# Psychology of Wealth: An Islamic Perspective on Personal Finance

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# Author Biography

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# Introduction

> Truly, for every nation there is a trial, and the trial for my nation is wealth.[1]
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> - Prophet Muhammad ﷺ

Long before the scientific enterprise of psychology, economics, and their ensuing marriage known as "behavioral economics," the Qur'an and Sunnah introduced economic principles aimed at improving society and explicating the psychological mechanisms that influence economic behavior. The Islamic sources understood that human beings were not *Homo economicus*, meaning that they do not make purely rational economic decisions with unbounded rationality to maximize their satisfaction. Rather, the human being is prone to biases that lead to making suboptimal choices. Over the past few decades, behavioral economics and cognitive psychology have attempted to identify these biases and the cognitive and affective processes that influence economic choices, especially decisions involving risk and uncertainty. This paper aims to shed light on Islamic principles related to the psychology of wealth, with an emphasis on inculcating a philanthropic mindset and optimal decision-making. Rather than discuss *Homo economicus*, we focus on how Islam seeks to inculcate *Homo islamicus*, or the Muslim economic agent who thinks and behaves in accordance with the moral principles of Islam.[2]

Islam holistically addresses the spiritual and economic needs of individuals and societies. Amongst the foremost objectives of Islamic law is the preservation and development of the wealth of society. Additionally, the obligation of *zakah* as an economic pillar of worship highlights how wealth and worship cannot be separated. Furthermore, numerous *aḥādīth* and verses of the Qur'an address how wealth should be acquired, spent, and invested. Regarding the acquisition of wealth, Prophet Muhammad ﷺ was reported to have said, "Seeking lawful [wealth] is an obligation upon every Muslim."[3] He also prophesized that "A time will come when one will not care how one gains one's money, lawfully or

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[1] *Jāmiʿ al-Tirmidhī*, no. 2336.
[2] Murat Çokgezen, "Islamic Economics in Real Life: Do Muslims Give More Than the Others?," 2016.
[3] Ṭabarānī, *al-Muʿjam al-kabīr*, no. 9993.

unlawfully."[4] Regarding investing wealth, ʿUmar ibn Khaṭṭāb advised, "Invest the wealth of orphans so that it will not be eaten away by *zakah*.[5]" Regarding spending one's wealth, the Prophet ﷺ said, "Allah does not like for you to waste wealth, nor ask many unnecessary questions, nor spread gossip.[6]" Thus, a cursory glance at the Sunnah clearly demonstrates that financial matters were given substantial attention by the Prophet ﷺ. However, the scope of financial guidance was not limited to legal directives about permissible and impermissible transactions. Rather, the Qur'an and Sunnah heavily focused on the psychology of wealth, which is a prerequisite to making appropriate economic choices. Additionally, through focusing on the psychology of wealth and reframing key economic concepts, Islamic guidance seeks to correct the cognitive and spiritual biases pertaining to wealth that lead to suboptimal and oftentimes harmful economic choices. However, before going into the Islamic perspective on wealth, we need to understand the economic culture that dominates our society today.

## The incompatibility of neoclassical economics and Islamic psychoeconomics

Neoclassical economics has been the dominant economic worldview since the late 19th century and is the backbone of modern capitalism.[7,8] It can be defined as an economic philosophy that broadly focuses on supply and demand as the primary forces behind the production, pricing, and consumption of goods and services.[9] More importantly, neoclassical economics is methodologically individualistic, assuming that self-interest drives economic behavior and generally excludes the interests of others.[10] Economic individualism rests on the primacy of the individual and the corollary principle of the sanctity of private property. These core economic values were derived from John Locke, Adam Smith, and other economic

[4] *Ṣaḥīḥ al-Bukhārī*, no. 2059.
[5] Mālik, *Muwaṭṭaʾ*, no. 592.
[6] *Musnad al-Bazzār*, no. 8463.
[7] John F. Henry, *The Making of Neoclassical Economics* (Milton Park: Routledge, 2012).
[8] Chandana Ghosh and Ambar Nath Ghosh, *An Introduction to Economics* (Singapore: Springer, 2019).
[9] Lara Boerger and the Exploring Economics Team, "Neoclassical Economics," December 18, 2016, https://www.exploring-economics.org/en/orientation/neoclassical-economics/.
[10] John B. Davis, "Individualism," in *The Elgar Companion to Classical Economics*, ed. Heinz Kurz and Neri Salvadori (Cheltenham: Edward Elgar Publishing, 1998), 405–10.

philosophers. Locke argued that ownership of property is grounded in ownership of the self, and since each individual owns himself, each individual has a natural right to his own labor and therefore has a right to the property received or produced in exchange for this labor. Smith posited that the best way to maximize a person's happiness was to allow him to freely act in his own self-interest.[11] Neoclassical economics should be seen as not merely an economic theory, but a value system and worldview. The core belief that underlies neoclassical economics is hedonic psychology,[12] as one of the most influential neoclassical thinkers, William Stanley Jevons, stated that "Pleasure and pain are undoubtedly the ultimate objects of the Calculus of Economics. To satisfy our wants to the utmost with the least effort ... in other words, to *maximize pleasure*, is the problem of Economics."[13] Furthermore, he conceptualized that "utility [arising from any commodity] must be considered as measured by, or even as actually identical with, the addition made to a person's happiness."[14] Is there a problem with the neoclassical philosophy of wealth? Is it a reflection of reality and compatible with Islamic values?

Neoclassical economics rests on three unrealistic assumptions that human beings possess: (1) unbounded rationality; (2) unbounded willpower; (3) unbounded selfishness. Many of the leading secular leaders in decision-making sciences, including Herbert Simon and behavioral economists, have been quite critical of these assumptions, arguing that humans make decisions with "bounded rationality," often make poor decisions due to a lack of self-control, and often make decisions that are selfless.[15,16] Collectively, the foundations and assumptions underlying neoclassical economics are substantially different from and antithetical to Islamic psychoeconomics. I use the term psychoeconomics to emphasize the psychospiritual guidance that underlies the economic mindset of a Muslim. First,

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[11] Marjorie E. Kornhauser, "The Morality of Money: American Attitudes toward Wealth and the Income Tax," *Indiana Law Journal* 70, no. 1 (1994): 119.
[12] Erik Angner and George Loewenstein, "Behavioral Economics," *Handbook of the Philosophy of Science: Philosophy of Economics* (2007): 641–90.
[13] Williams Stanley Jevons, *The Theory of Political Economy* (London: Macmillan, 1879).
[14] Jevons.
[15] Herbert A. Simon, "A Behavioral Model of Rational Choice," *The Quarterly Journal of Economics* 69, no. 1 (1955): 99–118.
[16] Sendhil Mullainathan and Richard H. Thaler, *Behavioral Economics*, National Bureau of Economic Research, paper no. w7948, 2000.

