

30-01-2026

Islamic economic transformation in Pakistan: Prospects, structural impediments, and the imperative of shariah-compliant governance

Waqas Ahmad Watto

To cite this article: Watto, W. A. (2026). Islamic economic transformation in Pakistan: Prospects, structural impediments, and the imperative of shariah-compliant governance. *Journal of Islamic Economic Insights*, 2(1), 30-38.

To link to this article: <https://journal.privietlab.org/index.php/JIEI/article/view/1787>




Follow this and additional works at: <https://journal.privietlab.org/index.php/JIEI>
Journal of Islamic Economic Insights is licensed under a Creative Commons Attribution 4.0 International License.

This JIEI: Original Article is brought to you for free and open access by Privietlab. It has been accepted for inclusion in by Journal of Islamic Economic Insights an authorized editor of Privietlab Journals

Full Terms & Conditions of access and use are available at: <https://journal.privietlab.org/index.php/JIEI/about>

Islamic economic transformation in Pakistan: Prospects, structural impediments, and the imperative of shariah-compliant governance

Waqas Ahmad Watto 

Superior University Lahore Campus, Rahim Yar Khan, Pakistan & the Department of Commerce,
Bahauddin Zakariya University, Multan, Pakistan
e-mail: waqas.ahmad.ryk@superior.edu.pk

Received 17 November 2025

Revised 24 December 2025

Accepted 30 January 2026

ABSTRACT

Pakistan, the world's second-largest Muslim-majority nation by population, occupies a uniquely consequential position in the global discourse on Islamic economic thought. Decades after its constitutional declaration as an Islamic republic and the formal promulgation of the Objectives Resolution of 1949, the country's economic architecture remains deeply entangled with interest-based (*riba*) financial instruments, structurally asymmetric wealth distribution, and governance frameworks that fundamentally diverge from *maqasid al-Shariah*, the higher objectives of Islamic law. This opinion article contends that Pakistan's persistent macroeconomic instability, income inequality, and institutional underdevelopment are not merely technical failures of economic management but, at a deeper analytical level, symptoms of an incomplete and often performative engagement with the foundational principles of Islamic economics. Drawing on scholarship in Shariah-compliant finance, comparative institutional economics, and recent empirical literature on Pakistan's financial sector, this article examines the structural barriers inhibiting genuine Islamic economic transformation, evaluates the current trajectory of Islamic banking and Zakat administration, critically interrogates the role of the state, and proposes a set of evidence-informed and normatively grounded policy directions. The central argument advanced herein is that a coherent, institutionally embedded embrace of Islamic economic principles, encompassing *riba* elimination, redistributive instruments such as zakat and waqf, ethical investment frameworks, and participatory finance, offers Pakistan not merely a theological aspiration but a practically viable pathway toward sustainable, equitable, and sovereignty-preserving economic development.

Keywords: Islamic banking; Islamic economics; economic transformation; Shariah-compliant governance; Pakistan

priviet lab.
RESEARCH & PUBLISHING



1. INTRODUCTION: THE UNFINISHED PROJECT OF ISLAMIC ECONOMICS IN PAKISTAN

The relationship between Islam and economic organization is not incidental to Muslim civilizational history; it is constitutive of it. The Quran and Sunnah articulate a comprehensive moral economy whose pillars, the prohibition of *riba* (usury and interest), the institutionalization of *zakat* (obligatory almsgiving), the encouragement of *sadaqah* (voluntary charity), the regulation of *muamalat* (commercial transactions), and the preservation of *waqf* (endowments for public benefit), collectively envision an economy oriented not toward capital accumulation per se but toward human welfare, social justice, and the worship of God (Chapra, 2000). Since Pakistan's founding in 1947 as a state explicitly justified by Islamic identity, the aspiration to build an economy in consonance with these principles has never been absent from the national discourse. However, the translation of aspirations into institutional reality has been, at best, partial.

The 1973 Constitution declares Islam the state religion and directs that all laws conform to the Quran and Sunnah. The Council of Islamic Ideology (CII) has consistently maintained that interest in all its forms is *riba* and therefore prohibited. The Supreme Court of Pakistan issued a landmark ruling in 1999, which was subsequently remanded and revived, demanding the elimination of *riba* from the economy (Ahmed, 2006). Despite these constitutional imperatives and judicial interventions, Pakistan's central bank, the State Bank of Pakistan (SBP), continues to operate a dual banking system in which conventional, interest-bearing institutions are dominant. Islamic banking assets constitute approximately 20 per cent of the total banking sector as of 2023, and the state routinely issues interest-bearing sovereign instruments (State Bank of Pakistan, 2023).

