



**ISLAMIZATION OF ECONOMICS IN PAKISTAN:
ANALYZING THE WEAKNESSES IN MUFTĪ TAQĪ
‘USMĀNĪ’S RESPONSE TO CAPITALISM**

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Abstract: This study addresses a significant gap in the literature on the Islamization of economics in Pakistan by critically examining Muftī Taqī ‘Usmānī’s conception of capitalism and his proposed strategy for its Islamization. The purpose of the paper is to analyze how capitalism is conceptualized in ‘Usmānī’s writings and to assess his proposed Islamic alternative to capitalism. Methodologically, it employs qualitative critical textual analysis of two of ‘Usmānī’s key works—“*Islam aur Jadīd Ma‘īshat-o-Tijārat*” and “An Introduction to Islamic Finance”. The findings indicate that ‘Usmānī treats capitalism primarily as an economic system rather than as a broader socio-cultural and political order. This perspective leads him to propose reforming or Islamizing capitalism through the removal of specific practices, particularly interest-based financial mechanisms. However, the analysis demonstrates that Islamizing capitalism is fundamentally impossible, as its structures and values are incompatible with Islamic principles. The study develops a theoretical analysis by distinguishing capitalism as a totalizing system that structures social, cultural, and political life from its narrower conception as a purely economic system. It also considers the implications of ‘Usmānī’s focus on the economic dimension, showing how Islamization frameworks that address primarily economic aspects may overlook the broader systemic character of capitalism.

Keywords: Capitalism, Economics, Capitalist Economics, Islamic Economics, Islamization of Economics.

INTRODUCTION

The project of Islamization has occupied a central place in modern Muslim intellectual thought for more than six decades, particularly within the disciplines of economics and political theory. Emerging in the mid-twentieth century as part of broader revivalist and reformist movements, Islamization sought to articulate systematic Islamic alternatives to dominant Western paradigms of knowledge and social organization. (Esposito, 1983; Razzaq, 2026) Within economics, this effort developed into the field of Islamic economics and finance, now a transnational intellectual and institutional movement spanning South Asia, the Middle East, Southeast Asia, Europe, and North America. Scholars have examined its epistemological claims, its modernist and revivalist underpinnings, and its complex entanglement with global capitalism. (Kuran, 2010; Tripp, 2010)

A major strand within this discourse has focused on reforming rather than rejecting modern capitalist institutions. Instead of constructing an entirely separate economic order, many proponents of Islamization have argued that contemporary capitalism can be rendered *Shari'ah*-compliant by eliminating *ribā* (interest) and restructuring financial contracts in accordance with Islamic legal injunctions. (Chapra, 1992; Siddiqi, 1983) In Pakistan, this reformist orientation became closely tied to state-led Islamization policies and the institutionalization of Islamic banking. However, the intellectual implications of treating capitalism primarily as an adjustable economic

mechanism rather than as a broader civilizational order remain underexplored.

This paper focuses on Muftī Taqī 'Usmānī, one of the most influential contemporary Islamic jurists and a leading architect of *Shari'ah*-compliant banking and finance. His role in global standard-setting bodies such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) has made his thought central to the theoretical and practical development of Islamic finance worldwide. While a substantial body of literature critiques Islamic economics as a discipline—questioning its coherence, originality, and institutional outcomes (Kuran, 2010; Tripp, 2010)—no study has systematically examined 'Usmānī's specific conceptualization of capitalism or the assumptions embedded in his reformist strategy.

This study addresses a conceptual gap by asking: How does 'Usmānī conceptualize capitalism? What ontological and normative assumptions underlie his strategy for Islamizing it? And what follows from treating capitalism solely as an economic system rather than as a totalizing structure encompassing law, ethics, politics, and social life? By situating this inquiry within broader debates on the nature of capitalism—as a comprehensive socio-cultural order—the study contributes a theoretically grounded critique of reformist Islamization projects.

