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# The Rejection of Interest-Based Loans among Muslim Entrepreneurs and Professionals in Finland

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## Abstract

This article discusses religiously motivated financial behaviour among young Muslims in Finland. The aim of the article is to provide empirical knowledge of Islam-based views on rejecting interest-based loans and the implications of this among Finnish Muslims. The research questions are: What are the reasons and motivations for rejecting interest-based bank loans? Are there alternative modes of financing? What are the impacts of rejection on personal investments, including in business and housing? Data were obtained from 18 Finnish Muslim entrepreneurs and professionals who reject interest-based bank loans. The data show that their rejection led to the scope for financial arrangements being more limited, and may also have significant implications for their children, the next generation. To circumvent these consequences, those interviewed used some or all of four alternative models for funding: savings; interest-free loans from family and friends; credit circles; and the time-bound, interest-free repayment period on credit cards.

## Keywords

Islamic finance – *riba* – Finland – credit circles – bank loan

## 1 Introduction

Bank loans and credit arrangements are everyday aspects of Finnish society, where both the availability and use of various forms of moneylending have grown significantly over recent decades (Taipalus, 2020). Moreover, bank loans are an integral part of the Finnish way of life, as home ownership has long been a central value as well as representing the largest personal investment for many Finns. Being unable to buy their own home is often experienced as a cause of stress by those for whom it is not possible. However, loans and credit are not seen as normal by everyone. Muslims constitute a large group of people who have religion-based, normative restrictions on using interest-based loans (Brekke and Larsen, 2020). The purchase of a house or an apartment is usually covered by an interest-based bank loan, and no Islamic financial services that provide interest-free loans are available in Finland. Unease about interest-based loans is not shared equally by all Muslims, but it is nevertheless widespread and has been expanding with the trend towards stricter observation of halal rules ('halalisation') in recent decades (Calder, 2020; Gauthier, 2021).

The majority of Finnish Muslims are first-generation migrants, though the proportion of those who are second-generation is expanding. Muslims are also among the most financially vulnerable groups in the country and experience many economic disadvantages (Martikainen, 2020; Konttori and Pauha, 2021). The reasons for this are, first, as most Muslims have arrived for other reasons than work in Finland, primarily as asylum seekers and UNHCR resettled refugees, gaining paid employment has been a long process for many and dependency on social welfare benefits is high, as is the case among all people of refugee background in the country (Nieminen, 2015). Second, lower than average income reduces these individuals' creditworthiness, and thus hinders their overall financial opportunities. Third, cultural and religious restriction on taking out interest-based bank loans reduces the opportunities for Muslim individuals and families to invest in their own and their children's lives by slowing down capital accumulation (see, for example, Brekke and Larsen, 2020). Although the financial situation of immigrants is gradually improving, the above-mentioned barriers continue to hinder the process of their economic integration in Finland. Migrants overall, and apparently Muslims in particular, mainly rent their homes and, on average, have lower incomes than other social groups (Castaneda and Kauppinen, 2015).

The aim of this article is to provide empirical data on religiously-motivated financial behaviour among Muslims in Finland. It presents a case study of a total of 18 Finnish Muslim entrepreneurs and professionals who reject conventional Western bank loans. These individuals are not among the socially and economically most disadvantaged Muslims in Finland, but rather belong to the

more resourceful and socially upwardly mobile. The main research questions asked were: What are the reasons and motivations for rejecting interest-based bank loans? Are there alternative modes of financing? What are the impacts of rejection on personal investments, including in business and housing? The self-identified Muslim respondents were selected as representing those who are not willing to take out interest-based bank loans for religious reasons, i.e. considering interest as *riba*, and thus *haram*, religiously forbidden in Islam. We are not aware of any previous studies of Muslims' relation to bank loans in Finland, though financial hardship has been a noted topic in some previous studies (e.g., Tiilikainen, 2016; 2020). The article also sheds light on a previously noted issue of religiously motivated limitations on home ownership in Finland (e.g. Castaneda and Kauppinen, 2015: 140).

