



Ethical Foundations of Exchange: A Thematic Synthesis of Micro-Conduct of Market Participants in the Holy Quran

Dr. Faiza Hassan^a, Dr. Nida Zafar^{*b}

a. Lecturer, Department of Economics, University of Malakand

b. Research Economist, Center of Economic and Business Analysis, University of Wyoming, USA

ARTICLE INFO

Received:

July 19, 2026

Revision Received:

August 06, 2026

Accepted:

August 27, 2026

Available Online:

September 12, 2026

Keywords:

Holy Quran, Islamic economics, thematic content analysis, Market conduct

ABSTRACT

Markets depend on both informal institutions (norms and religious beliefs) and formal institutions. Historically, informal institutions have not been mapped onto modern institutional frameworks. The Holy Quran, although being a detailed source of such norms, has received little attention in this regard. This paper extends the thematic content analysis approach in Hassan (2026), focusing on verses governing market conduct and exchange. It builds on the economic categorization established in that paper and analyzes the verses categorized under "Market Regulations and Exchange". This paper takes the entire corpus of 30 Juz and 114 Surahs in Arabic with the Urdu and English translations and shortlists a total of 41 verses across 16 Surahs to deal with market conduct. This subset is then organized into five sub-themes, which are: mutual consent and contractual freedom; al-Mizan and measurement integrity; covenants, oaths, and trust; debt documentation; and the prohibited practices of riba and maysir. These clusters reflect a three-tiered institutional skeleton: what conditions are required to make an exchange permissible, what integrity requirements help make it work, and the limits defined to explain what makes an exchange legitimate. What differs from the economic framework is that the market and market regulations are seen from the lens of the Quran. This paper gives a thematic dataset of Quranic market-conduct requirements and relates them to the modern economic concepts.

1. Introduction

In economics, markets and how they function has been researched for a long time. Smith (1759) established the moral foundations for his later work, *The Wealth of Nations* (Smith, 1776), though the latter is cited more often. In the 20th century, Akerlof (1970) demonstrated that information asymmetry can cause markets to fail, showing that markets do not work automatically, information symmetry is critically important. North (1990) divided the institutions into "formal constraints (laws, constitution, property rights)" and "informal constraints (norms of behavior, conventions, self-imposed codes of conduct)". He argued in his research that formal constraints required informal constraints to reduce enforcement costs (North, 1990; North, 1994). In later work, he further argued that belief systems and moral models are parts of the institutional structure (North, 2005; Denzau & North, 1994). Legitimacy and fairness are viewed by people through their cultural and religious frames. Ostrom (1990) shows how, without state enforcement, communities have long used self-created rules and shared norms to maintain the use of shared resources. Greif (1993, 1994) documents the same logic in trade over long-distance, where religious and ethnic networks have been substitutes for legal institutions and where shared beliefs have shaped trade.

* Correspondence to: Research Economist, Center of Economic and Business Analysis, University of Wyoming, USA
E-mail address: nzafar@uwyo.edu (N. Zafar)



The Quranic paradigm does not treat "religion" and "economics" as separate; instead, it makes clear that a healthy economy is a byproduct of a morally upright society. The Holy Quran has a detailed body of text managing market conduct norms by connecting personal morals with market conduct. It provides both a guide for an individual's conscience and legal instructions to run the marketplace. This approach is a characteristic of religious economic systems and is likewise developed in the Quran. The text acknowledges that for an economy to thrive, participants must move beyond mere survival and engage in "lawful business by mutual consent" (Quran 4:29, Saheeh International, 2004). By attaching market behavior to a religious belief, the Quran creates a "self-enforcing" regulatory environment where the individual's market conduct becomes a reflection of their spiritual state. In doing so, it reduces the cost of opportunism (Williamson, 1985) that arises from corruption and fraud.

