāf are also unlikely to get promotion from Islamic finance, yet there is a possibility of one case, but in practice this has not happened and will not happen in the future.

## **1. 4. Research methodology**

The study follows analytical and comparative. As it, after the literal and Sharī'ah analysis of Isrāf and Tabzīr, the Islamic and conventional finance have been compared in regarding of promotion of extravagance.

## **1.5. Literature review (Rational of the Study)**

Despite being an adolescence, Islamic finance has undoubtedly succeeded to attract the attention of a large number of researchers, therefore, a corner of it without scientific work hard to be found, furthermore, a valuable scholarly work has been done in different languages regarding Isrāf and Tabzīr /extravagant.

However, the novelty of this study is that it looks at Isrāf/ extravagance in the context of Islamic finance, and tries to find a logical

positive or negative relationship between Islamic finance and Isrāf/extravagance?

### 1.6. Literature review (Rational of the Study)

Despite being an adolescent, Islamic finance has undoubtedly succeeded to attract the attention of a large number of researchers, in various countries and languages. Therefore, no corner of Islamic finance is left without considerable scientific work, also, much has been and will be written regarding Isrāf and Tabzīr /extravagant from various aspects, either generally or in detail, for example:

According to Jamīlah, (1976)<sup>1</sup> and Sharī'atī (1979)<sup>2</sup>, traditional economic philosophy has designed the consumerism of society to be separated from religion. Thus, consumerism and modernity in accumulating wealth (not believing in the hereafter), and humanism (where more significance is given to human ability and wisdom) are very basic elements. Also, "Wasatīyyah-Consumerism Ethics in Al-Qur'ān."<sup>3</sup>, "A study on Islamic consumerism from a cultural perspective: Intensification of Muslim identity and its impact on the emerging Muslim market."<sup>4</sup> "Islam Versus Consumerism and Postmodernism in the Context of Iran"<sup>5</sup> "Muslim youth and consumerism: a study of Islamic Street wear."<sup>6</sup> "A Comparative Analysis of Concepts "Consumerism", "Isrāf" and "Tabzīr" in Conventional and Islamic Economics."<sup>7</sup> And Theory of Consumer Behavior: An Islamic Perspective<sup>8</sup>. are noteworthy.

Some researchers, on the other hand, have coined the term Islamic consumerism. for instance, Harjin & Abd.Gani,<sup>9</sup> (2008); Razak, Dali, & Pengurusan,<sup>10</sup> (2012). And many others discussed consumer behaviour in detail from an Islamic perspective (Khān, 1992)<sup>11</sup>. Khān believes that a Muslim should always be committed to ethical and Islamic norms while spending goods and services. and should always give priority to Maṣlaḡah rather than being enchanted by satisfaction to fulfil limited wants.

They believe that the concept of Islamic- consumption In Islamic economics, denotes that the consumers are considered rational when they spend their income to maximize their material satisfaction on an equal footing with their spiritual satisfaction.

However, the novelty of this study is that it looks at Isrāf/extravagance in the context of Islamic finance, and tries to find a logical answer to the question are Islamic financial institutions involved in promoting consumerism and Isrāf/ extravagance?

## 2.1. Meaning, the connotation of Isrāf & Tabzīr (Excessive behavior)

The origin of the words إسراف (excessive behavior) Etymologically, is derived from Arabic roots of (سرف) means to exceed all bounds, be immoderate, be extravagant (Cowan, 1976, p. 408) which linguistically refers to exceeding the moderation and limit, The Arabs say:

أسرف في ماله<sup>12</sup>

Someone has hurried up in his/her wealth, without intending to  
According to Rāghib, Isrāf means violating the limits in anything, but it is more popularly used when it comes to spending money.

Al-Jurjānī said: (Extravagance is spending a lot of money on a vile purpose.

### Tabzīr

*In this regard the second term is Tabzīr, which literally means to spread wealth without any special intention.*

In Arabic language, the term bazar fī al-zirā'ah- أيزر في الزراعة is used to scatter seeds in the ground, means the peasant spread the seed in the field.<sup>13</sup>

## 2.2. Difference between Isrāf and Tabzīr

Isrāf is defined by Imam Al-Māwardī as the spending of money and wealth in extreme way and paying money more than adequate or needed level for permissible goods and services and Tabzīr means wasting of wealth and financial income in a not permissible way.

