PATH 01 / BEGINNER / REVISION SHEET

Islamic Finance 101

Explain the field clearly, distinguish its core principles and ask better questions about financial structures.

The path in three lessons

01	**Purpose before products**	Begin with parties, assets, rights, risks and cash flows - not labels.
02	**Riba, gharar and maysir**	Ethical finance is not risk-free finance; risk and information should be handled responsibly.
03	**Contracts and governance**	Structure and practice must agree; documentation alone is not enough.

Key language

Shariah	The wider Islamic ethical and legal framework.
Riba	An unjustified increase in particular exchanges, commonly discussed through interest.
Gharar	Excessive uncertainty affecting essential elements of a contract.
Maysir	Gambling or gain driven primarily by games of chance.
Murabaha	A disclosed cost-plus sale.
Ijarah	A lease transferring the right to use an asset for rent.

RECALL / APPLY / DISCUSS

Questions worth keeping

Try answering these without notes. Then compare your reasoning with the prompts below.

01 Who owns what, carries which risk and earns each cash flow?

02 Are essential terms and obligations clear to every party?

03 Does operational practice match the approved contractual structure?

Answer prompts

01	Names and providers are not enough. Trace the transaction itself.
02	Ordinary commercial risk remains; avoid excessive uncertainty and unclear obligations.
03	Ongoing review matters because implementation can diverge from documentation.

Continue online

Open the interactive lessons, definitions and knowledge checks at soaseifs.com/education/islamic-finance-101

Use this sheet as a starting point for study. Structures, standards and interpretations can vary across institutions and jurisdictions.