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# THE APPLICATION OF THE FIQH OF PROPERTY RELATIONS IN ISLAMIC BANKING IN THE CIS COUNTRIES AND THE PROSPECTS OF ITS DEVELOPMENT IN UZBEKISTAN

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**Nurillo Yuldashev**

*Independent Researcher at the International Islamic Studies Academy of Uzbekistan*
*Tashkent, Uzbekistan*
*E-mail:* kalam111@mail.ru

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**Abstract.** *The article analyses the use of contracts of the classical Ḥanafī fiqh of property relations (muʿāmalāt) in the activities of Islamic banks and financial institutions in Kazakhstan, Azerbaijan, Kyrgyzstan, Russia and Uzbekistan. A comparative legal analysis of legislation, bank materials and research publications shows that in all the countries examined the core product set consists of murābaḥa, ijāra, muḍāraba, mushāraka and wakāla, as well as qarḍ ḥasan, salam and istiṣnāʿ, whose terminology and structure go back to chapters of classical works, including Ḥāfiẓ al-Dīn al-Nasafī's Kanz al-Daqāʾiq. Several implementation models are identified: a special law (Kazakhstan, 2009), gradual amendments to legislation (Kyrgyzstan, since 2006), Islamic windows in conventional banks (Azerbaijan) and an experimental legal regime (Russia, Federal Law No. 417-FZ of 4 August 2023). For Uzbekistan the path is traced from leasing and microfinance solutions to the adoption of Law No. O'RQ-1126 of 27 March 2026, in force since 29 June 2026, which defines six types of Islamic financial operations, and to the issuance of the first Islamic banking licence on 23 October 2026. The significance of classical fiqh as a source for developing Islamic financial standards and for training specialists is substantiated.*

***Keywords:*** *fiqh of property relations, Islamic banking, partnership finance, murābaḥa, ijāra, muḍāraba, mushāraka, CIS, Uzbekistan, Kanz al-Daqāʾiq.*

## INTRODUCTION

The provisions of the Islamic fiqh of property relations (muʿāmalāt) possess considerable potential for addressing the tasks of contemporary economic interaction. From approximately the middle of the twentieth century onwards, Islamic banking has developed on their basis and has, within a few decades, produced a wide range of financial products resting on the classical contracts of sale, lease, partnership and agency (Oziev & Yandiev, 2015). The basic principles of this system are the prohibition of interest on

loans (ribā), of excessive uncertainty (gharar) and of speculative transactions (maysir), the sharing of profit and risk between the parties, and an orientation towards the real sector of the economy (Desai, 2021; Oziev & Yandiev, 2015).

The international centres for the development of Islamic finance standards include such organisations as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), whose standards are used in many countries in drafting legislation (AAOIFI, n.d.). The titles and content of these standards largely reproduce the chapters of classical works on fiqh: thus a special chapter is devoted to lease in Ḥāfiẓ al-Dīn al-Nasafī's Kanz al-Daqāʾiq, while among the AAOIFI standards there is a developed standard on Ijāra (al-Nasafī, 2010; AAOIFI, n.d.). In recent decades Islamic banking has also developed in the CIS countries, and in Uzbekistan a legislative basis for Islamic banking activity was created in 2026 (Law No. O'RQ-1126, 2026).

The aim of the article is to identify which contracts of the classical fiqh of property relations are used in the activities of Islamic financial institutions in the CIS countries, to determine the models of their legal consolidation, and to assess the prospects for the development of Islamic banking in Uzbekistan.

## MAIN PART

The material of the study consists of the normative legal acts of the Republic of Uzbekistan and the Russian Federation (Law No. O'RQ-1126, 2026; Federal Law No. 417-FZ, 2023), the materials of Islamic banks and financial institutions of Kazakhstan (Al Hilal Bank, n.d.; Zaman Bank, n.d.), research publications on Islamic banking in the CIS countries (Abrorov & Imamnazarov, 2021:152; Bekkin, 2011:32; Ibrohimova, 2021:105; Kalimullina, 2009:266-268; Karimbekov, 2019:4; Mamedov, Valiev & Farajogl, 2013:59; Mamedov, 2018:4-10; Mokina, 2017:2405; Mirzakhmedova, 2023:37; Oppokkhonov, 2023:157), the analytical report of the UNDP (Imamnazarov, 2020) and publications in the sectoral media (Berdibaeva, n.d.; Depozit.uz, n.d.; Report.az, n.d.; Spot.uz, 2024; Khalilov, 2024; Umarov, 2026). For the interpretation of the contracts employed, the classical text Kanz al-Daqāʾiq (al-Nasafī, 2010) and modern works on the contractual basis of Islamic banking (Desai, 2021; Oziev & Yandiev, 2015) were drawn upon.

The comparative legal, historical-legal and systemic methods were applied. For each country the following were identified: the time and form of the legal consolidation of Islamic banking, the principal financial institutions and the list of contracts used. The

comparison made it possible to distinguish models of the introduction of Islamic banking and to relate the products employed to the contracts of classical fiqh. The information on the legislation of Uzbekistan and Russia was verified against the official texts of the normative acts.