This contradiction between constitutional commitment and economic practice animates this article. The argument presented here is neither naively utopian nor apologetically incrementalist in nature. It proceeds from the conviction that Islamic economic principles, rigorously understood and institutionally operationalized, are not antithetical to modern economic complexity but are, in fact, capable of addressing structural pathologies that conventional economics has demonstrably failed to resolve in the Pakistani context. The sections that follow examine the theoretical foundations of Islamic economics as relevant to Pakistan, assess the empirical record of Islamic banking and redistributive instruments, diagnose the structural and political barriers to deeper transformation, and conclude with a normative-practical agenda for reform.

2. THEORETICAL FOUNDATIONS: MAQASID AL-SHARIAH AND ECONOMIC ORGANISATION

Any serious engagement with Islamic economics must begin with its teleological grounding in the *maqasid al-Shariah*, the five essential objectives of Islamic law identified by classical jurists: the preservation of faith (*din*), life (*nafs*), intellect (*aqf*), progeny (*nasl*), and property (*mal*) (Al-Ghazali, as cited in Chapra 2008). Contemporary scholars, most notably Chapra (2000) and Ibn Ashur, as interpreted by Dusuki and Abdullah (2007), have extended and operationalized this framework to argue that an Islamic economic order must be evaluated not solely by its conformity to specific transactional rules, however important they are, but by its capacity to realize these higher objectives for the entire society, with particular concern for the most vulnerable.

The prohibition of *riba*, which arguably represents the most structurally consequential injunction in Islamic economics, is not a mere technical prohibition on a specific financial instrument. This reflects a deeper commitment to the principle that money should not generate returns independently of productive effort and risk-sharing (Siddiqi, 2004). The concentration of financial returns in the hands of capital owners, irrespective of whether that capital participates in productive enterprises or risk, is identified in Islamic jurisprudence as fundamentally unjust and as a primary mechanism through which wealth inequality is perpetuated across generations. As Siddiqi (2004) argues, the Islamic alternative, anchored in profit-and-loss sharing (PLS) contracts such as *mudarabah* (silent partnership) and

musharakah (equity partnership), inherently aligns the interests of capital providers with those of entrepreneurs and, by extension, with the broader productive economies.

The redistributive mechanisms of *zakat* and *waqf* play complementary roles in this framework. *Zakat*, as a mandatory transfer of 2.5 per cent of qualifying accumulated wealth annually, functions as a structural counter to capital concentration (Kahf, 1997). *Waqf*, the perpetual endowment of assets for public purposes, has historically financed education, healthcare, and infrastructure in Muslim societies without recourse to state taxation or debt (Çizakça, 2000). Together, these instruments represent a distinctive Islamic political economy that seeks to maintain productive incentives while preventing structural poverty reproduction.

Critically, Islamic economics also addresses the ethics of production and consumption in ways that mainstream economics increasingly recognizes as pertinent. The concepts of *israf* (extravagance) and *tabdhir* (wasteful expenditure) provide a normative basis for sustainable consumption; the emphasis on *halal* (permissible) production channels directs investment away from sectors deemed socially harmful; and the principle of *adl* (justice) pervades contractual, labor, and distributive relations (Naqvi, 1981). For a country like Pakistan, characterized by high levels of conspicuous elite consumption, widespread poverty, and an informal economy that escapes regulatory oversight, these normative frameworks carry direct policy relevance.

3. ISLAMIC BANKING IN PAKISTAN: PROGRESS, PARADOXES, AND LIMITATIONS

Pakistan was among the early movers in Islamic banking globally, with initial experiments in profit-and-loss sharing dating back to the 1980s under the Islamization programme of General Zia ul-Haq. However, the ideologically driven, administratively abrupt character of that experiment, which sought to convert the entire banking system simultaneously without adequate institutional infrastructure, resulted in widespread confusion, jurisprudential controversy, and eventual reversion to de facto conventional practices under Islamic labels (Ahmed, 2006). The contemporary Islamic banking sector in Pakistan represents a more gradualist, institutionally consolidated iteration, with dedicated Islamic banking divisions in all major commercial banks and five fully fledged Islamic banks operating under a regulatory framework provided by the State Bank of Pakistan.