This study extends the thematic mapping approach established in Hassan (2026) for productive resources to the field of market conduct. In this study, the cluster of verses related to "Market Regulations and Exchange" is analyzed, specifically the ethics of individual behavior in transactions. Excluded from this paper and included in subsequent volumes will be the verses on the legal retribution of Qisas (Quran 2:178, Saheeh International, 2004), the property rights of orphans (Quran 6:152, Saheeh International, 2004), the inheritance of women (Quran 4:19, Saheeh International, 2004), the spoils of war (Quran 8:1, Saheeh International, 2004), and institutional bribery (Quran 2:188, Saheeh International, 2004), which together address governance and property rights at the legal institutions level. This paper focuses on the micro-conduct, narrowing the focus to the act of exchange itself. It covers the sub-themes of mutual consent and contractual freedom; the principle of Al-Mizan (The Balance) and measurement integrity; covenants, oaths, and trust, debt documentation, and the prohibition of unjust consumption, including *riba* (interest) and *maysir* (gambling). This study provides a detailed analysis of how the Quran regulates the micro-conduct of market participants in their interactions.

This study fulfills two objectives: to compile all Quranic verses relating to market micro-conduct into an analytical framework, and to subcategorize them by themes. Most existing literature on Islamic economics has cited individual verses to support a specific theological or legal argument. This study takes a thematic-mapping approach, treating the relevant verses as a single corpus to analyze for its overall structure. By doing so, it provides a thematic catalog of market-conduct instructions taken from the Quran.

The rest of the paper is organized as follows: Section 2 gives a short literature review, Section 3 highlights the research methodology, including the research design, data sources, coding procedure, and data organization. Section 4 gives the results and discussion in the form of an analysis of the five clusters of verses on "Market Regulations and Exchange" in the Quran. Section 5 lists the limitations of the study and concludes it.

2. Literature Review

There is an extensive literature on market conduct and exchange ethics that comes before the modern field of Islamic economics. Medieval scholars such as al-Ghazali, Ibn Taymiyyah, and Ibn Khaldun have talked about voluntary exchange, market regulation, and the institution of "hisba", or market supervision (Ghazanfar, 2003). In contemporary Islamic economics, a theoretical alternative to the rational-self-interest model through neoclassical economics has been developed. Chapra (1992) argued that the price mechanism alone is not capable of producing socially optimal outcomes and instead proposes a "moral filter" based on shared ethical values as necessary. The concept of *homo Islamicus* (Zarqa, 1976, as cited in Beekun, 1997) states that not self-interest alone but religious belief shapes market behavior. Naqvi (1994) organized Islamic economics around four ethical concepts: "unity, equilibrium, free will, and responsibility", while Siddiqi (2004) established a taxonomy of market practices that Islamic law seeks to exclude, including *riba* (interest), *gharar* (excessive uncertainty), *ghaban* (fraud), and *ihtikar* (hoarding). This body of work has been critiqued by Kuran (2004), who argued that contemporary Islamic economics serves cultural and identity politics more than economic analysis. However, most of this literature engages with Quranic content by citing specific verses to support theological or legal arguments, instead of using a systematically grouped body of relevant verses. Hassan (2026) established a thematic content analysis methodology for this mapping and has applied to verses on productive resources. This study extends this methodology to the domain of market micro-conduct, compiling and categorizing thematically the relevant verses as a corpus.

3. Research Methodology

3.1. Research Design

This paper extends Hassan (2026) by applying the same approach to verses on market regulations and conduct, and producing a verse-level dataset organized by sub-themes.

3.2. Data Sources

The translation protocol follows Hassan (2026), whose main sources are both the word-for-word Urdu translation (Din, 1999) and the English translation (Saheeh International, 2004). The original Arabic text was consulted alongside both. All of the 30 Juz and 114 Surahs were examined. All the verses presented in this paper are quoted from the Saheeh International (2004).

3.3. Coding Procedure

This paper draws on the economic categorization completed in Hassan (2026) and focuses on verses labeled under “Market Regulations and Exchange”. The work specific to this paper is identifying the sub-themes within that category. The recurring Arabic terms across verses in this thematic category characterize its conceptual signature. The main recurring phrases are: “فَأَوْفُوا” , “fulfill your contracts”; “لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ” , “do not consume one another’s wealth unjustly”; “فَأَوْفُوا الْكَيْلَ” , “give full measure and weight”; “وَلَا تَنْقُصُوا الْمِكْيَالَ وَالْمِيزَانَ” , “do not reduce the measure and the weight”; “لَأَمَانَتِهِمْ وَعَهْدِهِمْ” , “their trusts and their covenants”; “بَيْنَكُمْ وَلَا تَتَّخِذُوا أَيْمَانَكُمْ دَخَلًا” , “do not take your oaths as a means of deception among yourselves”; “وَيْلٌ لِّلْمُطَفِّفِينَ” , “woe to those who give less [than due]”. Each verse was re-examined in its full context, in Arabic alongside its Urdu and English translations.

