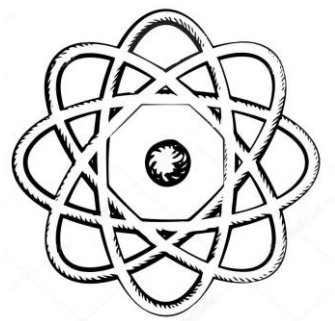UMMA
Al-Equal.green
We are different, but equal.
Y I.F.? (Why Islamic Finance?)
09.02.20

Y I.F.?

Why Islamic Finance?

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Al-Equal.green
We are different, but equal.
Y IF?
(Why Islamic Finance?)
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Al-Equal Collaborative Investment (FinTech) Software
as Base for Building
Islamic Finance Collaborative Investment and Project Management Environment.

Islamic Finance: Resilient, Fair, Intellectually Profound and Efficient Conceptual Framework

Islamic Finance is a profound conceptual framework of immutable - though dynamically adoptable to changing external environment - moral rules serving as a foundation for building and a system for running a proper, just and efficient economy.

The applicable rules of the Islamic Finance are so basic and efficient, that they were laid down into the operational paradigm of the European financial system back in the early medieval period, with such instruments as international cashless money/value transfers, guarantees, insurance, trust, aval, bill of exchange, check, partnership, agency and many other solutions borrowed from the Arabic realm. It will not be an exaggeration to say that as the Arabic numerals and the concept of algorithm had been wired into the deep structure of our computational methods, so Islamic Finance principles were originally weaved into the infrastructure of the global financial and economic systems.

Our philosophers, as religious so secular, have insistingly taught us since the days of conception of the intellectual thought and scientific thinking that absolute moral principles do exist, and pursuing life based on such principles is not easy, extremely demanding, but worthy and even the most important endeavor for the humans. And yet, somewhere in the past we have chosen to fork our Western financial and economic systems from morality, probably, probably for utilitarian reasons – looking for the easier ways, - just like we have erroneously chosen to divorce politics and morals, too. In a society, where economy occupies overwhelming part of the living space, such initiative was highly precarious. At certain stage it became even unclear where the eligible domain of morality shall be located. First it was disbanded from finance, then from economy, then from politics, then from daily routines. Where shall it dwell?

In Islamic worldview, moral principles are primary, they rule and drive the economic life. In Western view, which became "conventional", economy has its own life, and morality just recombines itself from the chaos of individual economic interests, somehow, by invisible hand. Well…

Up to now, the experience of disbanding finance, economy and morality has not been encouraging.

The major arguments of the contemporary critics of the Islamic Finance approach is that the system it proposes is archaic and so excessively complicated. This is extraordinarily strange argument, since the existing and actively developing technologies we currently have been conceived and and being developing for nothing but solving the problems of complexities arising in course of human activities. Something which was too complicated to solve or manage in the past is not so complicated to solve or manage now, thanks to the technological achievements. So, one cannot be convincing saying that something complicated shall be abandoned only because it seems too complicated to implement.

What is Wrong with Islamic Finance Today?

As such, nothing is wrong with the conceptual framework.

The Islamic Finance system is based on the fundamental principles of just and fair partnership[1].

The only aspect which we see being wrong now is the lack of sufficient use of the digital technological instruments for running the arrays of the Shari'ah compliant projects. Existing technologies do allow to increase efficiency, productivity, availability and visibility of projects of various sizes, scope and degrees of complexity, and thus ultimately to increase an overall volume of the Islamic Finance dramatically.

Good partnerships demand good project management to flourish. It has never been easier to manage projects in the whole of the human history than it is now, as new efficient instruments became available, which have not been available before.

What Islamic Finance is lacking now is a truly project-centered collaborative inclusive environment. Such environment shall make the pair "financial donor – work recipient" not only sustainable, but also synchronously developing, transforming the formal duality into genuine, symbiotic unity. It shall allow participants of various educational and professional levels to be articulate, mutually supportive and feeling comfortable in performing their specialized activities. It shall make the information timely and easily available, adequately complete, satisfactorily genuine and transparent; performance properly evaluated; risks analyzed and called attention for; actions suggested and resources optimally managed.

We call it Collaborative Investment Environment.

Collaborative Investment Environment

We see it as a broad concept that overlaps considerably with computer-supported cooperative work, collaborative software, groupware, collaborative working environment, and, ultimately, with the notion of collaborative work systems, which are conceived as any form of systemic human organization that emerges any time that collaboration takes place, whether it is formal or informal, intentional or unintentional.