The SBP's Islamic Banking Bulletin for the fiscal year 2022-23 reports that Islamic banking assets reached PKR 8.3 trillion, representing 19.9 per cent of total banking assets, while deposits stood at PKR 6.7 trillion, equivalent to 20.5 per cent of total banking deposits (State Bank of Pakistan, 2023). The sector has demonstrated consistent double-digit growth over the preceding decade, significantly outpacing conventional banking growth. Network expansion has penetrated Tier-2 and Tier-3 cities, and product diversification has extended beyond basic *murabahah* financing to include *sukuk* (Islamic bonds), *ijarah* (leasing), and diminishing *musharakah* for housing financing.

These are genuine achievements. However, they must be critically assessed against several persistent concerns that limit the transformative potential of Islamic banking in its current form. First, the overwhelming dominance of *murabahah*, a cost-plus financing structure, in the Islamic banking portfolio raises fundamental questions about whether Pakistani Islamic banks are genuinely operationalizing the risk-sharing logic of Islamic economics or merely replicating the economic outcome of interest-based lending in a Shariah-compliant legal form (Dar & Presley, 2000). Estimates suggest that *murabahah* and related deferred-payment structures constitute over 60 per cent of Islamic bank financing portfolios in Pakistan (State Bank of Pakistan, 2023), while equity-based instruments, *mudarabah* and *musharakah*, which are theoretically most aligned with Islamic economic principles, remain marginal.

Second, the governance architecture of Shariah compliance in Pakistani Islamic banks, while formally institutionalized through mandatory Shariah Boards, has been critiqued for its insufficient independence, inadequate standardization, and vulnerability to regulatory capture (Iqbal & Molyneux, 2005). Third, and perhaps most structurally significant, the continued operation of a dual banking system, in which conventional, interest-based banks exist alongside Islamic banks, creates systemic arbitrage pressures and prevents the economy-wide elimination of *riba* envisioned by both the

Constitution and the Shariah. The Federal Shariat Court's 2022 judgment reaffirming the prohibition of *riba* and directing the government to transition to an interest-free economy by 2027 has reinvigorated this debate ([Federal Shariat Court of Pakistan, 2022](#)), although the operational and political feasibility of this timeline remains contested.

4. ZAKAT ADMINISTRATION AND REDISTRIBUTIVE FAILURES: A CRISIS OF INSTITUTIONAL DESIGN

The Zakat and Ushr Ordinance of 1980 established Pakistan as one of the few countries in the world to institutionalize state-administered zakat collections. Under this framework, zakat is deducted at the source from bank deposits, and proceeds are distributed through a network of Central Zakat Councils, Provincial Zakat Councils, District Zakat Committees, and Local Zakat Committees, reaching down to the village level. In principle, this represents a remarkable institutional infrastructure for Islamic redistributive mechanisms. In practice, the system has been extensively criticized for its inefficiency, leakage, political manipulation, and failure to reach the most destitute segments of the population.

Several structural deficiencies warrant specific identification and analysis. The coverage of the formal zakat system is severely limited by the exemption of Shia Muslims (who follow a different jurisprudential tradition regarding zakat collection), the narrow tax base resulting from extensive informal wealth holdings, and the limited capture of zakatable assets beyond the bank deposits. This implies that agricultural landholdings, commercial properties, and equity investments largely escape the formal system. Administrative inefficiencies and documented instances of misappropriation have further eroded public confidence, driving the vast majority of Pakistani Muslims to fulfil their zakat obligations through informal, personal channels, often to relatives, neighborhood religious scholars, or local charitable organizations, instead of the state system.

The consequences of poverty alleviation are significant. [Kahf \(1997\)](#) estimates that a fully mobilised, properly administered zakat system in a Muslim-majority country of Pakistan's wealth profile could generate resources equivalent to between two and four per cent of GDP annually. However, the actual mobilization through the formal state system falls far short of this potential, with annual collections in recent years hovering around PKR 18-25 billion, a figure that, while non-trivial, represents a fraction of what a comprehensive, institutionally robust system could achieve ([Ministry of Religious Affairs and Interfaith Harmony, 2023](#)). This gap between the potential and actual redistributive impact represents one of the most consequential failures of Islamic economic institutionalization in Pakistan.