3.4. Data Organization

Data was stored and organized in Microsoft Excel. Each record included Juz, Surah name and number, verse number, Arabic text, and translations. The verses were checked for accuracy, duplicates were removed, and the data were sorted by sub-themes for thematic analysis.

4. Results and Discussion

A total of 41 verses across 16 Surahs were identified, which related to market regulations and exchange. Table 1 summarizes the identified verses within each Surah by theme. The verses fall into five themes: mutual consent and contractual freedom, covering the conditions under which exchange is permitted; al-Mizan and measurement integrity, which is the principle of just measurement and honesty in exchange; covenants, oaths and trusts, highlighting the importance of credible commitment in exchange; debt documentation, prescribing the protocol for documenting debt; and prohibited market practices, it prohibits transactions involving riba and maysir. Each theme is labeled as a cluster of verses examined in the subsections below.

Table 1: Thematic Mapping of Verses Relevant to Market Conduct and Exchange

Surah Name (Number)	Verse Number	Theme(s)	Total
البقرة (2)	219, 275-276, 278-280, 282-283	Prohibited practices (Maysir, Riba), Debt documentation	8
آل عمران (3)	130	Prohibited practices (Riba)	1
النساء (4)	29-30, 58, 161	Mutual consent, Covenants, oaths, and trust, Prohibited practices (Riba)	4
المائدة (5)	1, 90	Mutual consent, Prohibited practices	2
الأعراف (7)	85	Al-Mizan	1
الأنفال (8)	27	Covenants, oaths, and trust	1
هود (11)	84-88	Al-Mizan	5
النحل (16)	91, 92, 94, 95	Covenants, oaths, and trust	4
الإسراء (17)	35	Al-Mizan	1
المؤمنون (23)	8	Covenants, oaths, and trust	1
الشعراء (26)	181-183	Al-Mizan	3
محمد (47)	37	Mutual consent/withholding wealth	1
الرحمن (55)	7-9	Al-Mizan	3
الحديد (57)	25	Al-Mizan	1

Surah Name (Number)	Verse Number	Theme(s)	Total
المعارج (70)	32-33	Covenants, oaths, and trust	2
المطففين (83)	1-3	Al-Mizan	3
Total			41

4.1. Mutual Consent and Contractual Freedom

This cluster establishes the conditions for an exchange to become legitimate. Without a consent, an exchange becomes either coercion or theft. Without the execution of a contract, an exchange becomes a one-sided act. These are the most basic preconditions the Holy Quran has set for any market activity to occur. This aligns with Coase's (1960) insight that trade requires enforceable contracts, and with the standard welfare-economic principle that voluntary exchange is Pareto-improving. Table 2 shows the verses in the cluster.

Verses 4:29-30 establish mutual consent as the condition for legitimate wealth transfer. This is the principle of voluntary exchange, distinguishing market exchange from theft, fraud, or coercion. Verse 5:1 establishes contractual fulfillment as binding. "Awfu bil-uqud" (fulfill all contracts) is one of the broadest contract-keeping commands in the Quran. This addresses the time-inconsistency problem, which makes the contract binding once the moment of agreement has passed. Verse 47:37 highlights the withholding of wealth as a problem. This verse is brief and contextual; it is about the reluctance to spend when called upon, and complements the consent principle by warning against hoarding as a different failure mode. These verses define legitimate exchange by highlighting the conditions it must satisfy: consent, fulfillment, and the absence of unjust withholding.

Table 2: Quranic Verses on Mutual Consent and Contractual Freedom

Verse No.	English Translation of the verse
4:29, 4:30	"O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful. And whoever does that in aggression and injustice – then We will drive him into a Fire. And that, for Allah, is [always] easy."
5:1	"O you who have believed, fulfill [all] contracts. Lawful for you are the animals of grazing livestock except for that which is recited to you [in this Quran] – hunting not being permitted while you are in the state of ihram. Indeed, Allah ordains what He intends."
47:37	"If He should ask you for them and press you, you would withhold, and He would expose your hatred [i.e., unwillingness]."