The paper proceeds in two sections. The first reconstructs 'Usmānī's conception of capitalism and outlines the alternative he proposes. The second offers a critical analysis of the limitations of this framework, demonstrating how a narrow economic focus may overlook systemic tensions between capitalism and Islam. In doing so,

the study contributes to global scholarship on Islamic economics by moving beyond institutional description toward conceptual clarification and normative analysis.

METHODOLOGY

This study employs a qualitative, critical textual analysis of ‘Usmānī’s key works to explore the conceptual foundations of his approach to Islamic finance and the Islamization of capitalism. A qualitative approach is appropriate because the research focuses on interpreting meanings, assumptions, and normative claims embedded within texts, rather than on measuring quantifiable variables. Critical textual analysis enables an in-depth engagement with ‘Usmānī’s thought, allowing the study to uncover both explicit and implicit conceptual structures and to critically evaluate their coherence and implications.

The first stage of analysis involves the selection of primary texts that constitute ‘Usmānī’s corpus, specifically “*Islam aur Jadīd Ma’īshat-o-Tijārat*” and “An Introduction to Islamic Finance”, supplemented by selected *fatwās* and public speeches. These texts were chosen for their relevance, representativeness, and significance, as they collectively articulate ‘Usmānī’s perspectives on economic principles and the operationalization of *Sharī’ah*-compliant finance. Prioritizing authoritative and widely cited sources ensures that the analysis reflects the central tenets of ‘Usmānī’s intellectual contributions rather than peripheral or anecdotal statements.

The second stage involves textual mapping, a systematic procedure for identifying, locating, and organizing key concepts,

central arguments, and interpretive patterns within the texts. Textual mapping is methodologically justified because it allows the study to capture the internal structure of 'Usmānī's reasoning and to trace connections among ideas, assumptions, and proposed frameworks in a transparent and replicable manner.

Following this, thematic categorization is employed to organize the mapped content into analytically meaningful categories. The main categories include 'Usmānī's conception of capitalism, his critique of capitalist practices, and the alternative Islamic economic framework he proposes. This step is justified because thematic analysis enables conceptual abstraction, moving from descriptive mapping to interpretive understanding of broader patterns, which is essential for evaluating the internal logic and scope of 'Usmānī's proposals.

Within this framework, limitations in 'Usmānī's approach are identified using two criteria. First, conceptual limitations, in which social, political, and moral dimensions of capitalism are overlooked. Second, inadequacy of the proposed alternative, which assumes that capitalism can be Islamized—a premise that the study critically interrogates. This two-tiered evaluation is methodologically justified because it allows the study to engage critically with the texts while maintaining analytic clarity regarding the criteria used for judgment.

RESULT AND DISCUSSION

After the end of the colonial period, the Pakistani economy was built on capitalist foundations inherited from colonialism rather than Islamic ones. Muslims in Pakistan have always felt the need to replace the capitalist economic system imposed on the Islamic world with an

economic system that fully supports the Islamic way of life. To propose an Islamic financial system in this modern age, which has not yet been experienced, in a situation where Muslim countries are economically weak and poor, and capitalist countries are strong and rich, is very daring. ‘Usmānī is one of the leading figures of the 2nd generation of Islamic economics, who not only strongly criticized capitalism but also proposed an Islamic alternative to it.

He currently serves as vice president at *Dār al-‘Ulūm* Karachi, established in 1951. This institution is widely regarded as the leading Deobandi seminary in Pakistan. Among Deobandi scholars in the country, he is often honored with the title *mufī-i-a‘zam* (the grand jurist). He is the son of Muhammad Shafī, the former Grand Jurist (*mufī*) of Pakistan, who founded *Dār al-‘Ulūm* Karachi. From 1982 to 2002, ‘Usmānī served as a judge of the ‘Shariat Appellate Bench’ of the Supreme Court of Pakistan. His position as a leading figure in Islamic finance gave him an additional influence. More than a dozen Islamic banks and financial institutions have appointed him as chairperson and to their boards.