from the Islamic psychoeconomics perspective, satisfaction of needs and wants, or maximizing carnal pleasure, cannot be the ultimate goal driving economic activity. Even if we were to accept that maximizing pleasure is the ultimate goal driving economic activity, then we must redefine pleasure as being that which is pleasing to Allah. Second, the Islamic notion of ownership of the self is completely different, as Allah owns our souls and by extension our wealth. Allah says in Sūrat al-Tawbah, "Indeed, Allah has purchased from the believers their lives and their properties [in exchange] for Paradise…."[17] Third, economic individualism is far from the Islamic notions of public welfare and communal rights.[18] The fact that *zakah* gives others a right over a portion of our wealth and withholding charity is considered blameworthy and a cause of our destruction negates the compatibility between Islam and economic individualism. Allah says in Sūrat al-Baqarah, "And spend in the way of Allah and do not throw [yourselves] with your [own] hands into destruction [by refraining from giving]. And do good; indeed, Allah loves the doers of good."[19]

Thus, through a detailed look at the Qur'an and Sunnah, we can extract and appreciate the psychospiritual underpinnings that optimize financial mindsets and behavior. The remainder of this paper highlights selected Islamic microeconomic principles that inculcate a psychoeconomically healthy mindset. I argue that these principles are intended to foster self-contentment, motivate philanthropic behavior, and lead to God-consciousness. The holistic nature of Islamic psychoeconomics guidance helps govern one's relationship with oneself, with creation, and with the Creator. As capitalism, intellectually supported by neoclassical economics, is the economic worldview dominating public discourse, the need to reorient Muslims towards an Islamic worldview of wealth is essential for personal and societal well-being.[20]

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[17] Qur'an 9:111.

[18] Mohammed Borhandden Musah, "The Culture of Individualism and Collectivism in Balancing Accountability and Innovation in Education: An Islamic Perspective," OIDA International Journal of Sustainable Development 2, no. 8 (2011): 69–76.

[19] Qur'an 2:195.

[20] "Neoclassical economics extols the virtues of capitalism and suggests policies that help the capitalists increase their command over the goods and services produced. To be precise, it shows that a capitalist society, if left to itself, will automatically bring about full employment of all the workers and full utilization of the productive capacities of all the production units (i.e., the organizations that produce goods and services. These organizations are referred to

# Psychology of wealth in Islam

Allah informs us in numerous places in the Qur'an that human beings have an intense love for wealth.[21] The insatiable thirst for wealth is exemplified in the hadith of the Prophet ﷺ: "If the son of Adam had a valley full of gold, he would like to have two valleys.[22]" The Prophet further cautioned about the potential dangers of obsessively pursuing wealth, saying, "By Allah, it is not poverty I fear for you; rather, I fear you will be given the wealth of the world, just as it was given to those before you. You will compete for it just as they competed for it and it will ruin you just as it ruined them.[23]" One of the most vivid illustrations of this warning comes from the following narration, where the Prophet ﷺ said, "Two hungry wolves roaming freely among a flock of sheep are less destructive to them than the passion of a man for wealth and fame is to his religion.[24]" These *aḥādīth* attempt to nurture a vigilant mindset towards the pursuit of wealth, warning that such a pursuit may destroy a person. However, rather than merely warn the believers about the potential pitfalls of chasing money, Islamic guidance seeks to reframe our relationship with wealth so that we spend it appropriately in the service of Allah.

## Reframing ownership of wealth

As previously stated, neoclassical economics and capitalism posit that the individual is the true owner of their wealth and possessions. However, in Islam, Allah is the true Owner of all wealth, and the individual is merely a trustee or executor whose role is to use the wealth and assets in a manner pleasing to Allah. The Qur'an says, "Believe in Allah and His Messenger and spend out of that of

as firms in economics). It also shows that a capitalist economy on its own will produce all the different goods and services in optimal quantities and distribute the produced goods and services among people in an optimal manner. Hence, it recommends the policy of free market or laissez-faire. Under this policy, the government should not interfere with the economic activities of individuals and firms and allow a capitalist economy to operate on its own." See Ghosh and Ghosh, *Introduction to Economics*.

[21] See Qur'an 89:20 and 100:8.

[22] *Ṣaḥīḥ al-Bukhārī*, no. 6439.

[23] *Ṣaḥīḥ al-Bukhārī*, no. 6425; *Ṣaḥīḥ Muslim*, no. 2961.

[24] *Sunan al-Tirmidhī*, no. 2376.

which He has made you trustees. For those who have believed among you and spent, there will be a great reward."[25] The Islamic notion that wealth ultimately belongs to Allah, and we are only trustees, has substantial ramifications for how wealth is spent and invested. Once the believer internalizes their role as a trustee, they become responsible for safeguarding the trust, understanding the terms of the trust to determine who has rights over the assets, and then distributing the assets to the deserving parties. The terms of the trust have been clearly articulated in the Qur'an and Sunnah, which include rules of inheritance, rules of *zakah*, discouraging miserliness and hoarding of wealth, encouraging generosity and circulating wealth in society, encouraging moderation in spending, and principles of investing.

## The paradox of pursuing wealth

Understanding the gravitational pull of wealth on the hearts of people, the Prophet ﷺ repeatedly gave advice on how to detach ourselves from stressing over wealth and from making the pursuit of it a central concern of our lives. In a powerful narration, he said, "Whoever is focused only on this world, Allah will confound his affairs and make him fear poverty constantly, and he will not get anything of this world except that which has been decreed for him. [However], whoever is focused on the Hereafter, Allah will settle his affairs for him and make him feel content with his portion, and his provision and worldly gains will undoubtedly come to him."[26] This hadith establishes an essential psychological principle of wealth in Islam: chasing the supposed reward of this life (*dunyā)* leads to financial anxiety, whereas chasing the real reward of the afterlife (*ākhirah*) leads to financial contentment. He reiterated this point in another narration, saying, "Allah says, 'O son of Adam, focus on worshipping Me and I will fill your heart with contentment and take care of your poverty; but if you do not do that, then I will fill your heart with worldly concerns and will not take care of your poverty.'"[27] These narrations are meant to calibrate the believer away from the inherent bias of obsessively pursuing wealth and free them to pursue more noble pursuits. In fact, the Prophet

[25] Qur'an 57:7.
[26] *Sunan Ibn Mājah*, no. 4105.
[27] *Sunan al-Tirmidhī*, no. 2466.