## 2 Background: Finance in the Context of Religious Reform

Recent research indicates that at least some Muslims in Europe try to limit their involvement with conventional banks for religious and moral reasons (Brekke, 2018; Brekke and Larsen, 2020). Where do Islamic ideas about finance come from? Judaism, Christianity and Islam all used to prohibit interest in pre-modern times, but this ban has been ignored or circumvented, particularly during periods when religious jurists lost their status in society. In Muslim societies, there has generally been a compartmentalisation of financial practice and religious ideals into separate domains and banking with interest has been normal and often endorsed by authorities in Muslim societies (Kuran, 2005). During the nineteenth century, the financial sector in much of the Islamic world adopted Western models but many Muslim societies experienced a revival of the religious debate about money and morality from the middle of the twentieth century.

The internal debate about finance among Muslim jurists and thinkers has crystallised into two opposing opinions. The core of the disagreement is the Qur'anic ban on *riba*, translated in the widest sense as 'interest'. On one hand, there are thinkers that we can call 'modernists' in the sense that they want to adjust an Islamic perspective on finance to the modern world. They believe that *riba* in the Qur'an refers exclusively to a particular kind of usurious interest on loans taken by moneylenders in pre-Islamic Arabia. They argue that the reason why the Prophet Muhammad wanted to ban this kind of usurious interest was that it was harmful both to individuals and to society. Such modernists accept the use of modern interest-based banking. On the other hand, there are those we may call the 'traditionalists', who cast the net wider and insist that *riba* in the Qur'an covers all kinds of interest on money. This more conservative

view makes most types of conventional banking practices unacceptable. Thus, the quarrel is about different interpretations of *riba* and about the intentions behind the Qur'anic message (Thomas, 2006: esp. ch. 8).

Tariq Ramadan, the famous reformer of Islam in the West, places the prohibition of *riba* in the context of what he calls economic resistance to capitalism (Ramadan, 2004: 185–99). However, the modern financial system is based on interest and it is not easy to see exactly how Muslim reformers such as Ramadan will create an alternative for Muslims in the West. Attempts to establish Islamic banks is a recent phenomenon. In 1963, an interest-free bank was started in Mit Ghamr in Egypt. Several branches followed but were closed by the authorities in 1967 (Visser, 2013: 119). The 1950s and 1960s were not conducive to the expansion of the ideals and practices of Islamic banking in the Arab world because most of the leaders were committed to secular nationalism and pan-Arabism and regarded Islamic movements with suspicion. This changed from the early 1970s. Awareness of Islamic banking principles among Muslim intellectuals from the 1960s and the proliferation of Islamic banks from the 1970s can be understood as an element in a global revival, or 'renaissance' as some would call it, of Islam, and as part of a broader process of Islamisation that is taking place across the world and affecting Muslim communities in the West. Since the 1990s, Islamic banking has been introduced in Europe, with major commercial banks such as Citibank and HSBC opening Islamic subsidiaries. Some German and UK banks opened Islamic 'windows', or branches, in the 2000s and there are a handful of exclusively Islamic banks operating in these countries, notably Al Rayan Bank in the UK, established in 2004. In Finland, however, there is no Islamic alternative to conventional banks and their interest-based services. This means that a growing awareness of Islamic finance among Muslims in Finland is currently disconnected from any real development in the actual opportunity structures offered by financial providers in the country.

### 3 Data and Method

The data presented here arise from 18 semi-structured interviews with equal numbers of entrepreneurs and professionals, which took place as part of the Financial Exclusion, Islamic Finance and Housing in the Nordic Countries (FINEX)<sup>1</sup> project. During the project, similar interviews were also conducted in

1 Financial Exclusion, Islamic Finance and Housing in the Nordic Countries (FINEX) Project was funded by the Norwegian Research Council and led by Prof Torkel Brekke, Prio, Norway. See <https://www.prio.org/projects/1776>.

Denmark, Norway and Sweden. The starting point for contacting the respondents was that they self-identified as Muslims and had refrained from taking out interest-based loans for religious reasons. In the project, entrepreneurs were defined as persons who own a business from which they make a living, while the professionals were defined as persons with a university education who are employed in a role relevant to their university education, such as in medicine or engineering. In other words, our sample was deliberately chosen to represent individuals whose personal resources and knowledge of Finnish society would enable them to take out a bank loan if they so wished. That is to say, they are not excluded from the financial services of banks through poverty or lack of knowledge but purely by their own choice based in their interpretation of Islam.