4.2. Al-Mizan and Measurement Integrity

This cluster targets the information asymmetry at the point of exchange. The seller knows the true measure; the buyer in most cases does not. This becomes a classic setting for opportunism. A similar problem on quality asymmetry has been formalized by Akerlof (1970) in the lemons problem. Akerlof's sellers exploit private information about quality; whereas the Quran gives al-Mizan verses on private information about quantity. The Quran has dealt with this issue by giving an internalized ethical commitment to honest measurement and not by a third-party verification. Al-Mizan functions as both the actual instrument and the ethical code. Table 3 lists the verses from the Quran in this cluster. The seven verses can be further divided into three sub-groups: the instruction itself, the behavioral aspect, and the universal system.

The instruction itself, in most verses, in different forms issues a similar command: "give full measure, weigh with an even balance, do not deprive people of their due." The repetition across multiple Surahs and historical contexts (Shu'ayb addressing Madyan, the general commands, and the explicit warning of 83:1-3) suggests the gravity of the instruction.

The most economically insightful part of this cluster is the behavioral aspect of 83:1-3. It identifies the behavioral asymmetry: where the same actor takes when receiving takes full measure, while when giving, gives short measure. The verse identifies a behavioral pattern that is also explained in the concept of opportunism in transaction-cost economics (Williamson, 1985): "self-interest seeking with guile," where the agent exploits the information advantage at the counterparty's expense.

The verses 55:7-9 and 57:25 raise the concept of al-Mizan from being a market practice to a cosmological principle. The verse 55:7-9 links the balance to the balance Allah created in creation itself. The verse 57:25 links the balance to revelation. The

economic significance of these verses lies in the fact that the instruction is not presented as a required market regulation but is presented as an alignment with the structure of creation. In economics, informal norms typically come from customs, conventions, or cultural morals. The framing in 55:7–9 and 57:25 places al-Mizan on a different ground of reality. It means that violating honest measurement is not just a breach of a social rule, but it is a transgression against the creation's structure. This implies that the instruction has been given an enormous amount of importance than what the customs alone could give. This cluster offers the clearest depiction of the homo Islamicus concept (Beekun, 1997): a market participant whose conduct is shaped not by external constraint alone but by religious belief.

Table 3: Quranic Verses on Al-Mizan and Measurement Integrity

Verse No.	English Translation of the verse
7:85	"And to [the people of] Madyan [We sent] their brother Shu'ayb. He said, "O my people, worship Allah; you have no deity other than Him. There has come to you clear evidence from your Lord. So fulfill the measure and weight and do not deprive people of their due and cause not corruption upon the earth after its reformation. That is better for you, if you should be believers."
11:84–88	"And to Madyan [We sent] their brother Shu'ayb. He said, "O my people, worship Allah; you have no deity other than Him. And do not decrease from the measure and the scale. Indeed, I see you in prosperity, but indeed, I fear for you the punishment of an all-encompassing Day. And O my people, give full measure and weight in justice and do not deprive the people of their due and do not commit abuse on the earth, spreading corruption. What remains [lawful] from Allah is best for you, if you would be believers. But I am not a guardian over you." They said, "O Shu'ayb, does your prayer [i.e., religion] command you that we should leave what our fathers worship or not do with our wealth what we please?"
17:35	"And give full measure when you measure, and weigh with an even [i.e., honest] balance. That is the best [way] and best in result."
26:181–183	"Give full measure and do not be of those who cause loss. And weigh with an even [i.e., honest] balance. And do not deprive people of their due and do not commit abuse on earth, spreading corruption."
55:7–9	"And the heaven He raised and imposed the balance. That you not transgress within the balance. And establish weight in justice and do not make deficient the balance."
57:25	"We have already sent Our messengers with clear evidences and sent down with them the Scripture and the balance that the people may maintain [their affairs] in justice. And We sent down iron, wherein is great military might and benefits for the people, and so that Allah may make evident those who support Him and His messengers unseen. Indeed, Allah is Powerful and Exalted in Might."
83:1–3	"Woe to those who give less [than due], who, when they take a measure from people, take in full. But if they give by measure or by weight to them, they cause loss."

4.3. Covenants, Oaths, and Trust

These verses tackle the problem of honoring contracts over time by making the credibility of a commitment a necessity. The problem lies in the fact that, unless checks are put in, nothing stops a party from defecting once a contract has been drafted. The previous two clusters, mutual consent and contractual freedom, and al-Mizan and measurement integrity, focus on the moment of exchange itself; this cluster speaks to what comes after, the maintenance of the obligation. There is a vast economic literature on credible commitment, including Schelling (1960) on commitment devices, Kreps (1990) on reputation, and Greif (1993) on the Maghribi traders. Table 4 lists the verses in this cluster.