## 2.3. Some Evidence of the Qur'ān and Hadith about the prohibition of Isrāf & Tabzīr (extravagance and waste)

From the Islamic perspective, like human life, its wealth is also highly respected and important. That is why the protection of human wealth is one of the main objectives of Sharī'ah. Rather, going further, Allah Almighty has used a very unique and special expression for two different things. I.e., the Baitullah / Ka'ba and the wealth.

Thus, in the verse of Surah An'ām, the Baitullah / Ka'bah to which Muslims from all over the world turn to offer prayers, and come from all over the world to perform Ṭawāf for Ḥajj and Umrah, the Qur'ān used the expression "Qiyāma" and the same expression has been adopted by the almighty Allah for the wealth in surah Al-Nisā', so it is said:

Allah has made the Ka'bah, the sacred house " Qiyām" a source of stability for people. [5:97]

And do not give the feeble-minded your property that Allah has made " Qiyām' 'a mean of support for you [4:5]

And according to some narrations The Prophet (peace and blessings of Allah be upon him) considered the spacious and open house, good and comfortable ride, and righteous and veracious spouse as the signs of good fortune.<sup>14</sup>

That is why Islam in various texts teach the believers a just and moderate way in spending that does not preclude one from assisting others nor does it end up in a lot of trouble for him and sternly condemn the wasting wealth. As it is said:

(وَلَا تَجْعَلْ يَدَكَ مَغْلُولَةً إِلَىٰ عُنُقِكَ وَلَا تَبْسُطْهَا كُلَّ الْبَسْطِ فَتَقْعُدَ مَلُومًا مَّحْسُورًا) (الإسراء:29).

And do not keep your hands tied to your neck, not extent it to full extent, lest you should be sitting re-approached, empty handed.<sup>15</sup>

And Allah almighty has commanded:

(يَا بَنِي آدَمَ خُذُوا زِينَتَكُمْ عِندَ كُلِّ مَسْجِدٍ وَكُلُوا وَاشْرَبُوا وَلَا تُسْرِفُوا إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ) (الأعراف:31).

“O Children of Adam take you adornment at every mosque. Eat and drink and do not be extravagant. Surely, he does not like the extravagant.”<sup>16</sup>

And Allah rebuked the extravagant and said:

إِنَّ الْمُبَذِّرِينَ كَانُوا إِخْوَانَ الشَّيَاطِينِ وَكَانَ الشَّيْطَانُ لِرَبِّهِ كَفُورًا ﴿٢٧﴾ [الإسراء: 27]

“Surely, squanderers are brothers to satans, and the Satan is very ungrateful to his Lord.”

The prophet Muhammad Peace be upon him has said:

عَنِ الْمُعْبِرَةِ، عَنِ النَّبِيِّ ﷺ قَالَ " إِنَّ اللَّهَ حَرَّمَ عَلَيْكُمْ عُقُوقَ الْأُمَّهَاتِ، وَمَنْعَ وَهَاتِ، وَوَأَدَّ الْأَبْنَاءِ، وَكَرِهَ لَكُمْ قِيلَ وَقَالَ، وَكَثْرَةَ السُّؤَالِ، وَإِضَاعَةَ الْمَالِ "

"Allah has forbidden you to be undutiful to your mothers (2) to withhold (what you should give) or (3) demand (what you do not deserve), and (4) to bury your daughters alive. And Allah has disliked that (A) you talk too much about others, ask too many questions (in religion), or (C) waste your property."<sup>17</sup>

كُلُوا وَتَصَدَّقُوا وَالْبَسُوا فِي غَيْرِ إِسْرَافٍ وَلَا مَخِيلَةٍ "

"Eat, give charity and clothe yourselves, without being extravagant, and without showing off."

In another narration, he has said:

(ما ملأ آدمي وعاء شراً من بطنه، بحسب ابن آدم أكلت يقمن صلبه، فإن كان لا محالة،  
فأكلت لطماعيه، وأكلت لشرايه، وأكلت لنفسه)

“A human being has never filled any vessel which is worse than his own belly.”

### 3.1. Potential forms of extravagance in the context of banking

Regardless of Islamic or conventional banking, there could be three potential forms of Isrāf. As follows:

#### 1. Obtaining the finance beyond his/ her financial means.

We mean by Obtaining the finance beyond his/ her financial means is that if a client applies for the finance which is beyond of his/her means, bank promptly refuse it. let us suppose, as if the client has the capacity to buy a car or house for cost 10,000 \$ but he /she asks a bank for 100,000 \$ or more.