We steadily chart our course keeping golden middle path on the convergence line of two prevailing and polar opposite approaches to collaboration:

1. formalistic (mechanistic) – organizing group activity through formalized explicit forms and procedures;

2. creative – provision of maximum comfortable ambience for groups to self-organize.

However, a human group is a living system, and its work is a creative, dynamic force.

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1   Those principles are very familiar to everyone, because, surprisingly, all world religions and philosophical schools have been insistingly appealing through ages to follow exactly the same moral nexus Islam promotes now – partnership, community, unity.

Dynamic project groups need means and applications that provide more than procedural mechanisms and creative space. They actually need Environment that can be tailored for their changing needs and evolving purposes.

**Our Approach in Building True Collaborative Investment Environment**

Our mission is to augment human intellectual efficiency and business productivity through further development of composite software application system centered on helping people to work on common tasks to attain common goals.

The Environment shall consist of:

1. **U**niversal **M**ethodology: set of underlying fundamental rules, principles and methods, i.e. Shari'ah;

2. **M**eans: physical and digital instruments deployed to implement the Universal Methodology though the system of Applications;

3. **A**pplications: the logical structures and connections between the Means to implement Universal Methodology in the most efficient way.

Thus, it can be abbreviated as UMMA.

Using contemporary atomic structure analogy:
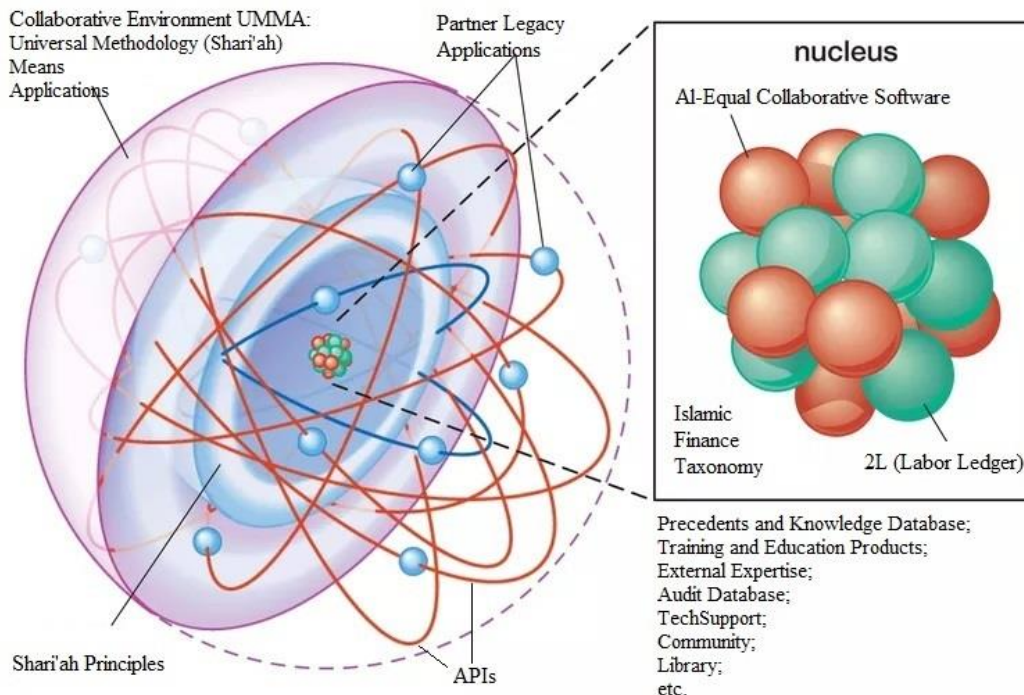
Stage 1:
Al-Equal Collaborative Investment FinTech Software (Al-Equal):

www.al-equal.green
al-equal.life
al-equal.com
umma.live

www.pollen.id
www.audacity.id
https://github.com/LaborLedger
https://github.com/al-equal/al-equal-dictionary/tree/master/Glossary

is a Starting Bridgehead and Nucleus for Collaborative Investment Environment.

The Universal Methodology of the Environment has been revealed in its complete form.

Thus, we are in the very advantageous position to start straight from building Means and Connecting them through Applications within the Universal Methodology conceptal framework.