The eight verses can be organized into three sub-themes, similar to the previous cluster: covenants and oaths as binding; oath manipulation as a specific pattern of opportunism; and trust as a fiduciary obligation.

The verses 16:91 and 16:95 make covenants and oaths binding and are a foundational command. "Fulfill the covenant of Allah; do not break oaths after their confirmation; do not exchange the covenant of Allah for a small price". Economically, these verses treat oaths as a commitment device by linking the importance of commitment to the covenant of Allah.

The verses 16:92 and 16:94 are about the oath manipulation as a specific opportunism pattern. The image of a woman in 16:92 "who untwisted her thread after it was strong" is a precise metaphor for ex-post defection, by undoing the once committed act. The verse 16:94 warns against using oaths "as a means of deceit", thus strategically using the credibility-generating mechanism.

This solves what game theorists call the signaling pollution: when actors use commitment devices for their benefit, the value of the device for everyone else lowers.

The verses (4:58, 8:27, 23:8, 70:32-33) are focused on trust as a fiduciary obligation. A fiduciary obligation is a legal-economic concept which is not like generic trust of trusting one another, but to act in the best interest of the party whose “trust” “amana”, which can be property or information, has been given to you. The verse 4:58 commands “rendering trusts to whom they are due”; verse 8:27 prohibits betraying trusts; verses 23:8 and 70:32-33 list trust keeping as being among one of the qualities of the righteous.

This set of verses speaks to the economic problem of sustaining the contract once it has been drafted by fulfilling the conditions mentioned in the previous clusters. The commitment to stay true to the contract is motivated by making Allah a witness (16:91). This differs from Greif(1993), where the community does the monitoring.

Table 4: Quranic Verses on Covenants, Oaths, and Trust

Verse No.	English Translation of the verse
16:91	“And fulfill the covenant of Allah when you have taken it, [O believers], and do not break oaths after their confirmation while you have made Allah, over you, a security [i.e., witness]. Indeed, Allah knows what you do.”
16:92	“And do not be like she who untwisted her spun thread after it was strong [by] taking your oaths as [means of] deceit between you because one community is more plentiful [in number or wealth] than another community. Allah only tries you thereby. And He will surely make clear to you on the Day of Resurrection that over which you used to differ.”
16:94	“And do not take your oaths as [means of] deceit between you, lest a foot slip after it was [once] firm, and you would taste evil [in this world] for what [people] you diverted from the way of Allah, and you would have [in the Hereafter] a great punishment.”
16:95	“And do not exchange the covenant of Allah for a small price. Indeed, what is with Allah is best for you, if only you could know.”
4:58	“Indeed, Allah commands you to render trusts to whom they are due and when you judge between people to judge with justice. Excellent is that which Allah instructs you. Indeed, Allah is ever Hearing and Seeing.”
8:27	“O you who have believed, do not betray Allah and the Messenger or betray your trusts while you know [the consequence].”
23:8	“And they who are to their trusts and their promises attentive.”
70:32-33	“And those who are to their trusts and promises attentive. And those who are in their testimonies upright.”

4.4. Debt Documentation

The economic problem addressed in these verses is that of incomplete contracts under asymmetric memory and observability. When parties contract a debt that will be settled in the future, multiple problems can arise. Memory degrades, and hence the terms may be disputed later. One party might die or become unable to ask for their claim. There might be a lack of a neutral third party who can verify the agreed terms. These are some of the conditions that are explored in modern incomplete-contracts theory (Hart and Moore, 1988, 1990) and the costly state verification theory (Townsend, 1979).

Table 5 lists the verses in this cluster. The verses 2:282-283, in place of a general moral guideline, present a full protocol of written documentation, scribes, dictation by debtor, witnessing requirements, allowance of collateral when no scribe is available, and exception of immediate transactions.