Kazakhstan became the first CIS country to give Islamic banking a place in its legislation: the corresponding law was adopted in 2009. It established a prohibition on charging remuneration in the form of interest, the absence of guarantees of the profitability of investments, and a restriction on the financing of projects connected with alcohol, tobacco and the gambling business, in accordance with the decisions of Sharīʿa boards (Kalimullina, 2009:266-268). In 2010, with the participation of Abu Dhabi Commercial Bank, the country's first Islamic bank, Al Hilal Bank, began operations; initially it served only legal entities, and from 2017 individuals as well (Al Hilal Bank, n.d.). Its product list includes corporate and commodity murābaḥa, ijāra, trade finance, wakāla and muḍāraba deposits, money transfers (ḥawāla) and currency exchange (ṣarf) (Al Hilal Bank, n.d.).

The second large Islamic bank of Kazakhstan, Zaman Bank, states explicitly that ribā, gharar and maysir are inadmissible in its relations with clients. The current deposit (qarḍ) is treated as property transferred for safekeeping (amāna); the investment deposit is structured on the muḍāraba model, in which the depositor acts as the financing party (rabb al-māl) and the bank as the manager (muḍārib), the risk being borne by the owner of the funds; the agency deposit follows the wakāla model. The bank also offers ijāra using the classical terms mujīr, mustaʾjir and ujra, as well as mushāraka and murābaḥa contracts (Zaman Bank, n.d.). The terminology of these products fully reproduces the conceptual apparatus of classical fiqh.

In Azerbaijan Islamic financial services appeared with the assistance of the Islamic Development Bank; the first licence for the corresponding operations was obtained in 2002 by Kovsar Bank, which applied muḍāraba for investment accounts, mushāraka for business lending and ijāra, while murābaḥa was not used by the bank, since banks are prohibited from engaging in trade (Mamedov, Valiev & Farajogl, 2013:59). In 2013 the International Bank of Azerbaijan opened an Islamic window offering ijāra, wakāla and qarḍ ḥasan (Report.az, n.d.). Researchers note that Islamic banking in Azerbaijan remains insufficiently developed despite considerable potential, and regard Islamic windows as the most acceptable form of its introduction at the first stage (Mamedov, Valiev & Farajogl, 2013:59).

In Kyrgyzstan legislative acts regulating the activity of Islamic financial institutions began to be adopted in 2006; amendments concerning ṣukūk and Islamic insurance (takāful) were introduced later, and in 2013 the Association for the Development of the Islamic Economy, Finance and Industry was established (Karimbekov, 2019:4). From 2008 EcoBank began to accept funds on the basis of qarḍ ḥasan and unrestricted muḍāraba, and subsequently on the basis of wadīʿa yad ḍamāna and wadīʿa yad amāna; for financing it used mushāraka, muḍāraba, murābaḥa, istiṣnāʿ and parallel istiṣnāʿ, salam and parallel salam, ijāra and ijāra muntahiya bi-l-tamlīk (Berdibaeva, n.d.; Mamedov, 2018:4-10). According to the bank's experience, clients most often chose murābaḥa as the least risky contract, while pledge (rahn) was used to secure the return of funds (Kalimullina, 2009:266-268).

In Russia Islamic financial services were historically offered by individual organisations: Badr-Forte Bank, which operated until 2006, used mushāraka for financing import transactions and ijāra for housing solutions (Bekkin, 2011:32), while Ak Bars Bank attracted investment from the countries of the Middle East on the basis of commodity murābaḥa (Mokina, 2017:2405). Systemic legal regulation was introduced by Federal Law No. 417-FZ of 4 August 2023, which established an experimental regime of partnership financing in the Republics of Bashkortostan, Dagestan and Tatarstan and in the Chechen Republic for the period from 1 September 2023 to 1 September 2025. Participants in the experiment may be credit and non-credit financial organisations, consumer cooperatives, funds, autonomous non-commercial organisations, business companies and partnerships (Federal Law No. 417-FZ, 2023).

In Uzbekistan the first solutions based on the norms of the fiqh of property relations appeared outside the banking sector: the leasing company TAIBA LEASING has operated since 2011, and since 2020 the financial platform Iman Invest, which uses the principles of muḍāraba and murābaḥa (Abrorov & Imamnazarov, 2021:152). In May 2018 a draft presidential resolution on measures to create the infrastructure of Islamic banking was submitted for discussion (Ibrohimova, 2021:105). A UNDP study of 2020, based on a survey of about 7,200 respondents (4,937 individuals, 2,235 enterprises and 27 banks), showed considerable interest in Islamic financial services; the non-conformity of conventional loans with Islamic norms was named as one of the principal reasons for declining bank borrowing (Imamnazarov, 2020).