ﷺ repeated this message over and over in numerous ways. In another example, Abū Dharr reported that the Prophet said to him, "O Abū Dharr, do you say an abundance of possessions is wealth?" I said yes. The Prophet said, "Do you say a lack of possessions is poverty?" I said yes. The Prophet repeated this three times, then he said, "Wealth is in the heart and poverty is in the heart. Whoever is wealthy in his heart will not be harmed no matter what happens in the world. Whoever is impoverished in his heart will not be satisfied no matter how much he has in the world. Verily, he will only be harmed by the greed of his own soul."[28] The Prophet ﷺ focused on liberating hearts from lusting over wealth so that his *ummah* became intrinsically motivated to spend and invest it in noble causes.

## Reframing spending and investing

Islam aims to avoid extreme stinginess or excessive spending on oneself. In describing the righteous believers, Allah says in the Qur'an, "And [they are] those who, when they spend, do so not excessively or sparingly but are ever, between that, justly moderate."[29] The Prophet ﷺ also said, "Eat, drink, give in charity, and wear nice clothing, but without pride and extravagance. Verily, Allah loves for His blessings to be seen upon His servants."[30] These texts demonstrate that moderation in all forms of spending is optimal. However, as many of life's expenditures pertain to one's family, Islam reframes spending on family as a type of charity when done with the intention of pleasing Allah. The Prophet ﷺ said, "If a Muslim spends on his family seeking reward from Allah, it is charity for him."[31] In addition to understanding how to spend money moderately, Islamic psychoeconomic guidance reframes the meaning of investing.

Investing refers to a method of allocating wealth into assets that one expects to profit from. The objective of investing is to reap the rewards of one's investments in the future. Ethical investing[32] is encouraged in Islam, as the individual benefits

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[28] Ṭabarānī, *al-Muʿjam al-kabīr*, no. 1618.
[29] Qur'an 25:67.
[30] *Musnad Aḥmad*, no. 6656.
[31] *Ṣaḥīḥ al-Bukhārī*, no. 5351; *Ṣaḥīḥ Muslim*, no. 1002.
[32] By ethical investing, I refer to investments that are in accordance with Islamic law. For example, investments that are interest-based or involve the development and sale of forbidden products are to be avoided.

by having their wealth grow and society benefits as the economy grows through successful investments. ʿUmar ibn Khaṭṭāb advised, "Invest the wealth of orphans so that it will not be eaten away by *zakah*.[33]" This statement establishes that money lying around will decrease due to the obligation of *zakah*. If a person had $10,000, it would become $9,750 after paying 2.5% in zakah ($250) at the end of the year. After 10 years, the original $10,000 would be worth just under $8,000. Thus, paying *zakah* should encourage investing, as money not being invested is effectively subject to a negative interest rate of -2.5% (this is only referring to interest from a purely financial perspective, not from an Islamic legal or spiritual perspective).

Although there is great reward and *barakah* in *zakah*, the Prophet ﷺ nonetheless encouraged us to invest our wealth. Through putting our wealth in halal investments, we increase the likelihood of increasing our wealth and subsequently giving more. Although Islam encourages worldly investing in order to safeguard and grow wealth, it fundamentally reframes what types of investments are worth focusing on. The following *aḥādīth* demonstrate how the Prophet reframed investing. He said, "…The son of Ādam boasts, 'My wealth! My wealth!' O son of Adam, have you truly earned any wealth but that you ate and consumed, or put on and wore out, or spent in charity so it remained?"[34] In this narration, from a religious perspective, the only wealth that one retains is that which is invested in charity. In another narration, he said, "Who among you considers the wealth of his heirs dearer to him than his own wealth?" They replied, "O Allah's Messenger! There is none among us but loves his own wealth more." The Prophet said, "So his wealth is whatever he puts forth [in charity] during his life, whereas the wealth of his heirs is whatever he leaves after his death."[35] Again, the Prophet is reframing what constitutes true wealth by encouraging investing in charity as a way to build one's spiritual net worth and nest egg for the afterlife. In yet another narration, it was reported that ʿĀʾishah had a sheep slaughtered. When the Prophet found out, he inquired about it. He said to her, "What remains of it?" She said, "Nothing

[33] Mālik, *Muwaṭṭāʾ*, no. 592.
[34] *Ṣaḥīḥ Muslim*, no. 2958.
[35] *Ṣaḥīḥ al-Bukhārī*, no. 6442.

remains of it except its shoulder." He said, "All of it remains except its shoulder."[36] Thus, the Prophet explicitly reframed ʿĀʾishah's worldview of wealth. Rather than interpret what has been given away as ceasing to be in one's possession, what has been given away should be seen as an investment that one retains. All of these narrations reinforce the same principle in different contexts, highlighting the consistency of this Prophetic investing principle. Therefore, if we return to the definition of investing as a method of allocating wealth into assets that one expects to profit from in the future, there can be no greater investment in one's future, in this life and the afterlife (*ākhirah*), than philanthropy and charitable giving. Similarly, just as investing in our personal *dunyā* portfolio is important and has best practices, investing in our personal *ākhirah* portfolio also has best practices to be mindful of. Here are a few suggestions:

1. **Invest in your *ākhirah* portfolio as early as possible and consistently**. Charity grows at an exponential rate.[37] Investing in one's *ākhirah* from a young age disciplines the soul, builds trust in Allah, and the returns in the afterlife will be greater than if one began investing in their *ākhirah* portfolio later in life. Additionally, regularly contributing ensures that one's *ākhirah* investment steadily grows over time. Set aside a percentage of your income or a fixed amount for weekly or monthly investments.
2. **Take calculated risks and invest when others are hesitant.** Just as risk tolerance is a consideration in worldly investments, it is recommended to invest in projects that have tremendous potential. The Qur'an alludes to this when praising those who donated to Islam during its most vulnerable times before the conquest of Makkah as being superior to those who donated after the Islamic state was powerful and solidified.[38] The reward is greater in the early phases of a righteous project.

[36] *Sunan al-Tirmidhī*, no. 2470.
[37] "The example of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing." Qur'an 2:261.
[38] "And why do you not spend in the cause of Allah while to Allah belongs the heritage of the heavens and the earth? Not equal among you are those who spent before the conquest [of Makkah] and fought [and those who did so after it]. Those are greater in degree than those who spent afterwards and fought. But to all Allah has promised the best [reward]. And Allah, with what you do, is Acquainted." Qur'an 57:10.

3. **Diversify your *ākhirah* portfolio.** Building off the last recommendation, it is important to invest in a variety of causes. Although people have preferences for certain projects, they should still invest in a variety of righteous causes, including *masājid*, schools, poverty relief, education, social issues, and more. This ensures the person reaps a return on investment from each noble cause.