Writing documentation has been recommended to deal with the basic problem in long-term contracting, that of the human memory degrading over time. Writing creates a fixed record that reduces disputes later. The clause asking the debtor to dictate, raises the question of why can the creditor not dictate the terms. This makes sense as a creditor will have a stronger incentive to inflate the debt amount or conditions. In making the debtor dictate the terms, it is also made sure that he or she later cannot claim ignorance of the terms agreed to before. In modern contract theory, this is referred to as the adverse selection concern about who can bind themselves to the agreed terms. Provision for the weak debtor handles capacity limitations. This protocol anticipates that not all debtors can self-protect and provides a structure for protecting the vulnerable from being bound by terms they do not understand. A modern parallel is the capacity doctrine in contract law.

The witnessing requirement provides third-party verification, costly state verification in Townsend's sense. The verse also anticipates witness scarcity and provides a substitution rule. The verse extends the protocol of documentation to small transactions as well. Recording small transactions seems wasteful, yet aggregated across many small transactions, undocumented agreements generate cumulative disputes that exceed the per-transaction documentation cost. Immediate transactions, however, are given the relaxation as there is no time gap during which terms can be forgotten or disputed.

Collateral as a substitute in 2:283 when scribes are unavailable is an institutionally complex element; here, physical security replaces the documentary record. A modern parallel is the secured transactions in commercial law. Unlike the other clusters, which establish principles, this one establishes a procedure. Each prescribed element of the protocol: written documentation, debtor dictation, witnessing, the small-transaction inclusion, and the collateral fallback; addresses a specific transaction-cost friction in debt contracting. The cumulative effect is a complete contracting protocol whose elements correspond to mechanisms modern economics has identified as essential for debt enforcement under information and verification limits.

Table 5: Quranic Verses on Debt Documentation

Verse No.	English Translation of the verse
2:282	“O you who have believed, when you contract a debt for a specified term, write it down. And let a scribe write [it] between you in justice. Let no scribe refuse to write as Allah has taught him. So let him write and let the one who has the obligation [i.e., the debtor] dictate. And let him fear Allah, his Lord, and not leave anything out of it. But if the one who has the obligation is of limited understanding or weak or unable to dictate himself, then let his guardian dictate in justice. And bring to witness two witnesses from among your men. And if there are not two men [available], then a man and two women from those whom you accept as witnesses – so that if one of them [i.e., the women] errs, then the other can remind her. And let not the witnesses refuse when they are called upon. And do not be [too] weary to write it, whether it is small or large, for its [specified] term. That is more just in the sight of Allah and stronger as evidence and more likely to prevent doubt between you, except when it is an immediate transaction which you conduct among yourselves. For [then] there is no blame upon you if you do not write it. And take witnesses when you conclude a contract. Let no scribe be harmed or any witness. For if you do so, indeed, it is [grave] disobedience in you. And fear Allah. And Allah teaches you. And Allah is Knowing of all things.”
2:283	“And if you are on a journey and cannot find a scribe, then a security deposit [should be] taken. And if one of you entrusts another, then let him who is entrusted discharge his trust [faithfully] and let him fear Allah, his Lord. And do not conceal testimony, for whoever conceals it – his heart is indeed sinful, and Allah is Knowing of what you do.”

4.5. Prohibited Market Practices (Riba and Maysir)

The economic problem these verses address is structurally different from that in the previous clusters. The first four clusters specified how exchange should be conducted: with consent, with honest measurement, with kept commitments, and with documented terms. This cluster specifies the types of transactions that are prohibited regardless of how they are conducted.

Table 6 lists the verses in this cluster. Riba here refers to asymmetric risk allocation in debt contracts, and maysir refers to the transfers that occur without any productive activity. The verses (2:275–276, 2:278–280, 3:130, 4:161) are about riba, and they prohibit a specific form of debt arrangement, which is receiving a guaranteed return on lent capital. This is considered a problem under the Quranic lens, where a lender receives a guaranteed payment regardless of what happens to the underlying productive activity, while the borrower bears all the risk. Modern Islamic economics calls this a violation of the risk-sharing principle (Siddiqi, 2004; Mirakhor & Askari, 2010). It calls for the fact that returns should be tied to participation in productive risk instead of being guaranteed irrespective of the outcomes. In verse 2:280, the instruction of “postponement until time of ease” gives some space to the debtor, which can be called structurally similar to modern bankruptcy and forbearance regimes.