The starting Means is our current version of Al-Equal Collaborative Investment (FinTech) Software, which allows to organize investing based on shared values of the investment community through:

- quorum/consensus decision making;
- tokenization of the decision flow;
- and smart contracting;

thus focusing the wisdom of the community to derive best investment solutions.

Selective use of the blockchain and distributed ledger techniques makes the product accessible, inclusive and flexible. It can be used as for communal investment, so as an individualized, customized, private permission network instrument for separate financial institutions.

The major advantages of Al-Equal in its current state are all of those typical for pure-concept blockchain and DL technologies, which are especially eminent in case of forming and managing large pools of small discrete investments, i.e. pools of investment projects.

It shall be deployed as cloud based application, with customization for individual partners.

We developed Al-Equal based on our recent experience in building our *Pollen Decentralized Finance FinTech Platform* (www.pollen.id). *Pollen* was built within the "conventional" financial framework, but that is how we have discovered for ourselves the world of Islamic Finance.

In Retrospect:

Whilst building Pollen Decentralized Finance FinTech Platform (https://hello.pollen.id). We originally conceived Pollen as a decentralized investment platform where community of investors will work out optimal solutions based on consensus, using blockchain digital assets and solutions. Pollen was not thought as Islamic Finance platform. It is just that we came up to Islamic Finance while building something on the principles we felt intuitively right.

Blockchain and Distributed Ledger technologies appeared in the jet stream of 2007-08 financial crisis just for that: to solve financial and economic moral hazard problem by providing viable alternative to discredited establishment methods and practices.

What was conceived as a radical structural reform, however, is currently being transformed into farce. The entropy, as natural so deliberate, is taking the reigns. It is all in the open. The contamination of the cyberspace with misnomers is a good early signal of corruption in process. How could "disruptive" replace "creative" and "progressive"? How could "trustless" mean something positive?

Most of the players do not really practice what they preach, and all those well-recognizable mantras of uncontrolled emission of value, interest-based financing, inconspicuous but deadly centralized control of big players, often masked by surrogate instruments like cryptocurrencies and tokens along with the fancy lingo, will inevitably lead the mainstream of the movement back into mundane shackles of conventional financial loop. A lot of frustrations for stubborn enthusiasts is coming in this part.

This does not mean, however, that instruments announced and deployed in the original blockchain / distributed ledger quasi-revolution are not viable. They are but only when pristine and not misused.

That is how we have built our Pollen FinTech System.

Whilst Pollen is Shari'ah compliant platform as a result of our intuitive adherence to Shari'ah principles before we started to learn them systematically, Al-Equal is originally conceived and designed as Shari'ah compliant Islamic Finance investment and project management software.

Al-Equal includes several distinct core features.

The kernel of the Al-Equal contains our new subsystem "The Labor Ledger" (2L):

https://github.com/LaborLedger

2L (we pronounce it as "tool") is a blockchain solution for allotment of ownership rights on jointly developed projects[2].

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[2] See pilot application of 2L on our platform Audacity.id - a SaaS platform that allows to create and operate an "Internet Company" on-line. It integrates the Labor Ledger into its SaaS platform, and it first applies the Labor Ledger to track contributions of its team members. For details, see Technical Paper "The Labor Ledger: a blockchain solution for allotment of rights on jointly developed projects. Paper v.1.0 (29.06.2020)".

2L is a framework of Ethereum smart contracts, tools for developers, and a legal concept which allow parties, who are collaborating on a project, to register and possess legally tangible "stakes" in the project (essentially, "rights to share deliverables of the project") resulting from and depending on their labor inputs and other kinds of contributions.

The major function of 2L is to create a safe and reliable mechanism for collaboration in the Web 3.0 era. The main use cases of the Labor Ledger are to account contributions of distributed team members on early stages of a project development.

Specifically, 2L functionality is focused on:

- making a member "inputs" in a project be accurately and fairly accounted for;

- making rules of conversions of "inputs" into "stakes" be clear and transparent;

- making members "stakes" in a project be auditable and reliably registered;

- vesting rights of the members based on their "stakes" (making them legally tangible, enforceable, rules compliant);

- facilitating execution of rights on a "stake" (i.e selling, pledging, etc.).

2L archives it through:

- Tokenization (with Project Tokens) of "stakes" (rights) in a "collaboration" (project);

- Fair and reliable registration of collaborators inputs into the project;

- Providing trust-free mechanisms to convert "inputs" into "stakes";

- Auditable and transparent registration of transactions with the "inputs" and "stakes";

- Governance mechanics (similar to DAO).