The interviews followed separate interview guides designed in the FINEX project. Interviews with entrepreneurs looked at business development from the perspective of investment and funding, whereas the professionals' interviews focused on housing, family and mortgages. Both questionnaires included general questions on bank loans and investments, as well as on Islamic finance, which makes it possible to compare them. The interviews were conducted in southern Finland during the spring and summer of 2018 and were carried out in Finnish, English and Somali. The main content of all the interviews was all transcribed and/or translated into English.

Respondents were sought through snowballing. The respondents were all young adults aged between 22 and 39 at the time of the interview. The mean age was 28 years for professionals, and 33 years for entrepreneurs. The majority of the respondents were male. All the respondents apart from two professionals were married, and slightly more than half of the married respondents had children. All but one respondent were either born in Finland or had arrived there when aged under 11. The only older arrival had lived in Finland for 15 years. More than two-thirds of all respondents were of Somali origin, and the remainder were of North African, Middle Eastern or Indian subcontinent origin. The large proportion of Somali respondents is significant because, compared with other migrants in Finland, including those from Muslim-majority countries, Somalis have very low income levels and almost non-existent rates of home ownership (Vaalavuo and Kauppinen, 2019).

The analysis is based on content analysis. As the interviews followed a thematic arrangement, they provided the basic structure for comparison. Through careful reading of the interviews several times, three themes to structure the analysis were identified: rejection of loans as *riba*; other financing options; and implication for finance and housing. To protect the identity and integrity of the respondents, no details about their ethnicity, education, gender, profession or business are provided in the quotations; the small size of ethnic Muslim

minorities in Finland means that such details would make it easy to identify the respondents. They are presented in the text as either entrepreneurs (E) or professionals (P) with a number referring to the order of interviews: for example, (E<sub>1</sub>) or (P<sub>2</sub>). It is enough for the reader to know that the respondents are young, committed Muslim adults, who were mostly educated in Finland and either born in Finland or have lived there for most of their life.

#### 4 Rejection of Interest-Based Loans as *riba*

Financing everyday life, purchasing commodities and considering long-term investments is required action for most adults in the monetarised world. Financial needs tend to be most acute among young and middle-aged adults, who are still making their way in life. Muslims are no exception to this. Many Muslims have mixed feelings about using bank loans but have nevertheless applied for them in order to pay for their needs and finance their dreams (Brekke and Larsen, 2020). The entrepreneurs and professionals who were interviewed had made the decision to abstain from interest-based bank loans. Many of them regard their position simply as self-evident. As an entrepreneur stated: 'It's just what I have learned when I was younger' (E<sub>2</sub>). One professional made explicit the refusal to use Finnish bank loans: 'Well, for the religious reasons. The main reason being the interest. I haven't actually even considered taking loans or a mortgage for this reason' (P<sub>4</sub>). For our respondents, interest-based loans were simply not personally acceptable.

Even though their position on abstaining from *riba* was clear, and often justified by Islamic core beliefs as well as by reference to those closest to them and to the religious community, those interviewed expressed their personal role in decision-making. The complexity of religious authority in Islam, which is accentuated in the diaspora, means that individuals seeking information are often faced with many alternatives (Echchaibi, 2011; Bunt, 2018). Common sources of guidance, besides family and other trusted persons, were religious authorities, including local imams. Some people expressed the following attitude when they referred to local religious authorities: 'I usually research myself and then balance it out with asking local imam's opinion, but in the end, you make your own decision' (E<sub>1</sub>). This combination of personal and socially approved attitudes was a prevalent theme across all the interviews, both among the entrepreneurs and the professionals, though it was applied differently in individual cases.