According to ‘Usmānī, economics is not the field of his personal interest and passion, but he has opted for it only out of necessity. (Usmani, 2009b) There is a common misconception that ‘Usmānī is the pioneer of Islamic banking and finance, but he refuted this claim, saying that the debate on an Islamic alternative to capitalism began in the late twentieth century when it was claimed that bank interest does not fall under the concept of *ribā*, which is prohibited by the Qur‘ān. (Usmani, 2009b, 16) Several articles were written against it by many Muslim scholars, including ‘Usmānī. The matter then came to

the Supreme Court, where it was debated for months. 'Usmānī was then a judge of the Shariat Appellate Bench of the Supreme Court of Pakistan. On December 23, 1990, the Supreme Court issued a decision that bank interest is also included in the definition of *ribā*. The entire judgment of the Supreme Court covers approximately 100 pages, of which 'Usmānī's judgment has been published in book form. (Usmani, 2008)

Moreover, 'Usmānī emphasized that, according to the *Sūrah Yūsuf* (12:47), the duty of Islamic scholars is not limited to determining legal value, i.e., *halāl* or *harām*, of any matter but also responsible for presenting a *Sharī'ah*-constrained and workable alternative. (Usmani, 2010, 18-19) In view of this responsibility, Markaz *Al-Iqtisād-ul-Islāmī* (The Center of Islamic Economics), in collaboration with *Jāmi'a Dārul'ulūm* Karachi, started a series of lectures by 'Usmānī on Islamic banking and finance in which he attempted to propose an Islamic alternative to the capitalist economy. These lectures were attended by many Islamic scholars as well as leading economists of Pakistan. This series was later compiled in book form by Muhammad Mujāhīd under the title "*Islām aur Jadīd Ma 'īshat-o-Tijārat*". (Usmani, 2010, 7) According to Zāhid Siddique Mughal, owing to the great personality of 'Usmānī and the presentation of the lectures in front of the '*Ulamā*', the academic importance and authenticity of this book are much greater than those of other books on Islamic economics. This is why this book has been included as a basic textbook in *madāris*. (Mughal, 2008, 17-27) For Javed Akbar Ansārī, 'Usmānī's book possesses high Islamic authenticity compared with the Islamic economists' literature authored by Nejātullāh Siddīqūī, Umar Chāpra, and Khurshīd Ahmad, the latter

of whom frames his response to capitalism within the Islamic economic legacy of Mawdūdī (Razzaq & Nawaz, 2025b); for Mawdūdī’s own critique of capitalism, see Razzaq and Nawaz (2023b, 2025).

While these texts gather dust on the bookshelves, ‘Usmānī’s concise volume has become a mandatory read for advanced-level students in numerous *madāris* across Pakistan and India. (Ansari, 2016, 79) He also wrote a book in English titled “An Introduction to Islamic Finance” on the modes of Islamic finance, which was later translated into Urdu by Muhammad Zāhid as “*Islāmī Bankārī kī Bunyādain*”. (Usmani, 2009a, 53)

‘Usmānī’s Conception of Capitalism

All economic ideologies, according to ‘Usmānī’s claim, recognize that resources are limited while human needs are unlimited, and the problem is how to satisfy unlimited needs with limited resources. Economics, as a science, addresses the problem of using limited resources in such a way that maximum needs can be satisfied. (Usmani, 2010, 22) ‘Usmānī further says that all economic systems have some fundamental issues without addressing that the economy cannot function, which are as follows: determination of priorities, allocation of resources, distribution of wealth, and development. (Usmani, 2010, 21-23)

Capitalism, according to ‘Usmānī, is one of the dominant economic theories that offers solutions to these four basic economic issues. Capitalism offers the only solution to these four basic economic problems: to leave every human being completely free to engage in commercial activities. As a result, these economic issues will be

resolved automatically because of the natural law of supply and demand operating in the universe. Supply is the total quantity of any production that is brought to the market for sale, and demand is the willingness of buyers to buy the commodity at the market price. If the supply of a commodity in the market increases relative to demand, its price decreases. Similarly, if demand for a commodity exceeds its supply, its price rises. This is a natural law, which is called the law of supply and demand