Although 2L may serve extreme followers of the "code is a law" paradigm who preach absolute freedom from legislation and regulators, the facilitation of legally compliant "collaborations" and legally tangible "stakes" in "collaborations" (i.e. rights on deliverables of joint efforts) is among the main objectives of the Labor Ledger design.

2L:
- keeps track of the stakeholders shares, direct investments and contribution to the project based on work;
- accounting of work contribution is based on Time Units (one option) and acceptance of a predefined piece of work with predefined value attributed to it (another option);

- all work contributions are to be verified and accepted by the community of actual incumbent co-workers/partners, which already have their work contributions accepted to the case project in the past.

Systems like the 2L are necessary digital tools for organizing, managing and protecting time investments in a rapidly decentralizing world.

Islamic Finance developed explicit and concise taxonomy of the types of the financial instruments, investment transactions, participants and business phenomena.

As we consider the formalized language and taxonomy to be important components as of the Means so of the Application parts of the UMMA, we started development of Islamic Finance Taxonomy for the blockchain / distributed ledger community:

https://github.com/al-equal/al-equal-dictionary/tree/master/Glossary

The main function of the IF Taxonomy is to provide the definition of terms in the business language standards such as ACTUS and other for the synchronized algorithmic representation of financial contracts, instruments and transactions. This, in turn, will create a steadfast platform for integration of various software instruments needed for effective management of the investment projects into UMMA / Al-Equal Collaborative Environment.

Stage 2:
Integrating Al-Equal
with Individual Collaborating Partners Software Systems
through APIs

As Al-Equal combines the basic core functions for collaborative initiating and development of distributed investment projects, being placed into the center of the nascent UMMA, it shall exert gravitation to the various legacy project management and other software instruments of the collaborating partners.

This gravitation will be served through safe, risk-free, seamless and painless integration of Al-Equal with existing computational infrastructure of the partners through modular programming, i.e. Application Programming Interfaces (API).

UMMA / Al-Equal Environment shall become oasis of effective integration of various software systems and instrument into steam-lined coherent investment and project managing virtual machine.

Advanced access and identity management, embodied into overall systems flexibility and modularity will allow users to create their private permission networks for partner-centered teams and portfolios, with integration of specific software instruments of individual choice into the UMMA / Al-Equal Environment.

Thus, the users will be able to enjoy the best of two worlds having the full functionality of their incumbent systems and Al-Equal as advanced interface of interaction with investment project partners.

Stage 3:
UMMA as a Fully Integrated
Collaborative Investment and Project Management Environment

On the final stage, which shall continue indefinitely, we plan to continue developing the multifaceted functionality of UMMA as Islamic Finance Collaborative Investment and Project Management Environment mainly through:

- further extending, sophisticating and improving accessibility of project management functionality;

- accumulating, systematizing, structuring, cataloguing and enriching the informational foundation of the UMMA ecosystem by:
  - creating all-inclusive knowledge garden with segregated access;
  - creating precedent data base with segregated access;
  - creating training subsystems;
  - establishing advanced audit functions;
  - adding external expertise products (marketing, HR, consulting, software development, R&D, PR, etc.);
  - perfecting technical support.

Al-Equal Platform will allow investors, managers, entrepreneurs and teams collaborate and meet goals on time while managing resources and cost.

Functions will include:

- pre-investment stage potential projects evaluation;
- pre-investment communication;
- forecasting and strategy alignment;
- budgeting, resource planning;
- decision making administration;
- investment administration;
- task distribution;
- time tracking;
- performance tracking and assessment;
- KPI monitoring and reporting;
- team collaboration;
- and many more.

The creation of the Platform will be implemented through combined-arms strategy, which will include:

- development of the functionalities by our own resources;
- M&A of selected project management products and integrating them into the Al-Equal Platform;
- strategic bridge partnerships with project management tools providers.

The Al-Equal Platform will be basically cloud based, thus allowing the investors, entrepreneurs and contractors:

- to join community without cost;
- to manage individually and discriminately the access to their investment processes and project management operations;
- to form and administer their investment portfolios efficiently and at low cost;
- to share free and easy access to project management instruments for the business partners and investment projects they invest into, thus allowing them to plug desired participants into transparent and comfortable collaborative environment;
- to organize and run effective risk management system;
- to organize and run effective monitoring, performance assessment, investment and project management within their investment portfolios.