Some respondents used a broader variety of authorities in their own considerations, including online sources. Here cautionary elements come in,

as online Islam is very varied in its content and Islamic viewpoints on interest-based loans differ significantly (see Bunt, 2018). A usual way to proceed is to study different opinions, compare them and consider which are more trustworthy, reliable and applicable to one's situation. Two of our respondents described their information seeking process as follows:

When I was younger, I would have gone to my parents or local imams. Now, however, I don't know if I'm wiser, but I would go to listen to those who have the best credentials and are available. Nowadays, you can find them from the internet and in Facebook, for example, Mufti Abu Layth, you can ask him straight. He answers within a week usually. However, I would look for a couple of opinions and imams. (P5)

In this country we have imams that I personally trust. When there is a situation that I do not have an answer to, I go to them. I do also use online sources. I personally first try to figure it out myself, do some research, but if it's too difficult for me, and if the question is really important, I do go to one of the imams that I trust. You cannot just go to any person, however. (E3)

Such individualised decision-making processes obviously require skills and knowledge and they also create a nationally diverse space for conflicting religious authorities with inherent transnational aspects. As no Islamic financial products or institutions exist in Finland, this situation will most likely remain highly diversified.

Several respondents had actively tried to find Islamic loans but were not successful. The search for suitable financial institutions in Finland reached a dead-end for them. In the words of one entrepreneur: 'We have been thinking about business loans. The only issue is that we cannot find the right Islamic loan to start from. We always try to avoid taking any loans from normal banks because they take an interest. [...] It is the only thing that is stopping us from growing and expanding our business in a short amount of time' (E4). A professional faced a similar situation: 'Well, as a Muslim in Islam there is zero tolerance for interest. I have been trying to find a solution to this. I have discussed with various banks, and they are sympathetic, but they can't help me in any way' (E1). These individuals have sought what are, in their view, Islamically acceptable solutions, but national financial institutions do not provide any.

The situation is not eased by the fact that 'here in Finland, unfortunately, we still do not have that much advice about Islamic trading and banks and loans' (E4). This situation puts different business plans on an unequal footing,

as some businesses are easier to start than others. As one entrepreneur noted, 'My business model doesn't require any type of initial capital' (E7). Another entrepreneur was in a similar position: 'We had a home office, and we didn't need any money. There was an opportunity to take a loan, but we refused. We have taken short-term loans after that when we needed quick finance for example. The loans were without interest if you paid it back in 60 days' (E9). It is not known whether an unequal need for financing business has had an effect of what businesses or professions Finnish Muslims choose, but it is known that business activity is quite low among some Muslim-majority ethnic groups, including Somalis. However, in some other ethnic groups, including Turks and Iraqis, business activity is quite high, indicating that there is not a simple relation between Islam and entrepreneurship in Finland (Joronen, 2012: 104–7.)

Some respondents have noticed a silence relating to financial choices among Muslims. A professional discussed broadly how such silences affect social relations:

I know Muslims that have taken out loans, but I don't know if they really speak about this topic. They tell me but I don't know if they would tell other people, because they know that I'm quite an open person. I would guess this is not something among Muslims that people would be very open about. Like the Finnish say, 'Hey, I just bought a house.' It's not a thing that people feel too proud of in the same way. Even though one might think it's okay to take out a loan. Like I do feel it's okay to take out a loan, but I still don't do it because it's not something you can be proud of in a way. It's sort of a gray area and there is always a question mark over it, no matter how sure you are. [...] For example, some imams say that insurance is *haram*. I say no it isn't. Of course, it's also how you define necessity, but I think *riba* is difficult, because it was addressed so harshly in the Qur'an. It doesn't just say that you will get 20 lashes and then things will be ok, but its forever. (P5)

Being silent about potentially socially divisive issues is a way to avoid conflict and to maintain social cohesion, but at the same time it can lead to rumours and potentially unpleasant situations with one's nearest and dearest as well as with other people. As one professional noted, 'When you look at my extended family and friends, there are people both for and against' (P5). Silence may also inhibit finding necessary solutions to real financial problems that people face.

Overall, the entrepreneurs and professionals who were interviewed were united in their abstinence from interest-based bank loans. However, they showed some variety in how they understood and justified their position,

ranging from basic references to Islamic prohibitions and family traditions to more reflective considerations within an increasingly diversified Islamic authority structure, including transnational, online religious authorities outside one's family and ethnically or locally based religious institutions. For all the respondents, the choices available in Finnish society did not meet all their needs. For some this was a major problem, for others less so.