The waqf sector faces analogous and, in some respects, more severe challenges. Historically, *awqaf* (the plural of waqf) have supported vast networks of religious education, welfare services, and public infrastructure across the Muslim world. In Pakistan, the Evacuee Trust Property Board and provincial *Waqf* departments administer a substantial portfolio of endowed properties, mosques, shrines, agricultural land, and urban real estate properties. However, these assets are widely regarded as systematically underutilized, poorly managed, and in many cases, subject to encroachment and misappropriation ([Çizakça, 2000](#)). Rigorous reform of waqf administration, incorporating transparent governance standards, professional asset management, and contemporary legal instruments such as cash waqf and corporate waqf, could unlock enormous dormant resources for social investment without recourse to public debt.

5. STRUCTURAL BARRIERS AND POLITICAL ECONOMY OF ISLAMIC ECONOMIC REFORM

Understanding why Pakistan's formal commitment to Islamic economics has yielded such incomplete results requires engagement with the political economy of reform rather than a simple narration of institutional failures. Several intersecting structural barriers require analytical attention.

5.1. Elite Capture and Rentier Interests

Pakistan's economic elite, a relatively small stratum of industrialists, large landowners, and politically connected business families, has historically benefited enormously from interest-based lending, preferential access to subsidized credit, land speculation, and the informal economy. For this stratum, the genuine operationalization of Islamic economic principles would entail not merely a change in financial instruments but a fundamental redistribution of economic power through comprehensive zakat, functional land reform consistent with Islamic principles of productive stewardship, and the elimination of the *riba*-based advantage that capital owners enjoy over labor. Political resistance to such transformations is therefore structural, not merely ideational (Husain, 1999).

5.2. Institutional Isomorphism and Dependency

Pakistan's financial system has been shaped over decades by its integration into the global conventional financial architecture; the IMF, World Bank, bilateral creditors, and international capital markets all operate on interest-based logic. Pakistan's periodic reliance on IMF bailouts, the most recent of which was concluded in 2023 under strict conditionalities (International Monetary Fund, 2023), creates structural tension between the domestic constitutional aspiration for an interest-free economy and external financial dependencies that require servicing interest-bearing obligations. This is not insurmountable; the creative use of sukuk for sovereign financing demonstrates that Shariah-compliant instruments can access international capital markets. However, it requires a level of strategic financial diplomacy and institutional innovation that has not yet been systematically pursued by the BRICS countries.

5.3. Jurisprudential Fragmentation

Another impediment is the lack of a unified, authoritative national body for Shariah economic standards. Pakistan has multiple, sometimes competing, institutions with jurisdictional claims over Islamic finance and economics: the Council of Islamic Ideology, the Shariah Appellate Bench of the Supreme Court, the Federal Shariat Court, the Shariah Boards of individual financial institutions, and the academic establishments of various Islamic jurisprudential schools. The resulting fragmentation produces inconsistencies in Shariah rulings, creates regulatory uncertainty for financial institutions, and allows for the perpetuation of questionable practices under the cover of contested jurisprudential opinions (Usmani, 2002). A national Shariah standards body, with adequate representation of all major jurisprudential schools, academic expertise, and financial practice, is urgently required.

6. SUKUK AND SOVEREIGN FINANCE: AN UNDEREXPLOITED OPPORTUNITY

One domain in which Pakistan has made meaningful progress in recent years in issuing sovereign sukuk as a mechanism for Shariah-compliant government financing. Pakistan issued its first international sovereign sukuk in 2005 and has since accessed international Islamic capital markets on several occasions. Domestically, the Government of Pakistan introduced Ijarah Sukuk as an alternative to conventional Treasury Bills and Pakistan Investment Bonds for Islamic banking institutions. These instruments, backed by tangible state assets leased to the government, represent a genuine innovation in Shariah-compliant sovereign finance (Usmani, 2002).

However, Pakistan's sukuk market remains underdeveloped relative to its potential. The secondary market for domestic sukuk is illiquid, the range of underlying asset structures is narrow, and the proportion of government financing conducted through Shariah-compliant instruments remains a small fraction of total sovereign borrowing (State Bank of Pakistan, 2023). As the Federal Shariat Court's 2022 directive requires all government borrowing to be converted to interest-free forms by 2027, the accelerated development of a deep, liquid, and institutionally diverse sukuk market, including municipal, corporate, and green sukuk aligned with Pakistan's climate vulnerabilities, has become a matter of economic urgency as well as a Shariah obligation.