The verses (2:219, 5:90) are on maysir, prohibit gambling. The economic structure here is different from riba as maysir is a transfer without any productive activity. This refers to activities like gambling, where wealth changes hands without the creation of any goods or services. The Quran prohibits it and treats it as both economically wasteful and harmful to the social order. It lists maysir alongside intoxicants as “defilement from the work of Satan”. The gist implies that trade with productive activity and risk-sharing are permitted, while transfers based on chance are prohibited.

The verses in this cluster show that the Quran puts a boundary on the list of permissible set of exchanges. Some exchange forms are entirely removed from market activity, irrespective of consent or the process. Riba and maysir both share a common feature as both involve returns or transfers separated from productive activity, but address it through different mechanisms. While

clusters 1-4 specify how exchange must be conducted, this cluster specifies what exchange may consist of. Together with the previous clusters, this set of prohibitions completes a coherent institutional architecture.

Table 6: Quranic Verses on Prohibited Market Practices (Riba and Maysir)

Verse No.	English Translation of the Verse
2:219	"They ask you about wine and gambling. Say, "In them is great sin and [yet, some] benefit for people. But their sin is greater than their benefit." And they ask you what they should spend. Say, "The excess [beyond needs]." Thus Allah makes clear to you the verses [of revelation] that you might give thought."
2:275-276	"Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, "Trade is [just] like interest." But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns [to dealing in interest or usury] — those are the companions of the Fire; they will abide eternally therein. Allah destroys interest and gives increase for charities. And Allah does not like every sinning disbeliever."
2:278-280	"O you who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers. And if you do not, then be informed of a war [against you] from Allah and His Messenger. But if you repent, you may have your principal — [thus] you do no wrong, nor are you wronged. And if someone is in hardship, then [let there be] postponement until [a time of] ease. But if you give [from your right as] charity, then it is better for you, if you only knew."
3:130	"O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful."
4:161	"And [for] their taking of usury while they had been forbidden from it, and their consuming of the people's wealth unjustly. And We have prepared for the disbelievers among them a painful punishment."
5:90	"O you who have believed, indeed, intoxicants, gambling, [sacrificing on] stone alters [to other than Allah], and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful."

5. Synthesis

The paper presents five clusters of topics that together make a coherent structure of a three-tiered institution, which is organized around the conditions required for contracts, how to make sure they remain binding, and what types of exchanges are off limits. The first cluster on mutual consent and contractual freedom lays down the foundational conditions for an exchange to occur, through voluntary consent and execution of a contract by all sides. The clusters on al-Mizan, covenants, oaths, trust, and debt documentation lay down the rules about how an exchange must be conducted with honest measurement, keeping commitments, and formal documentation. The last cluster on the prohibitions on riba and maysir restricts the set of permissible exchanges, irrespective of how they are conducted.

All the clusters together show that each level refers to a different category of market failure. The cluster on mutual consent and contractual freedom addresses the boundary between voluntary exchange and coercion (Coase, 1960). The cluster on Al-Mizan and measurement integrity addresses the cost of opportunism and information asymmetry that are present within the voluntary exchange (Akerlof, 1970; Williamson, 1985). The cluster on prohibited practices of riba and maysir addresses the question of what counts as a legitimate exchange form in the first place, which comes before the instructions of how an exchange can be conducted. The three-tiered structure shows how the Quran functions as a source of informal constraints in the terms of North (1990). It not only generates norms but also links their architectural relationship to an institutional structure. The instructions do not ask to simply say that "be honest"; they distinguish between conditions of exchange, the required conduct within exchange, and the set of practices to completely avoid in exchanges.

6. Conclusion and Limitations

The study aimed at providing a systematic mapping of the Quranic verses on market regulations and exchange. It focused on the micro-conduct of participants in market transactions. This work extended the thematic content analysis begun in Hassan (2026). The dataset for this paper has 41 verses from 16 Surahs identified as relevant to market conduct.

The thematic analysis of the verses helped identify five sub-themes: mutual consent and contractual freedom; al-Mizan and measurement integrity; covenants, oaths, and trust; debt documentation; and the prohibited practices of riba and maysir. The

verses collectively provide a structure to reduce the transaction costs of exchange. The instructions function as both “formal constraints” and “informal constraints” in the sense developed by North (1990).