## 5 Available Interest-Free Finance Opportunities

Though borrowing from Western banks providing interest-based loans is considered problematic by many Muslims, their need for financial resources does not disappear. We identified four different approaches to obtaining necessary extra funds among the entrepreneurs and professionals we interviewed. Alternative sources of funding were savings; interest-free loans from family and friends; credit circles; and the time-bound, interest-free repayment period on credit cards. All of these, except for credit circles, are also common among rest of the Finnish population. Credit circles are a form of rotating savings among a selected group of people and are common in various parts of world. The basic principle is rotational lending, whereby members of the group collect funds from each other for one person a time, and the sum is paid back over time. Among Somalis, for example, this is known as *hagbad* (Hammond, 2011).

Saving money from one's income, including salary and business profits, is an obvious way to accumulate money for future investments. As one entrepreneur stated, 'It came from our pockets. We first counted how much it would cost to start and we then divided that sum by three. We agreed that everyone would pay their share' (E3). Borrowing money from one's closest family and friends usually only involves smaller sums that restrict the size of the investment that can be made. As another entrepreneur mentioned: 'I got a loan from my mother to buy the first collection. If you take a normal loan, it's always a problem how do you pay for it. [...] If we had loan opportunities, I would have bigger plans' (E2). Savings and family-related lending is useful for smaller sums, but as the broader group of people we are looking at is mostly low-income, it is obvious that such private funds do not meet major investment needs.

Beside savings and borrowing money from family and friends, rotating credit circles were also used. Credit circles can be practical investment aids for smaller purchases as well as helping those who would not be able to get funding through other means. As one entrepreneur stated, 'It is really important, it is the only option we have. The *hagbad* is the only way to start' (E5). Among those interviewed, the use of credit circles varied; most were familiar

with them, but not all used or had access to them. Personal saving and credit circles are, thus, practical tools for smaller purchases, but as one professional stated, 'It doesn't work for large amounts' (P4). The following two quotations from entrepreneurs highlight their importance, but also their inherent dependency on people's ability to pay.

I think it's very important. In my community it fills the role of a credit institution. It allows people to save. The problem with it is the amount of money one can put in. Let's say you can save 500 euros a month. It would be difficult for you to find a credit circle where there are people who can also save the same amount. This is a problem because the credit circles are usually small and, in my understanding, there is a background check, the same as banks have. (E3)

They are beneficial but they are very slow and require lot of work. There are lots of people's saving on the line. Let's just say you could call them for risk loans, because there are lots of people's saving on the line and you can't really lose your job or something like that. If you can't pay, many people will suffer, and this will bring the community's hate towards you. (E8)

The risk of failed investment is shared by the credit circle. In case of a failed repayment, one's trusted circle of individuals are those who suffer the consequences. Hence, credit circles may be somewhat conservative in what they fund, and not suitable for more risky investments, especially as the social consequences of failure may be very unpleasant.

The fourth option for alternative funding that came up in the interviews was the interest-free, 60-day repayment period that credit cards incorporate. This is arguably a more convenient and quicker way to gain some extra funding than the credit circles. As one professional mentioned, 'I use a credit card, but I always pay before the deadline, so that there is no interest' (P3). Another professional sees the opportunity as important, 'because you can't really take a loan, so banks are closed out from you. So, you can say, it is the only way to accumulate money for buying necessary items' (P6). The acceptability of credit cards is based on paying before the interest-free period expires. The credit cards' interest-free repayment time has also its caveats. In case of failure to pay back in time, one ends up paying interest, which is not religiously acceptable for the individuals in question, and the interest is significantly higher than for regular bank loans.

Overall, the alternative interest-free modes of capital accumulation that were considered acceptable were mainly useful for smaller purchases. Some individual respondents referred to car purchases, for example, with the help credit circles, but personal savings, borrowing money from one's family and friends, rotating credits circles and the interest-free repayment period on credit cards are for the most part not useful for larger investments, including business development and housing. Being deprived of these investment opportunities was noted by the respondents, and even though this is based on one's own decision in the context of Islamic thought, the situation still creates feelings of exclusion and resentment.