This law determines priorities in such a way that when everyone is left free to maximize profit, each person will prefer to bring to market the product that is most demanded by society, so that they can obtain more profit through it. If something is brought to a market that has low demand in the market, it will not make much profit. Although everyone is producing for their own profit, the natural law of supply and demand compels them to meet the demands of society. (Razzaq & Nawaz, 2023) Even when production and the demand of society become equal, since further production of that product is no longer profitable for the producer, its production will be stopped. In this way, only those products that society needs will be produced in society, and these products will be produced only in quantities that are required to meet the needs of society. (Usmani, 2010, 25)

The second economic issue—the allocation of resources—is associated with the issue of determining priorities. When a person determines priorities, he utilizes the available resources, i.e., land, labor, and capital, in various economic activities accordingly. In this

way, resources are automatically allocated by the natural law of supply and demand.

The third economic issue, i.e., the distribution of wealth, refers to how production or capital generated through production should be distributed in society. Capitalism relies on four factors—land, labor, capital, and entrepreneurship—to initiate the production process, which are called the factors of production. (Usmani, 2010, 26) Land refers to the natural factor of production, which is directly created by God, and no human action is involved in its creation. The human action through which a new product is produced is referred to as labor. In capitalism, capital is referred to as a “produced factor of production”. In short, capital may be defined as a factor of production that is artificially produced as a result of a production process and then utilized in a subsequent production process. An individual or corporation that sets up a business, takes financial risks in the hope of profit, and brings together the other three factors for a business is called an entrepreneur. (Usmani, 2010, 53-54) In capitalism, wealth is allocated among these factors such that land receives rent, labor is entitled to wages, capital receives interest, and the entrepreneur takes a profit. Interest is a fixed return on capital, whereas profit can only be made when there is a surplus after allocating the fixed return to land, labor, and capital. (Usmani, 2010, 27) The first three factors of production have a fixed return, whereas the fourth factor, i.e., profit, is not determined at the start of the business but rather after the business becomes profitable. (Usmani, 2010, 54)

The fourth and last economic issue is development. Every economy needs to develop and increase its production. In capitalism,

the issue of development is also resolved on the basis that when each individual is left free to maximize profit, the natural laws of supply and demand automatically induce him to bring new and better products to the market. This increases demand, enabling individuals to make more profits. (Usmani, 2010, 28)

‘Usmānī’s Proposed Alternative to Capitalism

Islamic economics lies between the two extremes of capitalism and socialism. The issue of Islam is that the real owner of everything in the universe is its creator, and everything can be used according to His will. Furthermore, although God has allocated ownership of things to individuals, it is neither absolute nor for anyone’s personal interest. (Usmani, 2001, 13) The attitude that Islam as a whole wants to build by imposing all these restrictions is based on compassion, sympathy, and above all, fear of God instead of heartlessness, miserliness, and selfishness. (Usmani, 2001, 14) ‘Usmānī invites an independent understanding of Islam instead of pasting it on a non-Islamic fabric. (Usmani, 2001, 17) He strongly believes that Islam is for all of the time, and it does not need to be changed, molded, or modified according to the requirements of the times. It has enough flexibility to support real needs every time. On the one hand, it has given definite commands that are applicable at all times, and the change in time does not affect them. On the other hand, to address problems that may be affected by changes in time, instead of giving definite orders, he has laid down some principles. (Usmani, 2001, 33)

Is it necessary or at least commendable to find an alternative to capitalist banking? In ‘Usmānī’s opinion, *Shari‘ah*-experts do not need to find alternatives to practices that do not arise from genuine human

needs. Therefore, for example, an Islamic alternative to gambling will not be sought because it is not a real human need. (Usmani, 2009a, 15) However, the case of banks is different because banks have become the most important need of modern times for the following reasons:

- Anyone who has cash is almost bound to keep it in the bank.
- In international trade, no trader can avoid banks; there is no safe way to transfer money from one place to another except through banks.
- The bank is achieving a legitimate objective by gathering citizen savings at a single point and utilizing them to support the nation's economy and trade.

