

Historical Evolution of Islamic Law and Its Application to the Islamic Finance

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Abstract : The prime sources of Islamic Law or Shariah are Quran and Sunnah and is applied to the personal and public affairs of Muslims. Islamic law is deemed to be divine and furnishes a complete code of conduct based upon universal values to build honesty, trust, righteousness, piety, charity, and social justice. The primary focus of this paper was to examine the development of Islamic jurisprudence (Fiqh) over time and its relevance to the field of Islamic finance. This encompassed a comprehensive analysis of the historical context, key legal principles, and their application in contemporary financial systems adhering to Islamic principles. This study aimed to elucidate the deep-rooted connection between Islamic law and finance, offering valuable insights for practitioners and policymakers in the Islamic finance sector. Understanding the historical context and legal underpinnings is crucial for ensuring the compliance and ethicality of modern financial systems adhering to Islamic principles. Fintech solutions are developing fields to accelerate the digitalization of Islamic finance products and services for the harmonization of global investors' mandate. Through this study, we focus on institutional governance that will improve Sharia compliance, efficiency, transparency in decision-making, and Islamic finance's contribution to humanity through the SDGs program. The research paper employed an extensive literature review, historical analysis, examination of legal principles, and case studies to trace the evolution of Islamic law and its contemporary application in Islamic finance, providing a concise yet comprehensive understanding of this intricate relationship. Through these research methodologies, the aim was to provide a comprehensive and insightful exploration of the historical evolution of Islamic law and its relevance to contemporary Islamic finance, thereby contributing to a deeper understanding of this unique and growing sector of the global financial industry.

Keywords : sharia, sequencing Islamic jurisprudence, Islamic congruent marketing, social development goals of Islamic finance

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