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The Seven-Pillar Structure

An alternative financial model — tradition meets innovation

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Agenda

Key concepts — briefly explained

The central terms before they are used in what follows

Prohibitions & principles

- **Riba** (Arabic) — interest or usury: the forbidden, effortless increase on a loan
- **Ribbis** (Hebrew) — the Jewish prohibition of interest; protection within the community
- **Gharar** (Arabic) — excessive uncertainty or speculation; likewise forbidden
- ***halal*** (Arabic) — permissible, compliant with the rules

Instruments & practice

- **Mudaraba** (also *Qirad*) — profit-and-loss sharing: capital provider and entrepreneur share the risk
- **Commenda** — the medieval European trading partnership derived from it
- **Murabaha**, **Sukuk**, **Tawarruq** — today's *Islamic* financial products, often interest under a different name
- **Riba Plus** — the OiC.OS model: variable, success-dependent risk absorption

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4,000 years of tradition — an eternal struggle

From Babylon to today: one principle against the concentration of wealth

~2000 BCE
Babylon

- Debt cancellation on accession to the throne

The first system against the debt trap

~1000 BCE
Judaism

- Ribbis as a rule of solidarity
- Protection against exploitation

Justice within the community

~600 CE
Islam

- Strict prohibition of Riba
- Money as a medium of exchange

Religiously anchored

Today
OiC.OS

- Contemporary implementation
- Variable risk absorption

The modern answer

All these rules addressed the same problem: the destructive concentration of wealth through **compound interest**.

Money distributes risk — compound interest destroys

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Money is more than a medium of exchange

- It is an instrument for the **distribution of risk** across time and space → OiC.OS

Classical interest is flawed

- It does not merely compensate the lender's risk; it also produces unearned income
- It is **independent of the project's success**
- This creates systemic misincentives

OiC.OS offers an alternative

- Rigid interest → **variable, success-dependent risk absorption through a risk pool**

Historical and economic evidence

- Historically, the **Mudaraba** (or Qirad) is the precursor of the Commenda — a sharing of risk between principal and trading entrepreneur (Abraham Udovitch)

→ **Blueprint for Western joint-stock companies**

- **Research:** Arrow & Stiglitz — optimal risk distribution as the key to stable growth
- **Modern adaptation:** **Mudaraba plus risk pool** continues the Islamic tradition
- *Gharar* (excessive uncertainty) is avoided by limiting it to the cost of the risk pool

→ **Risk does not disappear when you ignore it**

Riba versus insurance: the ethical core

Riba (interest)

- **Effortless** multiplication of money
- Independent of the borrower's success
- Reward for **waiting**
- Leads to concentration

Insurance premium

- **Real compensation** for risk
- Remuneration for uncertainty
- Premiums cover **lending losses**
- Administrative costs of lending are not a permanent burden

Symmetric model

- Protection for **both sides**
- Debtor: no total ruin, thanks to a shared risk pool
- Creditor: no loss of capital, thanks to the premium
- No unearned enrichment — *halal*

Circumvention practices: form without substance

The problem with *Islamic* financial products

- ***Murabaha, Sukuk, Tawarruq*** — economically interest loans under different names
- Formally *halal*, but they violate the **spirit of the prohibition**
- Risk sharing is not promoted — interest is merely renamed

The criticism

- Timur Kuran calls this practice an *Islamic fig leaf*
- Circumvention instead of genuine reform

This model is more appropriate

- It does **not** disguise interest
- It replaces it with a **genuine, risk-based instrument**
- Every premium is tied to a **real risk** (write-down compensation)
- Transparency instead of circumvention

Four winners at a glance

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Borrower

- **No fixed interest burden**
- Lower burden as unearned interest income disappears
- No debt trap
- The burden adapts to the risk pool's project success
- No ruin in the event of failure

Lender

- **Risk-adequate remuneration**
- No usurious profits
- Stable preservation of capital
- No longer hard power (interest), but **Riba Plus** $\rightarrow$ **soft power**

Society

- **Less concentration of wealth**
- Greater willingness to invest
- Fewer social tensions
- A more crisis-resilient system

The state

- **Fewer bailouts**
- Less social unrest
- A more stable treasury
- Sustainable economic policy

From passive rentier to active shaper

Classical model

- The lender **collects interest**
- But has **no control** over how the money is used
- He remains a **passive rentier**
- No influence on the project's success
- Pure capital annuitisation

VS

New model

- The lender becomes an **active partner**
- Financing plus advice and networks
- **Real power** as a shaper
- More valuable than any interest gain
- The **currency of influence**

A new financial architecture for the Global South

The OiC.OS model is relevant for all countries suffering from high interest burdens and capital flight.

Financial sovereignty

Independence through one's own architecture

New markets

Stable markets for financial expertise in the Global South

Strategic influence

Influence without weapons, without colonialism, without exploitation

The Gulf states as architects of a new financial order.

From mere capital exporters to shapers of a global system: the Gulf states position themselves as **pioneers of a new financial architecture**. This strengthens their sovereignty, reduces their dependence on the West and creates stable partnerships in the Global South — risk absorption instead of compound interest.

The future of finance begins now

The OiC.OS model that respects tradition, prioritises ethics and unleashes economic power.

For a fairer global financial order

Seven Pillars