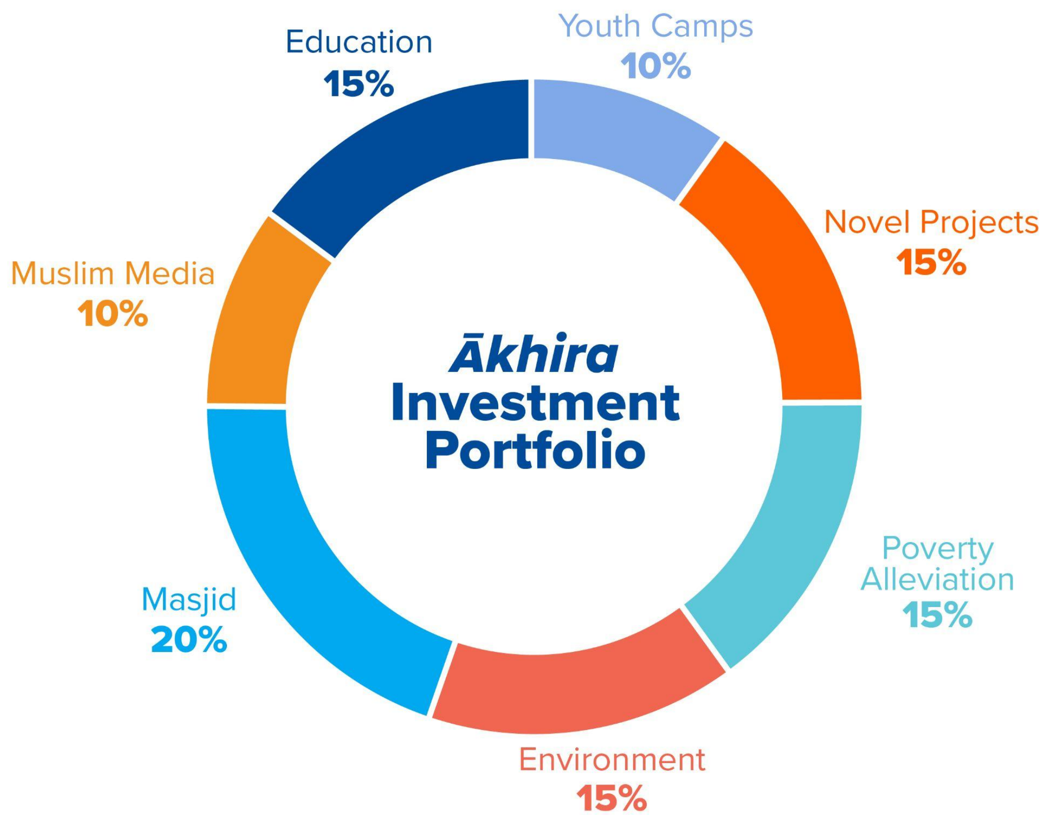


Figure 1. Hypothetical diversified *ākhirah* investment portfolio

Despite the tremendous reward in investing in one's *ākhirah*, there may be psychological barriers to committing to a life of philanthropic investing. We discuss a few of these in light of the Qur'an, Sunnah, and modern science.

## Spiritual biases related to wealth and giving

Scarcity and poverty can be debilitating to one's perspective on wealth. Scarcity is not only a lack of resources but also a mindset.[39] A scarcity mindset is the subjective perception that there is not enough for everyone, leads to anxiety about not having enough, and impairs decision-making.[40] A scarcity mindset is the opposite of an abundance mindset, where one perceives that there is enough for themselves and others.

One of the consequences of having a scarcity mindset is feeling a sense of personal relative deprivation and diminished perceptions of financial well-being, which lead to making poor financial decisions, such as saving less, taking out high interest loans,[41] and increased participation in lotteries.[42,43]

Personal relative deprivation refers to feelings of resentment and lack of financial contentment due to believing one is deprived of what they desire and deserve.[44] Believing that one is deprived is related to lower levels of well-being,[45] higher stress,[46] worse physical health,[47] higher levels of materialism,[48] and donating less.[49] In addition to these aforementioned detrimental outcomes, personal relative

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[39] Aimee Fifarek, "Thriving in the New Normal: Strategies for Managing the Scarcity Mindset," *Library Leadership & Management* 29, no. 1 (2014).
[40] Anuj K. Shah, Sendhil Mullainathan, and Eldar Shafir, "Some Consequences of Having Too Little," *Science* 338, no. 6107 (2012): 682–85.
[41] Neil Bhutta, Jacob Goldin, and Tatiana Homonoff, "Consumer Borrowing after Payday Loan Bans," *The Journal of Law and Economics* 59, no. 1 (2016): 225–59.
[42] Garrick Blalock, David R. Just, Daniel H. Simon, "Hitting the Jackpot or Hitting the Skids: Entertainment, Poverty, and the Demand for State Lotteries," *American Journal of Economics and Sociology* 66, no. 3 (2007): 545–70.
[43] Taking out interest-bearing loans and participating in lotteries are forbidden in Islamic law.
[44] Iain Walker and Heather J. Smith, eds., *Relative Deprivation: Specification, Development, and Integration* (Cambridge: Cambridge University Press, 2002).
[45] Anne Ellaway, Laura McKay, Sally Macintyre, Ade Kearns, and Rosemary Hiscock, "Are Social Comparisons of Homes and Cars related to Psychosocial Health?" *International Journal of Epidemiology* 33, no. 5 (2004): 1065–71.
[46] Lain Walker and Leon Mann, "Unemployment, Relative Deprivation, and Social Protest," *Personality and Social Psychology Bulletin* 13, no. 2 (1987): 275–83.
[47] Christine Eibner and William N. Evans, "Relative Deprivation, Poor Health Habits, and Mortality," *Journal of Human Resources* 40, no. 3 (2005): 591–620.
[48] Hong Zhang, Yuan Tian, Boran Lei, Shuo Yu, and Man Liu, "Personal Relative Deprivation Boosts Materialism," *Basic and Applied Social Psychology* 37, no. 5 (2015): 247–59.
[49] Osman Umarji, "Charity Under Uncertainty: Ramadan Giving in a Pandemic," *Yaqeen*, April 8, 2021, https://yaqeeninstitute.org/osman-umarji/charity-under-uncertainty-ramadan-giving-in-a-pandemic.

deprivation is also linked to maladaptive attitudes and behaviors, including delayed discounting tendencies and engaging in risky behaviors.[50] Delayed discounting refers to the preference for smaller, immediate rewards over larger, delayed rewards in the future. Thus, people who feel deprived compared to others are more likely to make irrationally risky decisions in the moment at the expense of better long-term decisions. For example, experiments have shown that inducing feelings of relative deprivation lead to delayed discounting tendencies, which lead to an increased likelihood of gambling.[51] Thus, the person who feels deprived seeks an immediate reward that they irrationally believe can come about by gambling.