The international experience of Malaysia, the Gulf Cooperation Council states, and increasingly Indonesia and Turkey in developing sophisticated Islamic capital markets provides an instructive precedent (Iqbal & Molyneux, 2005). Pakistan possesses comparative advantages, such as a large, predominantly Muslim population with growing financial literacy regarding Islamic products, a well-established Islamic banking regulatory framework, and a substantial diaspora population in Islamic finance-sophisticated jurisdictions, which it has not yet fully leveraged. Strategic investment in the human capital and institutional infrastructure of Islamic capital markets represents a high-return area for policymakers.

7. TOWARD A COHERENT ISLAMIC ECONOMIC POLICY AGENDA FOR PAKISTAN

The foregoing analysis suggests that the path toward a genuinely Islamic economic order in Pakistan requires not merely the multiplication of Shariah-compliant financial instruments but a coherent, multidimensional institutional reform agenda grounded in the *maqasid al-Shariah* and attentive to the specific structural context of the Pakistani political economy. The following directions constitute, in the author's view, the core of this agenda.

7.1. Phased and Credible *Riba* Elimination

The elimination of *riba* from Pakistan's economy, as constitutionally mandated and judicially confirmed, must be pursued through a phased, technically rigorous plan that ensures Shariah-compliant alternatives are fully operational and competitively viable before the withdrawal of conventional instruments. This requires, inter alia, the accelerated development of equity-based Islamic banking products, the conversion of government borrowing to sukuk, the reform of the SBP's monetary policy instruments to Shariah-compliant benchmarks, and comprehensive legal and regulatory revisions to remove all statutory references to interest as a default contractual term (Federal Shariat Court of Pakistan, 2022). The 2027 deadline set by the Federal Shariat Court is ambitious, but a credibly sequenced plan, publicly communicated and legislatively anchored, would demonstrate genuine commitment and provide the market with the certainty necessary for institutional adaptation.

7.2. Reform of Zakat and Waqf Institutions

The reform of Pakistan's zakat and waqf systems must begin with an honest acknowledgement of their current dysfunction and a willingness to adopt governance models that prioritize impact over bureaucratic continuity. For zakat, this entails expanding the tax base to capture all forms of zakatable wealth, not merely bank deposits, while allowing non-Muslims and Shia Muslims to channel their equivalent social obligations through alternative mechanisms. Independent, professionally managed Zakat Foundations, modelled on successful Islamic philanthropic organizations in Malaysia and the GCC, could supplement and eventually replace the current state bureaucracy, with transparent accounting, regular impact assessment, and digital delivery mechanisms to reach the most excluded populations (Kahf, 1997).

For waqf, the priority is the professionalization of asset management and the introduction of contemporary waqf instruments, such as cash waqf, corporate waqf, and social sukuk linked to waqf assets, which can mobilize private philanthropic capital at scale. International partnerships with well-managed waqf institutions in Malaysia, Kuwait, and the UAE could provide technical expertise and investment co-financing (Çizakça, 2000). The vast portfolio of underutilized waqf land in Pakistan's major cities, if properly developed under transparent governance, could finance world-class educational, healthcare, and social infrastructure without incurring public debt.

7.3. Islamic Social Finance and Poverty Reduction

Beyond formal banking and philanthropy, the broader toolkit of Islamic social finance, including *qard hasan* (benevolent interest-free loans), Islamic microfinance, *takaful* (mutual insurance), and community-based savings and credit cooperatives (*baitul mal*), offers enormous potential for financial

inclusion in a country where over 60 per cent of adults remain unbanked (Demirgüç-Kunt et al., 2022). While nascent, Pakistan's Islamic microfinance sector has demonstrated promising results in peri-urban and rural contexts. Organizations such as *Akhuwat* have built globally recognized models of *qard hassan-based* poverty alleviation (Mohieldin et al., 2011). Systematic policy support, such as regulatory facilitation, fiscal incentives, and integration with social protection programs, could significantly scale these models.

7.4. Strengthening Shariah Governance Architecture

None of the above reforms can achieve their intended impact without a robust, independent, and nationally coherent Shariah governance framework in place. The establishment of a National Shariah Council with legislative authority, representing all major Islamic jurisprudential traditions in Pakistan, and staffed by scholars with demonstrated expertise in both *fiqh al-muamalat* (Islamic commercial law) and modern economics and finance, is an institutional priority of the first order. This body should develop and maintain a national Shariah standards framework, adjudicate disputes between institutional Shariah Boards, and provide authoritative guidance on novel financial instruments and emerging economic challenges (Usmani, 2002). Aligning this council's work with international standards, particularly those of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB), would enhance Pakistan's credibility in global Islamic capital markets and facilitate cross-border investment flows.