However, the way in which all of these legitimate objectives are adopted is illegal and harmful. Therefore, scholars should find an Islamic alternative to fulfill these legitimate objectives. (Usmani, 2009a, 16) Usmānī emphasized that the duty of Islamic scholars is not limited to determining legal value, i.e., *halāl* or *harām* but also responsible for presenting a *Sharī'ah*-constrained and workable alternative. (Usmani, 2009b, 52, 2010, 29) He stressed that it is the way of the Prophet Muhammad (SAWW) to present an Islamic alternative. (Usmani, 2009b, 2009a) Therefore, it is not permissible for scholars to withdraw completely from this responsibility, but they can only derive alternative principles from the Qur'ān and Sunnah. It is the responsibility of experts in every field of life to suggest practical structures in light of the principles proposed by Islamic scholars. Scholars should monitor them to ensure that the proposed structure does not violate any *Sharī'ah* injunctions. (Usmani, 2009a, 22)

Finding an Islamic alternative to the capitalist economy does not mean that all financial affairs continue to follow capitalist practices and objectives. Rather, the alternative means that all financial matters must be settled within the limits of the Qur'ān and the Sunnah so that the economic objectives of the *Sharī'ah* can be fulfilled. Matters that are unnecessary or useless according to *Sharī'ah* and that cannot be reformed in accordance with Islamic principles must be disregarded. (Usmani, 2010, 162) This aspect of the capitalist bank's services is useful but necessary in view of the present economic conditions, as the bank becomes a means of pooling the individual savings of the people and using them in industry and business. If everyone preserved their savings in their personal locker, it would be impossible for trade and industry to flourish. The circulation of wealth in society is neither required from the *Sharī'ah* perspective nor useful from a rational and economic point of view. Capitalist banks lend out these savings to industrialists regardless of how profitable the business is, and who is benefiting and who is suffering from it. However, Islam's position is that a bank cannot remain an institution that only deals in cash. Instead, it must be a commercial enterprise that collects people's savings and invests them in business. (Usmani, 2010, 163) 'Usmānī's writings on finding an alternative to capitalist banking have a theoretical aspect, discussing which legitimate methods can be adopted. (Usmani, 2009a, 51) He advised no one to deal with financial institutions unless they were supervised by a trustworthy Islamic scholar. He believes that the best approach is to avoid banks as much as possible. However, Islamic banking is an attempt to find a legitimate way for those who are compelled to deal with banks. (Usmani, 2009a, 52)

‘Usmānī’s Approach to Islamic Financial Models

Islam has a higher objective through which economic welfare can be promoted in society, the unjust capitalist system can be overthrown, and a just system can prevail. For this, according to ‘Usmānī, the entire system of existing capitalist banks with all their financial matters must be established on the basis of *mushārah* and *mudārah*. (Usmani, 2009b, 36) He further claims that an ideal economic system can be implemented only when the state uses all its resources to implement this Islamic economic policy. However, if the state is not doing this and if some individuals or institutions want to save themselves and other Muslims from the interest to establish such a financial institution that may not be ideal but falls within the limits of *Sharī‘ah*, then every Muslim should support them. (Usmani, 2009a, 40) In this regard, he suggests some secondary modes, such as *murābahah*, *ijārah*, *salam*, or *istisnā’*, that can be adopted with *Sharī‘ah* conditions. (Usmani, 2009a) However, these modes of Islamic finance are inconsistent with major Islamic economic objectives, but the matter becomes permissible, and from an economic point of view, the results seem more effective, at least in comparison to interest-based financial matters. (Usmani, 2009a, 34) For ‘Usmānī, although these secondary modes of finance are legitimate, they are neither the final destination nor the full benefits of the Islamic economic system. (Usmani, 2009b, 36)