Personal relative deprivation is thus a spiritual bias that influences economic behavior, including how willing one is to give their wealth in charity, to gamble, and to take out interest-bearing loans. Believing that one is deprived is thus viewed negatively in Islam. Although the believer is not accountable for fleeting thoughts, deep resentment of one's financial situation is a door through which Satan enters. Allah refers to Himself as Generous (*al-Karīm*) and Vast (*al-Wāsiʿ*) in His bounty in the Qur'an. It is through understanding these names that the spiritual bias is meant to be removed from the heart of the believer. The Qur'an addresses this bias directly in Surat al-Baqara,

الشَّيْطَانُ يَعِدُكُمُ الْفَقْرَ وَيَأْمُرُكُم بِالْفَحْشَاءِ ۖ وَاللَّهُ يَعِدُكُم مَّغْفِرَةً مِّنْهُ وَفَضْلًا ۗ
وَاللَّهُ وَاسِعٌ عَلِيمٌ

> Satan promises you deprivation and thus commands you to immorality, whereas Allah promises you forgiveness from Him and bounty. And Allah is all-Encompassing and Knowing.[52]

The Qur'an frames perceptions of scarcity and abundance as polar opposites stemming from opposing sources. Satan exploits people's fear of **deprivation** as a motivator to engage in immoral financial behavior, whereas Allah promises

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[50] Sandeep Mishra and Dallas Novakowski, "Personal Relative Deprivation and Risk: An Examination of Individual Differences in Personality, Attitudes, and Behavioral Outcomes," *Personality and Individual Differences* 90 (2016): 22–26.

[51] Mitchell J. Callan, N. Will Shead, and James M. Olson, "Personal Relative Deprivation, Delay Discounting, and Gambling," *Journal of Personality and Social Psychology* 101, no. 5 (2011): 955.

[52] Qur'an 2:268

forgiveness and to give from His **abundance** as a motivator to engage in moral financial behavior. In other words, Allah is informing us that Satan will be diligent in finding ways to make a person feel deprived, which include feeling deprived of a higher income, a bigger home, a nicer car, and even non-material things that a person desires. Once the feeling of deprivation is rooted in the heart, Satan will take advantage of the spiritual bias and encourage the individual to engage in detrimental economic behavior. He will push and prod the person to seek what they desire by any means possible. It may be through encouraging interest-bearing loans to purchase what they desire or gambling to gain quick access to wealth. On an even more subtle level, he will command the person to withhold giving their wealth to charitable causes, suggesting that it is detrimental to be charitable at this particular time in life.[53] The aforementioned findings that feelings of deprivation lead to the religiously immoral behaviors of gambling and securing high interest loans are more interesting and insightful now in light of this verse. Modern social science has provided specific examples of the relation between feelings of deprivation and immorality that the Qur'an highlighted 1400 years ago.

The Prophet ﷺ also gave a specific treatment to the spiritual bias of feeling deprived, saying, "Compare [yourself] to those who are lower than you [in wealth] and do not look at those who are above you [in wealth], for it is more suitable that you do not discount the blessings of Allah."[54] The Prophet is informing us that constant exposure to and comparison with the wealthy will lead a person to belittle the blessings that Allah has bestowed upon them, which again leads to feelings of deprivation. Thus, the psychological intervention that Islam recommends is for the believer to make downward social comparisons (i.e., to compare oneself with someone less wealthy) in order to feel blessed and grateful for the bounties one has been given. Using the wealthy as a reference point may lead to a scarcity mindset that leads to stinginess, whereas using the poor as a reference point should lead to an abundance mindset that leads to generosity.

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[53] Ibn ʿAbbās said that two things are from Satan:

1. He promises you poverty and says, "Don't donate your wealth. Hold it for yourself. You need it."
2. He then commands you to immorality.

See *Tafsīr al-Ṭabarī* for details.

[54] *Ṣaḥīḥ al-Bukhārī*, no. 6490; *Ṣaḥīḥ Muslim*, no. 2963

Although making downward comparisons is preferred, it is likely that people will be exposed to the wealthy and wish for what they have. The Qur'an recommends what to do in this situation in *Sūrat Tāhā*,

وَلَا تَمُدَّنَّ عَيْنَيْكَ إِلَىٰ مَا مَتَّعْنَا بِهِ أَزْوَاجًا مِّنْهُمْ زَهْرَةَ الْحَيَاةِ الدُّنْيَا لِنَفْتِنَهُمْ فِيهِ ۚ وَرِزْقُ رَبِّكَ خَيْرٌ وَأَبْقَىٰ

> And do not extend your eyes toward that by which We have given enjoyment to [some] groups of them, [its being but] the splendor of worldly life by which We test them. And the provision of your Lord is better and more enduring.[55]

In addition to reiterating not to look to the wealthy as a reference point, the verse adds that their wealth and possessions are in reality nothing more than a test from God that one should not wish upon oneself. The test of possessing wealth includes being grateful for it, being humble, and spending it appropriately; therefore, many scholars considered the test of wealth to be more difficult than the test of poverty.[56] The Qur'an is full of stories of those who struggled and failed the test of wealth.[57] These stories are meant to warn us about having the wrong mindset towards wealth and to correct a theological misunderstanding that many hold about wealth.

## Theological myth: God rewards believers with wealth

فَأَمَّا الْإِنسَانُ إِذَا مَا ابْتَلَاهُ رَبُّهُ فَأَكْرَمَهُ وَنَعَّمَهُ فَيَقُولُ رَبِّي أَكْرَمَنِ

وَأَمَّا إِذَا مَا ابْتَلَاهُ فَقَدَرَ عَلَيْهِ رِزْقَهُ فَيَقُولُ رَبِّي أَهَانَنِ

[55] Qur'an 20:131.

[56] There is a difference of opinion on whether the test of wealth or poverty is more difficult and whether the grateful rich person is more praiseworthy than the patient poor person. One of the reasons why some consider wealth to be a greater test is that wealth opens the doors to many trials and the difficulty of parting with one's wealth may be more difficult than being patient with less.

[57] See the story of the people of the garden in Sūrat al-Qalam; they failed to share the wealth of their garden with the poor and thus Allah destroyed their garden. Also, see the story of the man with two gardens in Sūrat al-Kahf who thought his wealth was a sign that Allah honored him, to the extent he believed his wealth in this life was a sign of greater wealth in the afterlife.