In our understanding, the global development of the Islamic Finance is stumbling because of the strains and complications immanent to complex project implementation.

Our clear goal is to provide efficient environment of reliable, light-touch, low-effort, high-transparency, timely and appropriate interaction between financing and working partners, investors, managers and entrepreneurs.
Such environment will be based not on the dogmas of Command and Control, but on the principles of Communication and Collaboration.

It will not be "trustless" environment, but rather environment where trust will be fostered and protected using the best technological means available.

> Example:
>
> Imagine typical Mudarahbah project. Often, Rabbulmal would be willing and able to render more assistance to Mudarib if he knew about the need for such assistance in due time and with acceptable information costs.
>
> For example, timely intorducing Mudarin to appropriate contact from extensive Rabbulmal personal business network, adding weight into commercial negotiations, or proper commercial advise based on previous knowledge and experience of Rabbulmal, can greatly decrease business risks and increase commercial efficiency of Mudarahbah.

In the past, such assistance was often unachievable, as continuous monitoring of the performance of Mudarib was expensive and unfeasible, and Mudaribs were naturally not inclined to apply for the assistance and support from Rabbulmals too often, relying mostly on their capacities and not willing to overuse the non-financial resources of Rabbulmals.

Today, such processes can be geared easily and effectively, allowing Rabbumals monitor and feel the progress of the projects without stretching and stressing their main operations, and thus to foresee the calls for action at right moments. Rabbumal-partners can get foresights and early warnings of things going wrong and thus to render the support to the project in timely, well-informed, non-invasive and most efficient way. This capability is critical to making mid-project pivots which draw the line between success and failure.

This mode of operation will allow both Rabbumal and Mudarib stay on the top of the project progressing and thus inevitably and essentially increase the productivity and success rate of the Madarahbah projects.

UMMA / Al-Equal Collaborative Environment at Stage 3 will also provide for:

- intuitive crash-course educational functionality and continuous knowledge development and support;
- accumulating and sharing knowledge base of the actual projects;
- sharing expertise;
- risk and limitations management;
- visualizing resource allocation;
- change-on-the-fly level of pivoting when unforeseen challenges arise;
- anticipating bottlenecks and allocate resources proactively;
- proper amount of granularity and monitoring to keep projects efficient and on track, especially in managing the team of remote or part-time peers;
- task management (assignment and reassignment of different responsibilities to various members of the project teams);
- weaving tasks interdependencies to steer off clashes and breakdowns in performance;
- sophisticated permission settings and access management, with advanced access vetting and judicious permission metering;
- advanced planning, forecasting, budgeting, accounting, audit, monitoring, analysis and reporting;
- creative visualization and reporting instruments.

UMMA / Al-Equal Environment thus will be comprehensive, powerful, all-in-one project management solution based on the best practices and technologies available, offering right amount of functionality and visibility for involved peers.

UMMA / Al-Equal will provide advanced analysis apparatus allowing to present metrics surrounding productivity in such visual styles and fashions, which will make the data easy to digest and the analytical thinking involving.

In-depth analysis features will help the peers to consolidate collective action to rectify or leverage the situation.

UMMA / Al-Equal Environment shall solve the challenge of keeping the moving parts connected once distributed teams projects are under way through extensive collaboration features, such as:

- comprehensive data sharing;
- full-scale reference libraries;
- on message boards;
- audit trails with records of each task and project history and monitors of task progress and challenges investigations;
- a heavier focus on Agile methodologies and a set of features that would cater more specifically to developers;
- roadmaps creation instruments that will help the teams see the bigger picture and work toward a common set of goals;
- backlogs/precedents registration instruments to create tasks such as "user stories" relevant to a specific feature or issue to optimize problem solving (by analogy), solution finding, work-in-progress and improve quality;
- a framework for issue resolution and risk mitigation, as well as the all-through visibility to help planning and scheduling teams to identify the fastest, cheapest, or most suitable approach to deliver projects and programs, and to correct the choice made promptly when situational circumstances demand.

As the virtual reflection of developing society, purpose-centered UMMA Environment shall become an essential technological part of the vital, sustainable culture.

It shall simply increase the capability of a man to approach a complex problem situation, to gain comprehension to suit his particular needs, and to derive solutions to practical and theoretical problems of various scales and levels.

Michael Klimusha
miklimusha@hotmail.com
Al-Equal.green