This, of course, falls under the category of extravagance, but practically it is not possible, as ever, whether then Islamic or conventional, because every bank in the first step, ensures the safe repayment of its loan along with interest or benefit when financing someone, and never finance anyone until he is sure that the client has enough resource to repay its loan. since this is the case, then the first situation is almost out of the question.

#### 2. Spending the money in hears and tears.

It is quite possible that, instead of spending money on the designated purpose, the borrower spends the obtained amount on luxuries, such as travelling to different places or buying something else.

This, of course, is a case of extravagance and quite possible in the conventional banking system, as the highest concern of the conventional bank is that the client should be able to repay their dues, after obtaining the money, where did the client spend it? Did he really set up a business, buy a house, a car e.c.t?

The conventional system has nothing to do with it.

But this is not the case in the Islamic banking system, Islamic financial institutions are always connected to the real market. So, if a client has obtained finance for 10 cars or 10 houses, it means that ten cars and ten houses/Cars have actually been bought., that is why Islamic finance is developmental by its very nature. as it always creates a new demand for a new commodity which has positive effects on both production and consumption sides.

In short, even this form of extravagance is practical or at least possible in the conventional system, yet the Islamic banking system has no room for it.

### **3. Temptation/ Buying Stuff You Don't Need**

The third possible form of extravagance is Buying Stuff You Don't Need them.

For example, a person has a 2020 model BMW car, but now only one year later, in 2021, he applies for a new model car of the same company or another company and gets finance from an Islamic bank.

This is quite possible in both conventional and Islamic banking system, but the traditional financial institutions are not bound by any religious or moral values. Therefore, they are out of the question, rather the Islamic Financial Institutes are based on Sharī'ah compliance and adherence to moral values. So, this question can be raised about them. However, we must keep in mind some basic points.

1. Determination of needs is bit difficult, as needs may vary depending on each person's social status and regional background. Sometimes a commodity/ service that is considered an excessive for a person or in a particular area, but the same commodity/ service could be necessary for another person or in a different geo-location. Therefore, it is better to leave the decision of each person's need to him/herself, rather than else.
2. Also, it will pave the way for intrusion into people's privacy. While in Islam protecting other's privacy is consciously emphasized, there for the great ancestors of this Ummah, Salaf-e-Şāliḩīn have divided the wealth into two categories, namely, Al-amwāl Al-zāhirah and Al-amwāl Al-bāṭinah and had left the Zakāt on the second category of wealth to the owner's consciousness.
3. The Islamic banking system is Relatively nascent, which is barely surveying in such a dominated circumstance where it its rival prevails everywhere. and tries to compete an emulator that is not only superior in terms of age and experience, but also enjoys a tremendous amount of strength and power. As even in most Islamic countries, more than 85% of the economic system is overhanded to the conventional banking system. Therefore, it is true that the Islamic financial system, being an ideal system, must take care of such minor issues, yet, in the current situation,



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demanding from Islamic finance to take care of such minor issues, would be too earlier.

#### **4.1. Conclusion and recommendation**

After looking at the extravagance/ Isrāf and Tabzīr in the context of Islamic finance, this study has reached the following conclusions and recommendations.

1. Isrāf, is a term with a very broad meaning, it is not limited to financial matters, but its scope extends to worship, food, clothing, Adornments, punishment, crimes and penalties etc. as many of these are mentioned in the holy texts.

2. In no way can Islamic finance be involved in the promotion of Tabzīr (in its popular sense), because all commercial activities of Islamic finance must be Sharī'ah-compliant.

Islamic finance does not interfere in the promotion of most cases of extravagance. However, Theoretically, this is possible, but in practice, the example is very rare -And no credible evidence has yet been found to support the claim that Islamic banks are involved in spreading extravagance.

Secondly, even if there is such a rare example, it could be tolerable due to the given objective circumstances.

However, this does not mean that Islamic finance should always be limited to Islamizing the products that have been introduced by the conventional system or offering Ḩalāl alternatives. Rather, it should start moving gradually towards innovation and novelty.

Specially in the current situation where the global financial system is transforming its paradigm to the circular economy. where the ecological environment is recognized as an essential component. And some considerable initiatives are being taken by the UN, and European Union, thus, serious efforts need to be made by respected Islamic financial architectural institutions in designing their policy framework.

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