

## Behavioral Economic, Rationality and Islamic Ethics

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**Abstract:** This work consists essentially of a comparative approach between behaviors and manners recommended by Islam and methods derived from Western experiences likely to avoid these biases (nudges). Moreover, in each case, this study tried to do corollary with Quranic verses and hadith to show that the life style recognized by Islamic healthy enough and far away from the negative image conveyed by extremists. The conclusion of this study is the habits and behavior preached by Islam, it doesn't aim to make the man slave of a rigid doctrine of the Middle Ages, but instead, it's healthy, peaceful and civilized behavior demonstrated by the experiences of behaviorists and aimed mainly to prevent the individual and society the misdeeds of a materialistic and selfish society. This work will be an invitation to Muslim scholars in the social sciences and economics in particular to be more interested in experimental and behavioral economics.

**Key words:** behavioral economics; bounded rationality; compartmental biases; Islamic ethics

**JEL codes:** C91, C92, D01, D11

### 1. Introduction

There is what is called *visual illusions*, which is the person imagines that he see something, however, in reality, that thing is totally different. These illusions aren't due mostly failed to consider or to a defect in work or in the composition of the human eye, but to the mind itself to dealing with the mechanics of perception "Space" and "distances" and "Shadows" and others. Before making the mind for conscience as retaliation by the eyes or in any other sense, in other words, before the sensation turns into a perception, the mind focuses on the past experiences and what individual memory contains of information on the sensation, but often the mind retried to conditioning facts, so the mind fakes it to not interfere in contrast with previous experiences and well-established information in the individual and thus protect him from getting caught in the contradictions of a virtual confusing. And as Dan Ariely says in this regard: the place allocated in the human brain to the sense of sight and analyze what we see is the largest of any dedicated sense or another function, though Man is in a constant susceptible to visual illusions, so what about, for example, other functions like thinking?... Visual deficiencies we have begun to realize, its causes and its mechanisms, and physical palaces (organic) we are aware of it ever since man began to think, but what about our limitations of knowledge? (Ariely, 2008) ... the problem is that most of us aren't aware

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of its existence and here lies the danger, where the door is open for all manipulations of those who “know”. This is reflected from the above main theme in which behavioral economics looking: biases with its types, and delusions and cognitive thinking that the individual is not aware of its existence and often paid him to make decisions and adopt irrational behaviors that is far from what states to maximize his own benefit and profit in the economic theories.

### 1.1 The Aim of This Research

The main purpose is to make a comparison between the behavior and morality advocated by the Islamic religion and the ways to reduce the harmful effects of intellectual deviations and wisdom that is reached by Western experiences (especially those that depend on Nudging), therefore this study will display some of them. And in addition to the general definitions and clarifications terms common in behavioral economics, the study touched the circumstances of origins and evolution of behavioral economics and behavioral deviations to the most important and types with inference in each type of verses and sayings exposed to the equivalent standard. And obviously at the risk of repetition, we will in each case draw a parallel with what Islamic law says concerning similar facts.

### 1.2 Data and Methodology

This work will produce in the beginning general definitions and explanations especially common in terms of behavioral economics, such as rationality and logic before limping on the circumstances of the emergence and development of this science, who rode alone and on the subject of study and curricula. Then it moves to the behavioral deviations and types. After that this work will browse some deviations through their definitions, moreover, it will list some experiences that incurred by what came in the Islamic religion of the verses or hadith or biography of similar nature (Touch and smiling, mooring, procrastination and ethics).

We will use for that, two approaches; descriptive one in presenting previous studies that tested in the specialized literatures (especially works of *Dan Ariely*, *Nicolas Guéguen*, *Cass Sunstein* and *Richard Thaler*, and the comparative method when collimated with Quranic evidence and hadiths. We will proceed to analyze four of the most famous economic biases :

- The “Touch” and the “Smile” and the impact they have on the perception of others or their using in marketing.
- “Anchoring” and unhealthy uses to manipulate consumers by imposing to them higher prices.
- The “Atermoiment” or mania to delay tasks and its impact on the performances of persons.
- The ethics and morals or how perfectly honest individuals can use trickery and lies under certain conditions.

## 2. Literature Review

### 2.1 Rational, Mental and Logical

Most of The economic theories based on earlier assumptions including the hypothesis of rational economic man (*Homo Oeconomicus Rationality*) which is considered by many researchers in Economic Sciences as an axiom. Theories of *Adam Smith* About the advantages of free trade, Ideas of *Walras* about general equilibrium, or the theory of *Ricardo* about the relative merits all started from that assumption. And the interestingly is that many Nobel Prize winners in economics, obtained mainly from their work on rationality, such as *Kenneth Arrow* (1972), *Herbert Simon* (1978), *Gary Becke* (1992), *Robert Lucas* (1995), *Daniel Kahneman* (2002). Rationality that was originally mathematical necessity is dictated by economic modeling and it is developed for the purpose of

simplification. Many “theories” which is mentioned previously have turned by time in the minds of many thinkers to “scientific laws” valid in every place and at any time, and it occurred a mixing between the “Rational” and “Optimization”. And researcher in the economy thinks that the adoption of rational hypothesis leads inevitably to an optimal solution to the studied dilemma (consumer balance, market balance, decision ...), however, as Simon showed that mostly the person chooses the solution that pleases him even if it is not the optimum solution (Parthenay, 2008), and this is what he calls “bounded rationality”.