8. THE MORAL ECONOMY ARGUMENT: BEYOND TECHNICALITY

It would be a profound misreading of the Islamic economic tradition to reduce it to a set of financial-engineering challenges. The depth of the Quranic critique of *riba* lies not in the mechanics of interest calculation but in its identification of unjust enrichment, the extraction of assured returns from the labor of others without bearing commensurate risk, as morally corrosive of social solidarity and spiritually corrosive of the human being's orientation toward God and other humans. Surah Al-Baqarah 2:275-280, one of the most detailed discussions of economic ethics in the Quran, contextualizes the prohibition of *riba* within a broader vision of a society in which the wealthy support the poor, risk is shared rather than transferred, and economic life is governed by *adl* (justice) and *ihsan* (excellence in conduct) rather than by the logic of maximization (Chapra, 2000).

Pakistan's social fabric has been deeply damaged by decades of economic injustice: a landlord class that extracts rental income from a captive peasantry, an industrial elite that has captured state subsidies and regulatory protection, a financial sector that has channelled savings into government debt rather than productive enterprise, and a welfare state too fiscally emaciated to provide the basic services that Islamic social ethics require. This article argues that the *maqasid al-Shariah* framework, properly understood, provides not merely a set of financial transaction rules but a comprehensive normative critique of the Pakistani political economy. This critique, if taken seriously by the state and the scholarly community, points toward transformative reforms far more fundamental than replacing interest with profit rates.

This moral economy argument has direct implications for the sociology of Islamic economic advocacy in Pakistan's context. The most powerful constituency for genuine Islamic economic reform is not the urban professional class that patronizes Islamic banking products, but the rural poor, the urban informal worker, and the small entrepreneur, for whom the current economic order offers neither justice nor opportunity. A politically and intellectually credible Islamic economics movement in Pakistan must speak to these constituencies, addressing land reform, labor rights, fiscal equity, and state accountability, rather than confining its energies to the technically important but socially narrow domain of financial instrument design.

9. CONCLUSION: SINCERE COMMITMENT OVER PERFORMATIVE COMPLIANCE

The critique advanced in this article is ultimately a critique of performative Islamization, the adoption of Islamic economic nomenclature, and formal institutional structures without the substantive transformation of the underlying economic power relations, distributional outcomes, and governance norms. Pakistan has the constitutional mandate, jurisprudential tradition, institutional infrastructure, and popular religiosity to pursue genuinely transformative engagement with Islamic economic principles. Historically, it has lacked the political will to confront the entrenched interests of landlords, industrialists, financiers, and bureaucrats that benefit from the status quo.

The Federal Shariat Court's 2022 judgment, despite the practical difficulties of its implementation, represents a renewed moment of constitutional reckoning with this unfinished project of Pakistan's founding. The challenge for Pakistan's scholars of Islamic economics, policymakers, Islamic banking practitioners, civil society organizations, and political leaders is to respond to this moment with the intellectual seriousness, institutional creativity, and moral courage it demands from them. The Islamic economic tradition, in its engagement with justice, risk-sharing, redistribution, and the subordination of economic life to divine purposes, has more to offer contemporary Pakistan than is currently being extracted from it.

An authentic Islamic economic transformation in Pakistan will not be achieved by renaming interest as profit, converting debt instruments into quasi-debt sukuks, or distributing zakat through corrupt bureaucracies. This will be achieved, if it is achieved, by a comprehensive institutional reform that brings Pakistan's economic structures into genuine alignment with the *maqasid al-Shariah*: preserving and enhancing the lives, intellects, and property of all Pakistanis, with particular solicitude for those whom the current order has failed most comprehensively. This is the aspiration; the analysis presented here suggests both the urgency and possibility of its realization.

Ethical Approval

Not Applicable

Informed Consent Statement

Not Applicable

Disclosure Statement

The Authors declare that they have no conflicts of interest.

Data Availability Statement

The data presented in this study are available upon request from the corresponding author.

Funding

This study did not receive any external funding.

