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ISLAM ECONOMY AND BANKING

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INTRODUCTION

Many people, even scholars of economy, are convinced that a financial institution isn't able to profit and increase stocks in another form, only by seeing profits based on the logic of interest. Even the efforts today in the world to offer banking services and financial investments, by avoiding the implementation of interest, from many contemporary scholars of economy are observed with skepticism, inability and irony. In the previous century, where there was a rapid development of economy, interest has been the main tool of development and each investment had the profit, and stock increase, foreseen interest percentage in those investments. The implementation of interest with these big measures in the modern economical system, made people see the practice of interest as something irreplaceable. This perception has created the myth about the interest in the contemporary economy, by judging that there cannot be an economical system without interest implementations.

But, if we research only a little in the human history, we cannot understand that this is not accurate, because we have several cultures, systems, countries and empires that have existed in the past and were in the top of progress and legal adjustment, in accordance with the circumstances then, but the field of economy was regulated by excluding interest, even everyone had a critical attitude towards interest and saw it as something bad and unfair.

However, from the previous explanation we don't want others to know that we want to get back to previous systems implemented from humans, because then it was in accordance with the circumstances of that time, but we want to place a real emphasis in the myth of interest. So, to be able to develop an economical system without being based on interest profits, and also there's the possibility to even create banks that don't base their profits and stock increase only in interest percentage.

Developments and economical crisis that are appearing in the last decades, prove the fact that the interest is a safe profit towards an investment which can also be unsuccessful, therefore it's necessary for people to research for investment forms which can be considered as an alternative of the banking system with interest.

Islam jurisprudence possesses the economical platform, safe basis and clear principles to establish an effective and financial system, far from elements that harm the economy of a country or an individual, different from what can be presented by someone. So, let us understand that when Islam prohibited the interest, didn't do it by raising dilemmas and putting limitation, but instead by offering alternatives and choices.

At last, let us mention the fact that the ban of interest isn't specified in the Islam jurisprudence, but it is treated as such in all the religions, systems and legislatures that mankind has known, but unfortunately in the contemporary era for the damage and its treatment as a sin, only Muslims talk. Islam is the only system that has remained a battle and still continues to fight this habit, even though it has become a daily basis of many people. Unfortunately, interest is present between Muslims, which gave themselves to this contemporary development, that doesn't commiserate anyone, but however the majority of them who are aware and are conscious for Islam knowledge, stay away from that thing.

CONCLUSIONS

Main conclusions which we have achieved in this they are:

1. Religion is a life journey and way that makes people responsible and grateful to the creator. With this rule, all the religions are agreed. This rule is even in more accordance with Islam, because Islam declares in a very categorical and ongoing form that its concept is the commitment of in and out (spiritual and physical aspect) of the human towards God's will.
2. Islam religion regulates and influences all the aspects of the human life, including here behavior in business and business in general, because the Islam attitude is clear and commands to be sincere in business, and each business must be legal.
3. Islam describes a free market based on the law of supplying and request, and at the same time provides the economical power not to be accumulated to some people or groups. Islam prohibits interest in any form and has closed the possibility to accumulate wealth to some unemployed individuals, or at least without taking a part of risk. The general rule of Islam's economy obliges those who want to take a part of the profit, that they must take the risk part, too.
4. Islam banks aim mainly to give as much money as possible to depositors as a gift or gain percentage and make a good profit for shareholders and for the bank itself. The purpose of Islam banks in general is to support and develop banking services and products and implement in transactions and accepted business from Sharia.
5. Muslim economists and Sharia experts, with their writings of Islam finances in general and banking especially, have given a big contribution before the Islam banks started operating and becoming real. Islam banking was presented as a banking system with modern banking products and services in the beginning of 60s in the end of XX century.
6. The Law on the functionality of banks in Kosovo, approved by the Assembly of Kosovo, allows the operation of Islam banks, which will be observed by the Central Bank of Kosovo. An Islam bank will have its operating status from the CBK.
7. The reliability of citizens in this bank is big, we can notice it from surveys. Maybe this is from the use of clients from the existing banks. Because their trust is big, this will increase provisions, a thing that would make these banks more powerful.
8. Starting from the fact that Islam banks have many attractive products, and especially offering loans without interest, would make many individuals take loans from that bank. Maybe pushed from the financial crisis, but also from the religion, level of loan will be increased enough.
9. We can conclude that because of attractive products, individuals would withdraw their accounts from conventional banks to Islam banks, because their belief is quite big too.
10. With the creation of Islam bank, the market would be more functional. By loans, businesses will be more functional they could expand their businesses.