The first who discussed about rationality are the Greek philosophers *Anaximandre* and *Anaximène*, they searched about the origins of the universe and natural phenomena. The word of rationality derived from Greek ratio meaning “account” or “arrangement”. Rationality, then, is a feature on all manner of analytical methodology, in turn, it is characterized by a number of characteristics: objectivity, comprehensiveness, causal, explanatory ability, etc. (Laberge, 2008). So it is the thinking that doesn’t use the feelings and emotions. In economic, according to *Maurice Allais*, the person is rational when he seeks to comply some goals that isn’t contradict with each other and uses appropriate materials to achieve the desired goals. In other manner, rational is a person who is working on maximizing his benefits in the extent of his budget whether he is consumer or he is the person who is designed to reduce costs to achieve the optimal production or that maximize the profits if a product.

Among the reasons for falling into the trap of irrationality, is the thinking that “rational” (whether a person or behavior), is necessarily logical, but despite that logic and rationality are highly overlap as concepts, but they refer to two different concepts. In general, logic refers to “legal machine exempt observed mind for error in thought”. But there is another definition of logic, according to *Al-Ansari*, logic is a science, it is a competent balance of mentally things and scientific concepts that evaluate information acquired and distinguished by human and it is the standard by which to ensure proper results of thinking (Al-Ansari, 1997). And the logical thinking is based on events or specific facts.

So, the irrational person isn’t crazy or mad, however, he is a person who does not comply with the terms of rational thinking, or he does not necessarily seek to maximize the benefits or profits and he yields to his feelings or ethical considerations, and he gives priority to present than future, moreover, as Kahneman, he resort more on slowing system of thinking which makes theories that aspire to explain economic behavior not valid or far from reality. In addition, economic rational requires fully available information and the ability to distinguish between all the available options for decision and this is totally incompatible with human nature.

Therefore, rational, mental and logical are interrelated concepts but they don’t refer to the same thing. And most of economic theories were based on rational, but it is not judged definitely by mistake, but it limits the explanatory and predictive capabilities, just as the markets failed to balance traditional theories and risk theories and to speculate on the recent financial crisis in the world or the American and Greek debt crisis. Hence, traditional economic thought was unable to know what is in human mind and what affect their daily decisions and behavior whether it is economic or other, so all these factors helped to found another field in New-Old economy which is behavioral economics.

### 3. Economic Behavior

According to Fischer and Patrick (2013) the roots of economic behavior is since the seventeen century when Antoine Gambard introduced the “dilemma of Coin flipper” on Blaise Pascal and Pierre de Fermat, which paved the way for intuitive solutions and rational solutions. Moreover, the “dilemma of St. Petersburg” paradox which

was introduced by Bernoulli in eighteenth century, and Friedman and von Neumann depended on it in their work about Expected utility that was studied by Allais before that Khaneman and Amos Tversky elicited the first rules of economic behavior. Since 2009, there were many literature about behavioral economic, especially after the increasing impact of financial crisis and the release of the nudge book of Richard Thaler and Cass Sunstein that has a great frame. And all of them were interested on practical ways inspired by Kahneman in decision making, in addition to nudging which is related with libertarian paternalism (Thaler & Sunstein, 2008).

As for the method used in economic behavior, psychology depends on interpretation of the mind's work and the mechanisms of thinking and the behavior of individuals and groups, as so-called "metatheories", there is for instance the biological theory which studied biological human soul which consider that the root of all behavior and all thinking are related to the biological composition of the individual. However, behaviorist theory emphasizes on the role that exercise plays in formatting the behavior. In addition, there are other theories such as socio-cultural theory; that consider cultural and social factors the main determinants of personality and behavior. However, according to some researchers, the best method for understanding human behavior is the Bio-psychosocial model (BPS). This later consider that human behavior and mental processes are all stems from the simultaneous effects of factors, mostly synthetic, physiological, social, economic, cultural, and this particular approach, which relies upon economic behavior when studying economic decision-making and behavior (Cash, 2003).

It is clear that there is some positives and negatives, because this method push thinkers to know different sciences such as biology, psychology, neurology, sociology, and these aren't available everywhere. But these requirements oblige the findings of the behaviorists to take into account various factors affecting human behavior. As well, it can divide the work of behavioral economists into two main types: the first is often through experiments in laboratories on a number of volunteers and it is concerning "behavioral deviations", the second includes the pass of results from the laboratory to reality; or in other words, to find directly applications of the findings experiments and theoretical studies.