Notes on Contributors

Waqas Ahmad Watto

<https://orcid.org/0000-0003-3135-1682>

Waqas Ahmad Watto is affiliated with Superior University Lahore Campus, Rahim Yar Khan, Pakistan, and the Department of Commerce, Bahauddin Zakariya University, Multan, Pakistan.

REFERENCES

- Ahmed, H. (2006). Islamic law, adaptability and financial development. *Islamic Economic Studies*, 13(2), 79–101. <https://ssrn.com/abstract=3161391>
- Chapra, M. U. (2000). *The future of economics: An Islamic perspective*. The Islamic Foundation. <https://lib.ui.ac.id/detail?id=20451064&lokasi=lokal>
- Chapra, M. U. (2008). Ibn Khaldun's theory of development: Does it help explain the low performance of the present-day Muslim world? *The Journal of Socio-Economics*, 37(2), 836–863. <https://doi.org/10.1016/j.socec.2006.12.051>
- Çizakça, M. (2000). *A history of philanthropic foundations: The Islamic world from the seventh century to the present*. Boğaziçi University Press.
- Dar, H. A., & Presley, J. R. (2000). Lack of profit-loss sharing in Islamic banking: Management and control imbalances. *International Journal of Islamic Financial Services*, 2(2), 3–18. <https://www.iefpedia.com/english/wp-content/uploads/2009/09/Lack-of-Profit-Loss-Sharing-in-Islamic-Banking-Management-and-Control-Imbalances.pdf>
- Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2022). The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19. World Bank Group. <http://documents.worldbank.org/curated/en/099818107072234182>
- Dusuki, A. W., & Abdullah, N. I. (2007). Maqasid al-Shari'ah, maslahah, and corporate social responsibility. *American Journal of Islam and Society*, 24(1), 25–45. <https://doi.org/10.35632/ajis.v24i1.415>
- Federal Shariat Court of Pakistan. (2022, April 28). *Judgment on riba/interest in Shariat Petition No. 30-L of 1991 and 81 connected matters* [Press release]. <https://www.federalshariatcourt.gov.pk/wp-content/uploads/2019/01/Press%20Release/Press%20Release%2028.04.2022.pdf>
- Husain, I. (1999). *Pakistan: The economy of an elitist state*. Oxford University Press.
- International Monetary Fund. (2023). *Pakistan: Request for a stand-by arrangement—Press release; staff report; staff statement; and statement by the executive director for Pakistan* (IMF Country Report No. 2023/260). <https://www.imf.org/en/Publications/CR/Issues/2023/07/17/Pakistan-Request-for-a-Stand-By-Arrangement-Press-Release-Staff-Report-Staff-Statement-and-536494>
- Iqbal, M., & Molyneux, P. (2005). *Thirty years of Islamic banking: History, performance and prospects*. Palgrave Macmillan. <https://doi.org/10.1007/978-0-230-50322-9>
- Kahf, M. (1997). Potential effects of zakat on government budget. *IIUM: Journal of Economics and Management*, 5(1), 67–85. <https://journals.iium.edu.my/enjournal/index.php/enmj/article/view/31>
- Ministry of Religious Affairs and Interfaith Harmony. (2023). *Year book 2022–23*. Government of Pakistan.
- Mohieldin, M., Iqbal, Z., Rostom, A., & Fu, X. (2011). *The role of Islamic finance in enhancing financial inclusion in Organization of Islamic Cooperation (OIC) countries* (Policy Research Working Paper No. 5920). World Bank. <https://doi.org/10.1596/1813-9450-5920>
- Naqvi, S. N. H. (1981). *Ethics and economics: An Islamic synthesis*. The Islamic Foundation. <https://islamiceconomicsproject.com/ethics-and-economics-an-islamic-synthesis/>
- Siddiqi, M. N. (2004). *Riba, bank interest and the rationale of its prohibition*. Islamic Research and Training Institute, Islamic Development Bank. <https://isdbinstitute.org/product/riba-bank-interest-and-the-rational-of-its-prohibition/>
- State Bank of Pakistan. (2023). *Islamic banking bulletin: April–June 2023*. State Bank of Pakistan. <https://www.sbp.org.pk/ibd/bulletin/2023/Islamic%20Banking%20Bulletin-June%202023.pdf>
- Usmani, M. T. (2002). *An introduction to Islamic finance*. Kluwer Law International. <https://search.worldcat.org/title/An-introduction-to-Islamic-finance/oclc/49495202>