> And as for man, when his Lord tests him and [thus] is generous to him and favors him, he says, “My Lord has honored me.” But when He tests him and restricts his provision, he says, “My Lord has humiliated me.”[58]

In these verses from Sūrat al Fajr, Allah is correcting a theological myth that people hold about wealth, which is the belief that Allah honors people when giving them substantial wealth and that Allah humiliates people by withholding wealth. The reality is that both wealth and lack of it are trials that have no bearing on a person’s value in the sight of Allah. The Qur’an highlights the story of Qarun as an example for us. Allah gave tremendous wealth to Qarun, who was an Israelite in the land of the Pharaoh. His people admonished him not to be arrogant and to seek the pleasure of Allah and Paradise through using his wealth to do good. He responded arrogantly saying, “I was only given it because of the knowledge I have”[59] and would flaunt his wealth before the people. Some of the Israelites were enamored with his wealth and fell into the theological bias wishing, “Oh, would that we had like what was given to Qarun. Indeed, he is one of great fortune.”[60] Then, Allah caused an enormous sinkhole to destroy Qarun and his palace, opening the eyes of the people to the reality of wealth and Allah’s favors. They said, “Oh, how Allah extends provision to whom He wills of His servants and restricts it! If Allah had not conferred His favor on us, He would have caused the earth to swallow us. Oh, how the disbelievers do not succeed!”[61] Thus, we can take a reminder from Qarun’s story not to envy the wealthy amongst us nor consider them more honorable in the sight of Allah. Allah clearly states, “Indeed, the most honorable of you in the sight of Allah is the most righteous of you.”[62] The story is a reminder of the error of the capitalist mindset that “my money is mine because I earned it” and the myth that Allah honors people by giving them wealth.

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[58] Qur’an 89:15–16.
[59] Qur’an 28:78.
[60] Qur’an 28:79.
[61] Qur’an 28:82.
[62] Qur’an 49:13.

## Allah's wisdom in distributing wealth

وَلَوْ بَسَطَ اللَّهُ الرِّزْقَ لِعِبَادِهِ لَبَغَوْا فِي الْأَرْضِ وَلَٰكِن يُنَزِّلُ بِقَدَرٍ مَّا يَشَاءُ ۚ إِنَّهُ بِعِبَادِهِ خَبِيرٌ بَصِيرٌ

> And if Allah had extended [excessively] provision for His servants, they would have committed tyranny throughout the earth. But He sends [it] down in an amount which He wills. Indeed He is, of His servants, Acquainted and Seeing.[63]

This verse is another important principle of wealth in Islam. The believer should internalize that not only does Allah distribute wealth or withhold it as a test, but that he distributes it with His infinite wisdom with people's best interests in mind. Allah may withhold an abundance of wealth from someone out of His infinite knowledge that the person would become corrupted by it, as He knows His servant best. This concept can be found in numerous *aḥādith*, which despite the weakness in their transmission, support the meaning of the verse and the statements of numerous scholars. The Prophet ﷺ was reported to have said that Allah said, "Perhaps my righteous believer will ask me for wealth but I turn him from wealth towards poverty. Had I turned him towards wealth it would have been worse for him. Perhaps my righteous believer will ask me for poverty but I turn him from poverty towards wealth. Had I turned him towards poverty it would have been worse for him."[64] Ibn Taymiyyah and Ibn Kathīr both explained that poverty may be more beneficial for some people than wealth, whereas wealth may be more beneficial for others.[65,66] However, this knowledge is only known to Allah, and the believer's responsibility is to distribute wealth in the most appropriate fashion. Allah provides for people through various means, including through jobs, investments, inheritance, *zakah*, and through people's generosity. Therefore, the believer should always look for opportunities to be the means by which Allah provides sustenance to others.

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63 Qur'an 42:27.
64 Ṭabarānī, *al-Muʿjam al-kabīr*, no. 12719 (the hadith is classified as "weak," but its meaning is acceptable).
65 Ibn Tamiyyah, *Majmuʿ Fatāwá*, vol. 11 (Mansura, Egypt: Dār al-Wafāʾ, 2005).
66 *Tafsīr Ibn Kathīr*.

## The secret of *barakah*

*Barakah* implies increase and growth, and it may apply to that which is tangible (e.g., wealth) or immaterial (e.g., time). *Barakah* connotes that something has received divine blessing and is therefore more productive, efficient, nourishing, or valuable. The Prophet ﷺ would invoke Allah for *barakah* often. When the Prophet was given the first fruit of the season, he would take it and say, "O Allah, give us *barakah* in our fruits, give us *barakah* in our city [Medina], and give us *barakah* in our our *mudd* [a measure equal to two handfuls] and in our *ṣāʿ* [a measure equal to four *mudd*]…"[67] The Prophet ﷺ understood that something tangible would be more nourishing and valuable if Allah blessed it. That is why he taught the companions that "the food of one person is enough for two, the food of two is enough for four, and the food of four is enough for eight."[68] He further elaborated, "Gather together to eat and mention the name of Allah upon your food and Allah will put *barakah* in it."[69]

Thus, we understand that the value of a commodity is not fixed and intrinsic to the commodity. Rather, the extent to which the commodity benefits is proportional to the *barakah* it has been given. The Prophet ﷺ explained this clearly when he said, "Both parties in a business transaction have the right to accept or reject the deal as long as they have not parted. If they tell the truth and make everything clear to each other [e.g., describe the defects and qualities of the goods], then their transaction is blessed. If they conceal anything and lie to each other, the blessing of their transaction will be eliminated."[70] This notion of *barakah* is the secret to the contentment of the believer. If the believer has conviction that Allah can bless their halal wealth and strip the *barakah* from *ḥarām* wealth, the motive to seek wealth using impermissible means should be eliminated. Furthermore, through awareness that things can have more value than what is apparent, the believer is comforted in

[67] *Ṣaḥīḥ Muslim*, no. 1373.
[68] *Ṣaḥīḥ Muslim*, no. 2059.
[69] *Musnad Aḥmad*, no. 16078; *Sunan Abī Dāwūd*, no. 3764; *Sunan Ibn Mājah*, no. 3286.
[70] *Ṣaḥīḥ al-Bukhārī*, no. 2079; *Ṣaḥīḥ Muslim*, no. 1532.

spending their wealth in a manner pleasing to Allah, as He alone possesses the ability to increase it in value.

