ISLAM

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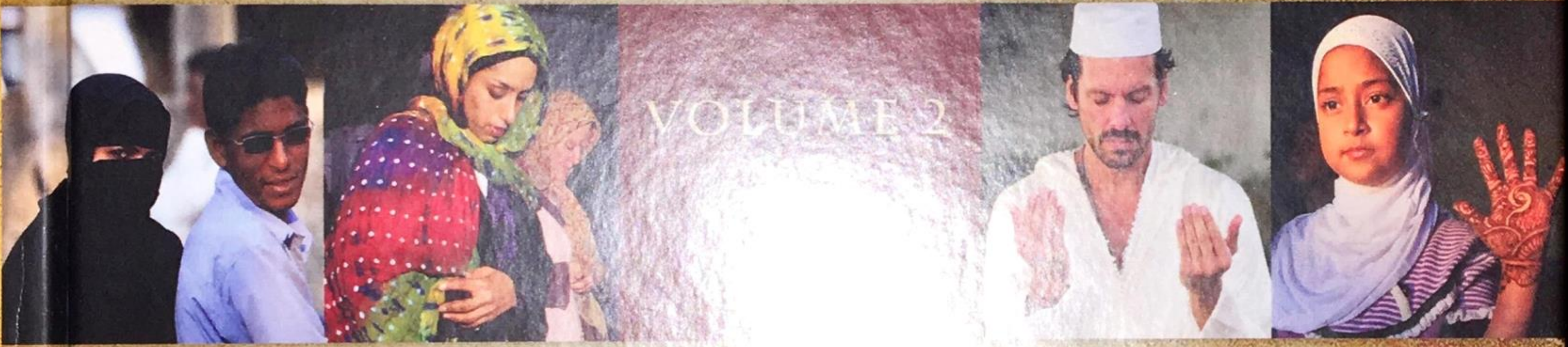

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many if not all host countries and rising Islamophobia and xenophobia due to various reasons, including economic problems.

Accordingly, the intelligence agency of Germany Bundesamt für Verfassungsschutz (BvF) considers Milli Gorus a "threat" to German democracy. It is considered part of a political Islam that prevents immigrants from achieving full integration into German society. According to the BvF, Milli Gorus generally pursues anti-integrative efforts—for example, through its insistence on the Islamic education of children. The BvF cites statements appearing in Milli Gorus publications, noting anti-German and anti-Semitic statements in the Turkish newspaper *Milli Gazete*. Thus, IGMG leaders, in contrast to many other more liberal European countries, generally feel under pressure by the German state and society, citing negative developments over recent years against immigrants. In the IGMG's view, certain dominant segments of society are trying to impose assimilationist policies on Muslims. Nevertheless, many political parties in Europe base election propaganda on xenophobic themes, and Islamophobia is rising. The IGMG is in cooperation with other Islamic organizations against this tide.

Cengiz Dinç

See also: Islamic Economy; Islamic Movements; Islamism; Islamophobia; Salafism; Sufism; Turkey

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Islamic Development Bank

The Islamic Development Bank was founded to help the least developed Islamic nations address their needs for financial capital and to contribute to the growth of trade volume among Islamic countries. The bank entered into force in October 1975 after the adoption of the principles suggesting that economic and social development in Islamic countries would be supported in compliance with sharia rules as outlined in the financial conference with the participation of the finance ministers of seven Islamic nations in Jeddah in 1973.

The founding members are Saudi Arabia, Iran, Kuwait, Libya, Turkey, United Arab Emirates, and Egypt. The primary task of the bank up to the mid-1980s was to develop policies addressing the problems that the least developed Islamic nations were facing due to the oil crisis in 1970. These policies mainly sought to facilitate oil trade between these nations and the oil exporting Islamic countries. Initially, the portfolio of the bank was made up of the sales of oil to the poor Islamic countries at reasonable prices. In the 1980s the bank switched its policy to diverse trade financing tools, whereas in the 1990s its activities included funding infrastructure and development projects with a high rate of return when completed, including power generation schemes, transportation, communication projects, and other diverse infrastructure developments. Its current functions include supplying capital funds for the institution or promising projects in the member states, providing loans for public- and private-sector projects, enhancing trade among member states, training individuals who contribute to development activities, and research on how to make economic, fiscal, and financial activities in Muslim countries compatible with Islamic rules.

The highest decision-making body of the bank is the Board of Governors, where the finance ministers of member states are represented. Administrative and executive matters are handled by the Board of Executive Directors and the central administration. The bank, seeking to expand its activities to all Islamic countries, has a principle office in Jeddah and four regional offices in Morocco, Malaysia, Kazakhstan, and Senegal as well as regional representatives in Afghanistan, Azerbaijan, Bangladesh, Guinea, Indonesia, Iran, Nigeria, Pakistan, Sierra Leone, Sudan, Uzbekistan, and Yemen. The Islamic dinar is the official currency of the bank, which adopted Arabic as its official language and English and French as working languages. To become a member, the applicant country has to be a member in the Organization of the Islamic Cooperation and fulfill the conditions and requirements set by the Board of Governors. Currently, the bank has 56 shareholder member states in four continents and \$6 billion in capital (\$2.5 billion subscribed capital).

The duties and missions of the bank include support for social projects in Islamic countries. Within this scheme, the bank supports activities of foundations through financial aid and offers scholarships for talented students and scholars in Islamic countries so they can receive advanced training in top universities in different parts of the world. Loans and financial leasing are two major modes of support for the least developed nations. The bank offers interest-free financial loans for the fulfillment of infrastructure projects in Islamic countries that need financial capital. The recipient party does not have to pay anything for 3 to 7 years; the loan is paid back in 15 to 25 years in installments. In the financial leasing scheme, the equipment that the project owner needs is purchased by the bank and leased to the owner. At the end of the lease term, the equipment is handed over to the project holder without any profit at all. The creation of the bank is justified by the conflicts between the terms of the modern economy and the provisions of Islam on economic systems. In other words, the bank was founded to address the needs of Islamic countries that would otherwise have to rely on the capitalist economic system in their financial activities. The biggest different between an Islamic economy and dominant economic systems is that it prohibits interest and promotes a profit-and-loss system of sharing that was practiced in the early stages of Islam. In recent years, in recognition of their growing influence, leading global financial institutions including Citibank, JP Morgan, HSBC, Deutschbank, and American Express have decided to include the Islamic financial products in their portfolios. Islamic finance emerged as a response to the growing need of Muslims in a world dominated by Western capitalist practices and concepts. Initially, academic works on Islamic economy were produced in the second half of the 20th century; this was followed by efforts to create financial institutions that would comply with sharia rules. For this purpose, the Mit Ghamr Saving Association was founded in Egypt in 1960 to address the financial needs of farmers. This association is considered the first Islamic financial institution. The achievements that the association made paved the way for the emergence of other similar institutions. In consideration of the growing demand for and interest in these institutions, the Egyptian government authorized the creation of the Nasser Social Bank in 1967, the first official Islamic bank. The bank was allowed to collect alms monies, a main pillar in Islam. In 1973 the Dubai Islamic Bank was founded to use funds accumulated as a result of increased oil prices in connection with the oil embargo in 1973. In this period, the Islamic Development Bank was established to ensure fair distribution of funds among Islamic countries. The effort paid off; the bank has evolved into a major financial actor in the Muslim world, laying the foundations of the Islamic financial sector.

Murat Ustaoğlu

See also: Egypt; Iran; Islamic Economy; Trade in Islam; Turkey

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