## 6 Implications for Investments and Housing

The respondents were highly conscious of their inability to take out bank loans in Finland and it directly affected their ability to invest in their business and personal life, especially when it came to larger purchases, such as cars and houses or apartments. One entrepreneur stated this bluntly: 'Well, there was a need for a loan. Our business and our courage to take risks would have been greater if we had some finance. Unfortunately, these were all the cards we were dealt' (E1). For the entrepreneurs, a main consequence is slow progress in business, as all investments need to be made from other available resources. People share a sense of not being able to fulfil all their aspirations and having to wait longer to be able to grow their business. One entrepreneur described the scene as follows:

We could have invested more than we did. We could have done more marketing. Currently, people mainly hear about us through our customers. We haven't done much marketing, so it does not reach to other people. We could have also had an office in a better area where people could reach us better. We could have had an office worker, working for us full-time. Our whole business would be different today. We have been working about 1.5 years. If we had investment or loans, our situation would have been totally different. I believe we could have had more clients; we could have invested more in resources and human capital. (E3)

Several entrepreneurs felt that their business development was slower than the identified business potential, which also puts the entrepreneurs at a comparative disadvantage vis-à-vis their competitors, who can make necessary

investments with interest-based loans. On questioning their interest and need for Islamic banking services, many saw that as a viable alternative. In the words of one entrepreneur:

Well, it would change it drastically. In fact, personally I have even been considering buying my own house. If there was an Islamic bank, I would take many loans and our company would be much bigger now. I think that in five years we could have been a large company. However, since there is interest, we can't really take any loans. It's also affecting and narrowing our options even in our regular life. For example, let's take car loans. You always must really look for a place that has no interest. So, this is really narrowing our options and possibilities a lot. (E6)

Other studies looking at immigrant entrepreneurs also note that many of their businesses are small (e.g., Wahlbeck, 2007; Joronen, 2012), though with existing data it is not possible to see how Islamic banking services might change that situation, because there are several other factors that contribute to the viability of Islamic financial services in the Nordic countries.

Immigrants are also overrepresented as tenants in Finland (Vaalavuo and Kauppinen, 2019) and, while that certainly relates to their overall disadvantaged economic situation, it seems likely that for many individuals and families reliance on rented apartments is the only option, as financial opportunities that are acceptable to them are not available. As one professional said, 'Personally, I would have bought a house if it wasn't for this. [...] I do sometimes count how much money I have paid in rent in the past, and it is very frustrating when you realise how much money you have sort of wasted' (P1). Some respondents have tried to find funding opportunities from abroad, but with no success. One of them was a professional: 'As practising Muslims it's not even an option to take a mortgage. We have been looking with my husband if we could take a loan from abroad. For example from the UK or Sweden' (P2).

As already noted, a sense of exclusion and not having the same opportunities as others was shared by many respondents. Even though people openly admitted that they were not using existing financial opportunities for religious reasons, they still see themselves as being discriminated against. For example: 'Muslims in this country do not have fair and equal starting grounds. Even though some people see religion as an option and choice, but it's part of the person and because of it, the same opportunities are not open for us that are for the rest of the people' (E1). This de facto situation gives entrepreneurs different starting points. One entrepreneur saw it as follows: 'I cannot compete with that

person because we had some savings, but he could save as much as us, and also take loan on top of that. This makes it easier to have more resources, by default he could have more clients than us' (E4). In these cases, following one's conviction does not lead to accepting its financial and business outcomes, but rather is seen as leading to discrimination and a position of comparative disadvantage. In the words of one entrepreneur: 'This person who does not have cultural or religious problems with taking a loan has a better situation'. (E3)