## Consequences of the Islamic worldview of wealth

أَوَلَمْ يَرَوْا أَنَّ اللَّهَ يَبْسُطُ الرِّزْقَ لِمَن يَشَاءُ وَيَقْدِرُ ۚ إِنَّ فِي ذَٰلِكَ لَآيَاتٍ لِّقَوْمٍ يُؤْمِنُونَ. فَآتِ ذَا
الْقُرْبَىٰ حَقَّهُ وَالْمِسْكِينَ وَابْنَ السَّبِيلِ ۚ ذَٰلِكَ خَيْرٌ لِّلَّذِينَ يُرِيدُونَ وَجْهَ اللَّهِ ۖ وَأُولَٰئِكَ هُمُ
الْمُفْلِحُونَ. وَمَا آتَيْتُم مِّن رِّبًا لِّيَرْبُوَ فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُو عِندَ اللَّهِ ۖ وَمَا آتَيْتُم مِّن زَكَاةٍ
تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضْعِفُونَ

> Do they not see that Allah extends provision for whom He wills and restricts it? Indeed, in that are signs for people who believe. So, give the relative his right, as well as the needy and the traveler. That is best for those who desire the countenance of Allah, and it is they who will be successful. And whatever you give for interest to increase the wealth of people will not increase with Allah. But what you give in *zakah*, desiring the countenance of Allah, they shall have manifold increase.[71]

Developing the proper mindset and attitude towards wealth is optimal for both an individual's well-being and that of society. Once the believer internalizes that wealth belongs to Allah, that they are merely trustees of what they have been given, and that what they do with their wealth is a test from Allah, they are now in position to spend and invest it properly. The above verses of Sūrat al-Rūm provide a formula for how beliefs about wealth transform into appropriate economic behavior. Rāzi mentions that the first verse orients the believer to *who* gives rather than *what* is given. If the attention is on the Giver, then one's psychological state should not fluctuate if they are given a lot or a little, as the believer should have absolute trust in Allah and be content with their sustenance. Rāzi further states that when Allah declares that He alone extends and restricts [wealth], this implies that one should never hold back from giving freely, for if Allah gives then charity will not decrease one's wealth, and if He restricts then holding onto one's wealth will not increase it.[72] This is the essence of the narration where the Prophet ﷺ mentioned the paradoxical nature of many faith-inspired actions. "Charity does not

[71] Qur'an 30:37–39.
[72] Al-Rāzī, *al-Tafsīr al-Kabīr*.

decrease wealth, no one forgives another person but Allah increases their honor, and no one humbles himself for the sake of Allah but that Allah raises their status.”[73] Once these beliefs are firmly in the heart of a believer, we are commanded to give generously to our relatives, the poor, and travelers. There is an important connection between giving to those nearest to us and our psychological states. Recent neuroscience research has found that people who believe in the obligation to help family and kin find giving money to them to be just as personally rewarding and pleasurable as receiving money themselves.[74] People from these interdependent backgrounds that value assisting others have increased mesolimbic reward system activation in the brain when contributing to their family compared to those who are more individualistic.[75] This appears to be a neural manifestation of loving for others what one loves for themself.

Finally, the notion of growth is reframed in the third verse. From a worldly perspective, fixed-income securities (e.g., bonds, money-market accounts, certificate of deposit) are low-risk safe investments that typically rely on interest for growth. Many investors feel a sense of security when dealing with such interest-based assets. However, Allah informs us that money invested in these interest-bearing assets do not grow from His perspective, which is the only perspective that truly matters. In fact, such investments are seen as repulsive, as the Qur’an states that “Allah destroys interest and gives increase for charities.”[76] Allah reframes the notion of compound growth by saying that it is charitable (e.g., *zakah*) investments that are subject to compound growth. This juxtaposition of interest-based investments versus charitable investments as growth items is intrinsically tied to the notion of *barakah*.

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[73] *Ṣaḥīḥ Muslim*, no. 2588.
[74] Eva H. Telzer, Carrie L. Masten, Elliot T. Berkman, Matthew D. Lieberman, and Andrew J. Fuligni, “Gaining While Giving: An fMRI Study of the Rewards of Family Assistance among White and Latino Youth,” *Social Neuroscience* 5, no. 5–6 (2010): 508-18.
[75] Telzer et al.
[76] Qur’an 2:276.

# Final thoughts

Central to the Prophet's message was detaching our hearts from craving wealth and motivating charitable investments to purify the hearts and improve society. Through reframing conventional economic beliefs and practices, the Prophet ﷺ inculcated a new era of economic thought to nurture *Homo islamicus*. The fruits of the pristine Islamic worldview of wealth revolutionized subsequent generations. As Dr. Khalil Abdul Rashid so eloquently stated, "the institutionalization of charity in Islam became a defining factor that would exert dominating influence on urban planning and the development of cities and towns, social welfare, religious habits and practice, the production of art and the development of aesthetics, the structure and stability of markets and economic forces, political stability, as well as the production of Muslim culture in all its diverse representations."[77] We are in desperate need of an economic revolution in the world, as neoliberal economics and capitalism have impoverished much of the world and devastated the environment. Islamic psychological, spiritual, and economic principles are essential for creating the financial mindset so desperately needed in this self-indulgent world. The *ummah* must acknowledge that it has been infected with the disease of capitalism, and begin to rehabilitate itself through developing a Prophetic relationship with wealth. Through a renewed vigor in focusing on investing in our afterlife, we hope to make the life of this *dunyā* better for ourselves and all those around us. Let us find motivation in the words of the Prophet ﷺ, who said, "The generous one is near to Allah, near to Paradise, near to the people, and far from the Hellfire. The miserly one is far from Allah, far from Paradise, far from the people, and near to the Hellfire. An ignorant, generous person is more beloved to Allah Almighty than a stingy scholar."[78]

[77] Khalil Abdurrashid, "Financing Kindness as a Society: The Rise and Fall of Islamic Philanthropic Institutions (Waqfs)," *Yaqeen*, January 9, 2020, https://yaqeeninstitute.org/khalil-abdurrashid/financing-kindness-as-a-society-the-rise-fall-of-islamic-philanthropic-institutions-waqfs/.

[78] *Sunan al-Tirmidhī*, no. 1961.