Discussion on ‘Usmānī’s Response to Capitalism

‘Usmānī conceptualizes capitalism primarily in economic terms, framing it as a mechanism for addressing four core economic issues—priority setting, resource allocation, wealth distribution, and

development—through the principles of private property, the profit motive, and laissez-faire. His account emphasizes the self-regulating role of the natural law of supply and demand in resolving these issues when individuals are free to pursue profit. This perspective, however, neglects the individual, social, and political dimensions of capitalism, including the values it instills in individuals, the ethical orientations it fosters, its influence on social relations, and its impact on power structures, governance, and broader societal norms. Consequently, capitalism is presented solely as an economic framework rather than as a comprehensive socio-political system. Lacking a deeper understanding of capitalism's nature, 'Usmānī treats it as a neutral economic engine that can operate on "Islamic fuel" without fundamentally altering its underlying logic. As Ansārī observed regarding the Islamization approach to economics in Pakistan, this approach involved a search within the capitalist order of instrumental mechanisms and procedural orders that could be used to promote Islamic individuality. (Ansari, 2017, 15)

Analysis of 'Usmānī's approach reveals two primary findings. First, in terms of conceptual limitations, he frames capitalism exclusively as an economic system, focusing narrowly on resource allocation, wealth distribution, and development, while overlooking its broader individual, social, and political dimensions. By reducing capitalism to a neutral economic mechanism, he fails to account for the ethical orientations it fosters, its influence on social relations, and its impact on governance and societal norms. Second, regarding the inadequacy of the proposed alternative, Usmānī assumes that capitalism can be Islamized by integrating Islamic values into its

existing capitalist structures. Historical and contemporary critics of attempts to Islamize capitalism show that it has failed.

Failure of Islamizing Capitalism

Attempts to Islamize capitalist economics have been heavily criticized by both scholars within the field and external critics, with many arguing that the effort to construct an Islamic alternative to capitalism has largely failed. Many prominent scholars in the field have expressed their concerns over the project of Islamizing economics. For example, Chāpra (2000) described “... Islamic economics has not been able to come to grips with the task of explaining the rise and fall of Muslim economies in the past, the gap between Islamic norms and the actual behavior of economic agents, and the causes of the problems faced by Muslim countries”. Siddīquī (2008) wrote that “All is not well with Islamic economic research ... The question is, what about the grand idea of providing an alternative to capitalism and socialism, that is informed by moral purpose and inspired by a spiritual vision? Has it yielded to a desire to join the flock on its own terms?” Similarly, Monzer Kahf (2004) stated, “In addition, Islamic economists did not provide any agenda for political economics founded or derived from their branch of human knowledge, despite the need for such an agenda. It seems to me that the present generation of Islamic economists is exhausted and already consumed in the activities of Islamic banking and finance that the best it can do is to hand over the torch to a second generation that may carry deeper theoretical analysis and fill the gaps left by our generation”. Asad Zamān (2024) argued, “... despite fifty years of effort, this Islamization of knowledge initiative has not yielded the desired results”. He specifically identified

the cause of failure of Islamic economics: "... there are strong conflicts between Islamic views on the nature and purpose of human existence and Western views. The full extent of this conflict has not been realized by most who have worked on the Islamization of knowledge projects. As a result, they have attempted to integrate two conflicting bodies of knowledge, which is an impossible task. This is what accounts for the failure of these attempts." (Zaman, 2012). Seyyed Valī Reza Nasr (1991) states that "As a consequence of the importance which has been accorded to the more limited definitions of Islamization of knowledge, the nascent field of study has failed to evolve into a "science", but has emerged as a set of procedural guidelines for using Western intellectual constructs with the least amount of violations of the injunctions of the *Sharī'ah*.". Similarly, Sohrab Behdād (1994) discussed the attempts to establish Islamic economics in Iran under Āyatullah Khomeinī's leadership, arguing that "it has become apparent that Islamic Economics is not capable of presenting a viable social alternative". In the same manner, Timūr Kurūn (1997) states, "Islamic economics did not emerge from a drive to correct economic imbalances, injustices, or inequalities ... (but to) restore Islamic community's self-respect. Because Islamic economics was developed to serve cultural and political ends, it did not have to meet scientific standards of coherence, precision, or realism". (Ansari, 2017, 263)