Many of the respondents considered in great detail the implications of their rejection of interest-based loans. The basic problem is limitation in making larger investments to improve one's quality of life, including in housing, and how these choices more broadly affect the Muslim community and its future in Finland. Islamic banking is seen as a good opportunity to prevent financial exclusion. One respondent stated: 'If we want people to be equal in this society and not to be discriminated against, there should be some sort of solution to this. I think the easiest way to sort this is to make it a viable business for the banks' (P1). Thus, Islamic financial services could be one significant way to combat societal exclusion and emancipate the community more broadly. The following lengthy quotation illustrates a reflective position on the multi-dimensional effects of the lack of ability to invest:

It affects the amount of wealth we have. Also climbing the economic ladder is harder for those who come from lower economic classes. I, for example, am one of them, a refugee who started from zero, so this system makes sure that we sort of stay in the same place at the bottom and we can't really go up. It affects us negatively, because if you know that you have a good income and can quickly reach the level of people that are in the same age group. My colleagues, for example, own their house and car. They took everything on loan, so we could just do the same. It has the same effect on my children also. They do have better situations, because their parents have a higher income, but they cannot also take loan and buy their house. We also cannot really leave any inheritance for them. I do personally lean towards moving from here, if this situation doesn't change. I'm currently specialising and after I finish, I do think that we might move to different country where we could buy a house. (P2)

The question of financial equality is seen in an intergenerational context, where disadvantage could be carried over to the next generation. Another option would be emigrating to a country, where one would have better

financial options available. Emigration was mentioned by several respondents, and this is also supported by anecdotal observations in other research (e.g., Tiilikainen, 2016).

Many respondents considered the implications of their choices in relation to their children's lives and future. One professional had a pessimistic view of what is to come: 'Well, you can see the effects clearly. I do have a need for, and I do want to buy my own house. But because of the system that has interest, I can't. In the future, I have a child that I could give my house to. He could inherit from me. However, this is not possible. This has a really bad, negative effect and it has an effect on our family life' (P7). Moreover, another professional said, 'We are determining norms for them' (P5), when considering the future implications of current decisions, and being conscious that the currently active adult generation's choices may also affect their descendants' lives in the distant future.

## 7 Discussion and Conclusion

Many Muslims are convinced that the present-day Western banking system's interest is *riba*, and is thereby religiously not approved in Islam. While opinions on this matter are many, and may be subject to chance, it does not change the fact that some Muslims have decided not to take out conventional bank loans. This article has looked at the opinions and choices made by 18 Finnish Muslim entrepreneurs and professionals who had made the decision to abstain from interest-based bank loans. Their motivation for this was based on religion. While the respondents were clear in their own views, they did sometimes consult local imams and other religious authorities, and they were aware of competing interpretations. Though the issue was important for many, some felt that silence surrounded the actual choices people make.

As interest-based loans were not available for these individuals, they relied on personal savings, interest-free loans from family and friends, rotating credit circles and interest-free repayment periods on credit cards. While these provided some financial resources, they were unsuitable for larger investments, including business development, housing and more expensive necessities, such as cars. As Vaalavuo and Kauppinen (2019) suspected, there are religious reasons for low levels of home ownership rates among Muslims in Finland. While acknowledging their personal role in the decision making, based on religious interpretations of interest-based loans as *riba*, and therefore forbidden in Islam, the respondents experienced feelings of discrimination and exclusion and a sense that those who did not follow similar rules had an unfair

advantage. Moreover, they realized that their choices had undesirable consequences for their children, as they would not themselves be able to accumulate capital that they could pass on.

The results of the Finnish case study in the FINEX project are in line with those conducted in the other Nordic countries. Although available data cannot determine how widespread the above-described situation is, it nevertheless confirms the existence of varying moral orders relating to interest-based bank loans that affect the financial choices available to many Muslims in Finland. The current fractured and diffuse nature of Islamic authority in diaspora means that it remains to be seen how interest-based loans will be understood by various Muslim groups and individuals in the future. It also remains questionable whether the demand for Islamic financial products is large enough to lead to the establishment of such services in Finland, which has a significantly smaller Muslim minority than some other European countries. Nevertheless, the financial behaviour of Muslims is worth further study, as many Muslims face economic hardship that may be carried over the next generation. Both empirical questions related to the role of religion in financial decision-making and its de facto practical consequences for many Muslims should therefore be acknowledged in the study of Nordic Muslim minorities.

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