A limitation of the study is the researcher's working knowledge of Arabic and, hence, reliance on established translations and tafsir Ibn Kathir. Tafsir Ibn Kathir was selectively consulted for clarification of specific verses and not across the full dataset. The analysis is conducted with the lens of economics and therefore does not claim any theological or jurisprudential authority. The boundary between “Market Regulations and Exchange” and adjacent categories, governance and financial mechanisms, involved coding judgments that another researcher might draw differently. The versus on governance at a macro-level have been excluded from this paper but will follow in the future volumes.

7. Conflict of Interest Statement

We have no conflicts of interest to disclose.

7.1. Compliance of ethical standard statement

I confirm that this work is original and has not been published elsewhere, nor is it currently under consideration for publication elsewhere.

7.2. Funding Statement: No funding is used for the purpose

References

- Akerlof, G. A. (1970). The market for "lemons": Quality uncertainty and the market mechanism. *The Quarterly Journal of Economics*, 84(3), 488–500.
- Beekun, R. I. (1997). *Islamic business ethics*. International Institute of Islamic Thought.
- Chapra, M. U. (1992). *Islam and the economic challenge*. The Islamic Foundation.
- Coase, R. H. (1960). The problem of social cost. *The Journal of Law and Economics*, 3, 1–44.
- Denzau, A. T., & North, D. C. (1994). Shared mental models: Ideologies and institutions. *Kyklos*, 47(1), 3–31. <https://doi.org/10.1111/j.1467-6435.1994.tb02246.x>
- Din, M. (1999). *Taj Holy Quran Arabic with Word-for-Word Urdu Translation* (Taleem ul Quran). Taj Company.
- Ghazanfar, S. M. (Ed.). (2003). *Medieval Islamic economic thought: Filling the "great gap" in European economics*. Routledge.
- Greif, A. (1993). Contract enforceability and economic institutions in early trade: The Maghribi traders' coalition. *The American Economic Review*, 83(3), 525–548.
- Greif, A. (1994). Cultural beliefs and the organization of society: A historical and theoretical reflection on collectivist and individualist societies. *Journal of Political Economy*, 102(5), 912–950. <https://doi.org/10.1086/261959>
- Hart, O., & Moore, J. (1988). Incomplete contracts and renegotiation. *Econometrica*, 56(4), 755–785.
- Hart, O., & Moore, J. (1990). Property rights and the nature of the firm. *Journal of Political Economy*, 98(6), 1119–1158.
- Hassan, F. (2026). A systematic mapping of productive resources and output preliminaries in the Holy Quran: A thematic content analysis. *Journal of Asian Development Studies*, 15(3), 34–45. DOI: <https://doi.org/10.62345/jads.2026.15.3.3>
- Ibn Kathir, I. (2003). *Tafsir Ibn Kathir* (S. Al-Mubarakpuri, Ed.; Vol. 1). Darussalam. (Original work published c. 1370).
- Kreps, D. M. (1990). Corporate culture and economic theory. In J. E. Alt & K. A. Shepsle (Eds.), *Perspectives on positive political economy* (pp. 90–143). Cambridge University Press.
- Kuran, T. (2004). *Islam and Mammon: The economic predicaments of Islamism*. Princeton University Press.
- Mirakhor, A., & Askari, H. (2010). *Islam and the path to human and economic development*. Palgrave Macmillan.
- Naqvi, S. N. H. (1994). *Islam, economics, and society*. Kegan Paul International.
- North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge University Press.
- North, D. C. (1994). Economic performance through time. *The American Economic Review*, 84(3), 359–368.
- North, D. C. (2005). *Understanding the process of economic change*. Princeton University Press.
- Ostrom, E. (1990). *Governing the commons: The evolution of institutions for collective action*. Cambridge University Press.
- Saheeh International. (2004). *The Qur'an: English meanings*. Al-Muntada Al-Islami.
- Schelling, T. C. (1960). *The strategy of conflict*. Harvard University Press.
- Siddiqi, M. N. (2004). *Riba, bank interest, and the rationale of its prohibition*. Islamic Research and Training Institute.
- Smith, A. (1759). *The theory of moral sentiments*. A. Millar.
- Smith, A. (1776). *An inquiry into the nature and causes of the wealth of nations*. W. Strahan and T. Cadell.
- Townsend, R. M. (1979). Optimal contract and competitive markets with costly state verification. *Journal of Economic Theory*, 21(2), 265–293.
- Williamson, O. E. (1985). *The economic institutions of capitalism: Firms, markets, relational contracting*. Free Press.