The most fundamental reason for the failure of Islamizing capitalism, as identified by Ansārī, lies in the assumption that it is possible to develop "*Sharī'ah*-compliant" or "*Sharī'ah*-constrained" Islamic economics by creating a forced amalgamation of Islamic values

and capitalist principles. This, however, is structurally impossible because capitalist ideologies function solely as instruments for expressing their own inherent values and cannot serve any other purpose. (Ansari, 2017, 263) Attempts to adapt capitalism to Islamic objectives result in the subordination of Islamic norms, regulatory procedures, and transaction forms to the capitalist order, thereby preventing the transcendence of capitalism. (Ansari, 2016, 51) Furthermore, Islamic identity cannot survive or flourish within the capitalist system due to capitalism's unique ability to absorb and neutralize other value systems, including Islam.

These findings indicate that Usmānī's approach is limited both conceptually and practically. Conceptually, reducing capitalism to an economic framework ignores its multidimensional socio-political character, weakening the theoretical robustness of his analysis. Practically, the attempt to Islamize capitalism fails because it does not account for the structural incompatibility between Islamic principles and capitalist ideologies. By assuming that capitalist mechanisms can be adapted to Islamic values without addressing their underlying logic, Usmānī risks subordinating Islamic norms to capitalist structures, reproducing the very limitations highlighted by Ansārī. The broader scholarly literature reinforces this assessment: attempts to Islamize knowledge or economics repeatedly fail because they attempt to integrate inherently incompatible systems. These failures stem from conflicts between Islamic and Western assumptions about human purpose, the absence of a coherent political-economic agenda, and a focus on procedural rather than substantive integration. Consequently, genuine transcendence of capitalism, rather than its modification, is

essential for establishing an authentic Islamic economic order, within which Islamic identity can survive and flourish.

CONCLUSION

This study critically examined Usmānī's conceptualization of capitalism and his approach to Islamizing it. The analysis shows that Usmānī frames capitalism primarily as an economic mechanism for addressing resource allocation, wealth distribution, and development through private property, profit motives, and laissez-faire principles. This narrow focus overlooks the broader socio-political, cultural, and ethical dimensions of capitalism, including its influence on individual values, social relations, governance structures, and societal norms. By treating capitalism as a neutral system that can operate on "Islamic fuel", Usmānī neglects its inherently value-laden nature and its structural incompatibility with Islamic principles.

Attempts to Islamize capitalism have repeatedly failed, as highlighted by Ansārī and other scholars, due to this conceptual oversight. Proponents of Islamizing economics assume that "*Sharī'ah*-compliant", or "*Sharī'ah*-constrained" frameworks can be created by integrating Islamic values into capitalist structures. In reality, capitalist ideologies function to express their own value system, making such integration unfeasible. These efforts often subordinate Islamic norms to capitalist logic, preventing the establishment of an autonomous Islamic economic order. Furthermore, Islamic identity cannot flourish within a system that inherently absorbs and neutralizes other value systems, including Islam.

The study's contribution is both conceptual and critical-theoretical. It clarifies the limitations of Usmānī's approach, highlights the structural incompatibility between capitalism and Islamic principles, and emphasizes the need to address the socio-political and moral dimensions of economic systems. For scholars and practitioners, the key implication is that a genuinely Islamic economic system requires moving beyond modifications of capitalist mechanisms to the creation of institutions, practices, and mindsets grounded entirely in Islamic moral and spiritual foundations.

Future research should focus on designing post-capitalist Islamic economic frameworks rooted in ethical and spiritual principles. This requires interdisciplinary engagement with politics, sociology, history, and philosophy to understand capitalism's systemic dynamics and develop viable alternatives. Comparative studies of Islamic and non-capitalist systems can provide insights for practical implementation, while community-based initiatives can foster economic self-reliance. Developing a new generation of Islamic economists with both strong theoretical foundations and practical skills will be essential to addressing the structural and moral challenges posed by capitalist systems.

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