In September 2021 the 46th annual meeting of the Board of Governors of the Islamic Development Bank was held in Tashkent, in the framework of which the International Islamic Trade Finance Corporation signed financing agreements with a number of Uzbek banks (Depozit.uz, n.d.). In 2024 the Central Bank approved a regulation permitting microfinance organisations to provide Islamic financing services – muḍāraba, murābaḥa, mushāraka, salam and Islamic leasing (Spot.uz, 2024). The key stage was the adoption of the Law of the Republic of Uzbekistan No. O‘RQ-1126 of 27 March 2026 “On Amendments and Additions to Certain Legislative Acts of the Republic of Uzbekistan Aimed at Introducing Islamic Banking Activity in Uzbekistan,” which came into force on 29 June 2026. The Law introduced the concepts of Islamic banking activity and of Islamic financial standards, provided for the licensing of banks for Islamic activity and for the creation of Islamic finance boards in every Islamic bank and under the Central Bank, and defined the list of Islamic financial operations (Law No. O‘RQ-1126, 2026). On 23 October 2026 the Central Bank issued the country’s first licence for Islamic banking activity to Open Bank JSC; according to press reports, the Law provides for six types of operations – muḍāraba, wakāla, murābaḥa, salam, mushāraka and ijāra (Umarov, 2026).

A comparison of the experience of the CIS countries makes it possible to distinguish four models of the introduction of Islamic banking: a special law together with the creation of fully fledged Islamic banks (Kazakhstan); the gradual introduction of amendments to legislation accompanied by pilot projects (Kyrgyzstan); Islamic windows in conventional banks in the absence of a special law (Azerbaijan); and an experimental legal regime in particular regions (Russia). Uzbekistan, having accumulated experience in the leasing and microfinance sectors, chose the path of comprehensive amendment of banking, civil and tax legislation and of the legislation on the Central Bank, permitting both fully Islamic banks and banks holding two licences (Law No. O‘RQ-1126, 2026).

In all the countries examined the set of financial products is built on a limited number of classical contracts: murābaḥa, ijāra, muḍāraba, mushāraka, wakāla, salam, istiṣnāʿ, qarḍ ḥasan and rahn. Each of them has a corresponding chapter in the classical Ḥanafī works: in al-Nasafī’s Kanz al-Daqāʾiq, sale and murābaḥa, lease (ijāra), partnership (shirka), agency (wakāla), salam and istiṣnāʿ, and pledge (rahn) are each treated separately (al-Nasafī, 2010). This means that the success of Islamic financial products depends to a considerable degree on a precise understanding of the conditions for the validity of the classical contracts. Thus the condition that the goods pass into the ownership of the bank

before being resold to the client in murābaḥa, or the requirement of full advance payment in salam, go back directly to the norms of fiqh (al-Nasafī, 2010; Oziev & Yandiev, 2015).

Researchers also point to obstacles to the development of Islamic finance in Uzbekistan: insufficient public awareness of the features of Islamic financial services, the concerns of conventional banks about competition, the inadequate explanation of the mechanisms of these services and the underdevelopment of the legal framework (Mirzakhmedova, 2023:37), as well as to their potential for attracting capital from the countries of the Islamic world and for financing the real sector (Oppokkhonov, 2023:157). The adoption of Law No. O‘RQ-1126 and the issuance of the first licence remove the problem of the legal framework, but the remaining tasks retain their relevance. Their solution requires the training of specialists competent both in banking and in the classical fiqh of property relations, as well as the development of national Islamic financial standards which, under the Law, must be based on international standards and on national legislation (Law No. O‘RQ-1126, 2026). According to reports from the Central Bank, at the first stage such services are to be offered above all to those sections of the population that are familiar with the specific features of Islamic finance (Khalilov, 2024).

## CONCLUSION

The study has shown that Islamic banking in the CIS countries, notwithstanding the difference of legal models – a special law in Kazakhstan, step-by-step regulation in Kyrgyzstan, Islamic windows in Azerbaijan and an experimental regime in Russia – rests on a single set of contracts of the classical fiqh of property relations: murābaḥa, ijāra, muḍāraba, mushāraka, wakāla, salam, istiṣnāʿ, qarḍ ḥasan and rahn. The terminology and structure of these products go back directly to the chapters of the classical Ḥanafī works, including Ḥāfiẓ al-Dīn al-Nasafī’s Kanz al-Daqāʾiq, which confirms the practical value of this heritage for contemporary financial practice.

Uzbekistan has travelled the path from individual leasing and microfinance solutions to a comprehensive legislative framework: Law No. O‘RQ-1126 of 27 March 2026 established Islamic banking activity, the system of Islamic finance boards and the list of Islamic financial operations, and in October 2026 the first Islamic bank licence was issued. The further development of this field will depend on the elaboration of national Islamic financial standards, on raising the financial literacy of the population and on

training personnel who combine a knowledge of banking with a deep understanding of the classical fiqh of property relations, for which the works of the scholars of Transoxiana, al-Nasafī among them, serve as an important source.

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