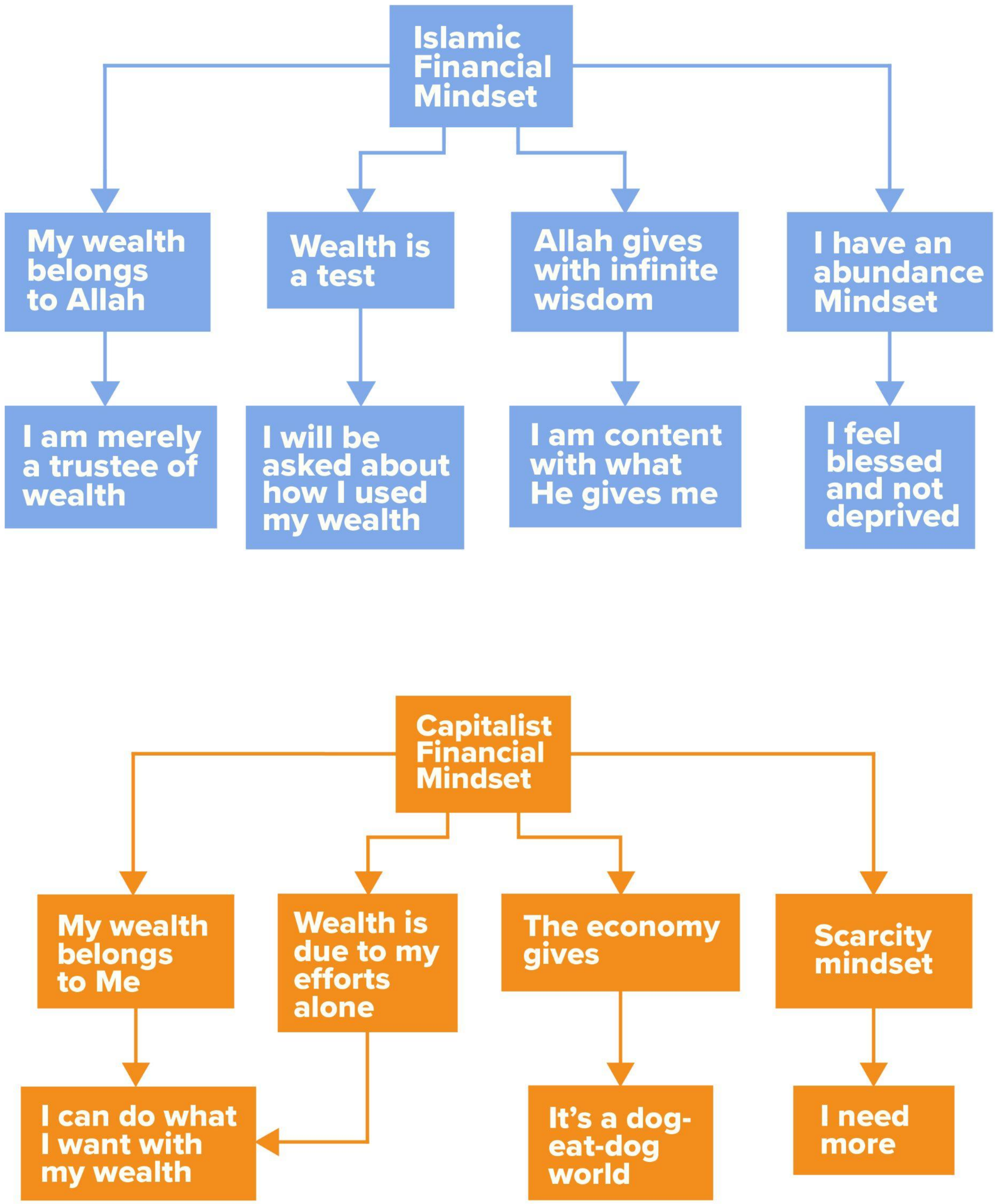


Figure 1. Islamic and Capitalist Financial Mindsets

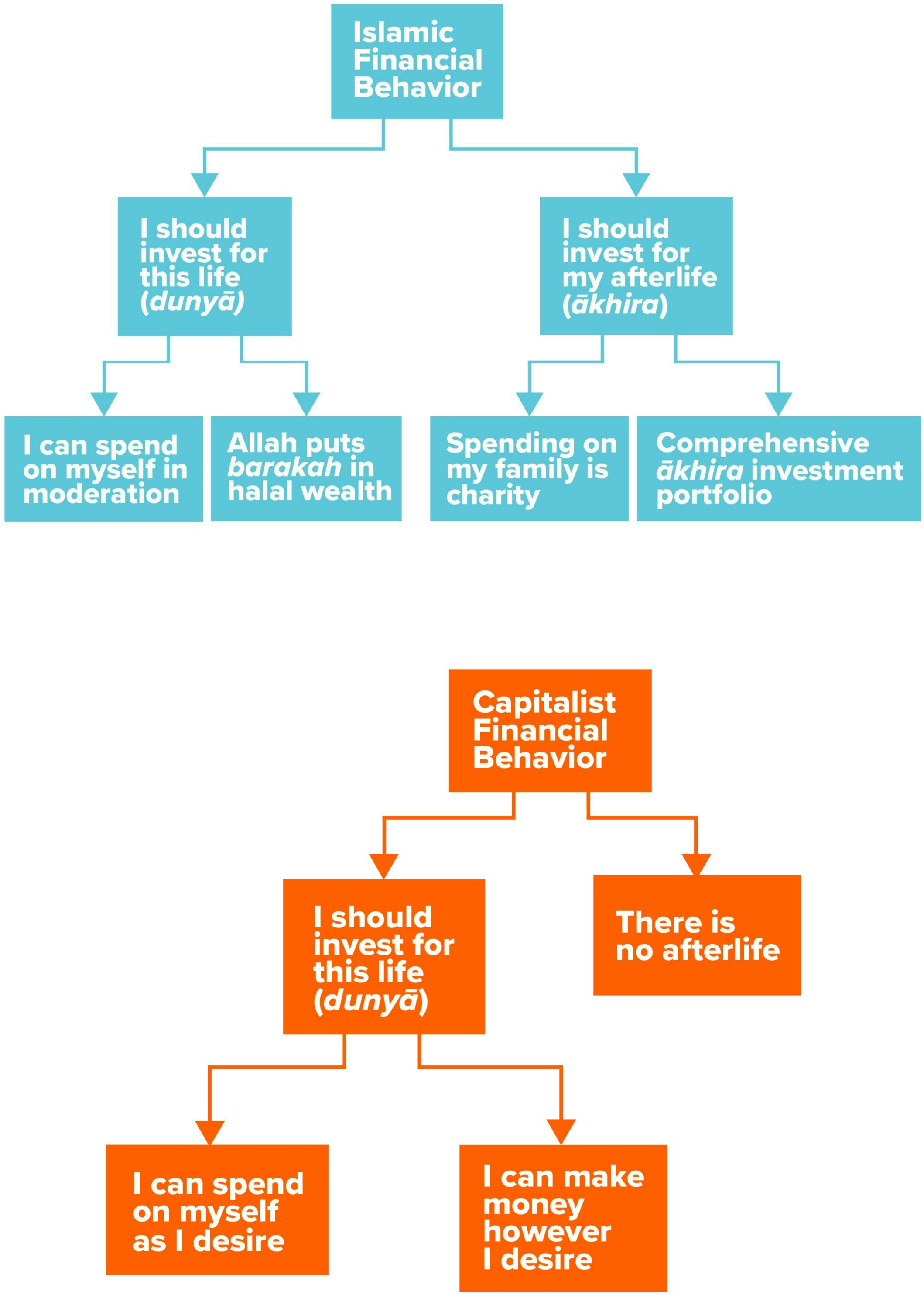


Figure 2. Consequences of Islamic and Capitalist Financial Mindsets