Consequently, economic behavior finds its place between the two branches of psychology: experimental and applied, and this is the negative findings of economic behavior. According to some researchers, some laboratory results can't be circulated to the reality. However, other researchers consider this science as others that depend on observation, experimentation and then the application.

#### **4. Cognitive and Sensual Biases and Its Effects on Behavior and Decision-making**

Distractions or biases in economic behavior means a thinking process resulted to different decisions that it was theoretically supposed. Biases mean joining and agree with opinion or person or group. However, biases mean cognitive biases, not the meaning of abnormal behavior, abnormal immoral but it is the sense of behavior that doesn't follow the expected way and it is not necessarily to be a negative.

So biases in economic behavior are attitudes and behaviors or provisions that are contrary to the rationality hypothesis, it is one of the economic pillars and it is mainly due to three causes that affect human behavior, which are: "the Emotion influence", "synthetic nature of the human mind" and "the effects of living within a group". And all of us are influenced to these effects. And all of us can do some irrational acts. Therefore, this is what we said previously, biases don't mean abnormal behaviors because all of us are vulnerable to it. Even the smartest people do not infallible from falling into appreciation errors and taking failed decisions because his humanity

makes him affected by some emotions and moral mechanisms occurred in his mind which can't be controlled. Biases are classified to:

- Cognitive biases (Representativeness, Framing, and Clustering illusion ...).
- Mnestic biases (Recency Bias, Exposure effect ...).
- Judgemental Biases (Priming, Anchoring, Halo effect ...).
- Social biases (Egocentric bias, Conformism or Bandwagon effect, Barnum effect...).

This research will show some behavioral, cognitive and judgemental biases by defining them, show their experiments, and especially the way they work and their impact, and will conclude in each paragraph dedicated to the biases of what came in the Islamic religion.

## 5. Deviations between Economic Behavior and Islamic Law

### 5.1 Touch and Smiling

Touching is the most effective contact method used between two people as non-verbal communication (Guéguen & Gail, 2000). Where a person can change the behavior of other by radical way through lightly touching on his arm or his hand, as shown by the following experiments:

- In the study of Gueguen, a person was standing in the street to seek help from people, in a copy of the experience he didn't do any physical contact, and in the other version he did some contact by lightly touching on arm or shoulder with others when asking for help. In the first case, 63% was "yes", in the second case (the existence of touch) it has matched 90% (Gueguen & Fisher, 2003).
- In another study of Hamm and Wills, they asked strangers for signing on a request, 55% of them who did it, but in another sample the percentage has raised to 81% because they intentionally touched the arm of strangers when asking for signatory (Wills & Hamm, 1980).
- The bias that occurred is reflected more in the study of Erceau et al., where it conducted in an old car shop, and the seller uses touch influence on the purchasing decision and the look the customer to the seller, the touching didn't exceed one second, however, it made a positive impression about the seller and buyers described sellers as honest and friendly.

In Islamic culture, touching has special effects, and the prophet urges us to shake hands when meeting each other, he said: when the believer meets a fellow believer and he greets him with salaam and takes him by the hand and shakes hands with him, their sins will fall like the leaves of a tree, and even when the Prophet Muhammad was shaking hands with others he didn't take his hand out of the hand of other until the other person did it. Hand-shake and touching with hand by hand in Islam is a meaning for peace, appreciation and it cultivates a kind of trust in the relationship with the other side (Elfatih, 2010). In addition, *Al-Bara* reported: "*The Messenger of Allah said: Two Muslims will not meet and shake hands without having their sins forgiven (by Allah) before they depart.*" Moreover, the Prophet Muhammad, said: "*Shake hands and rancour will disappear. Give presents to each other and love each other and enmity will disappear*". And this result also achieved by westerns (Dobson, 2006). However, it is important to display that touching bias isn't fixed, but it differs according to different cultures and even if it is a non-sexual touch, the bias or reaction can be aggressive, above all if it's occurs between two men, and in this case, it's due essentially to homophobia (Dolinski, 2010). As well, a lot of researches showed that smiling has also good effects as touching, and it can make trust and cooperation between people (Petit, 2009), moreover, it can encourage people for positive behaviors. In this context, the experience of *Thaler* and *Sunstein*

about the rationalization of electricity consumption in one of the small towns in the United States, as well as the results obtained by the American electricity company *OPower* where they managed to make their customers to decrease the electricity consumption by 2% once they put smiley on customers factures, even Girandola (2003) said that smiling plays an important role in voting on candidate elections and to convince voters. Smiling was one of the characteristics of the Prophet Muhammad, like says his wife Aicha: "He was the gentlest of men, most generous, and he was a man of your men, but he was laughing and smiling." Abu Dharr narrated that the Prophet said: "*Your smiling in the face of your brother is charity.*" In addition, Hamdan (2005) said that: "The powerful who have the power of persuasion and adhere others to their cause, not only to avoid hurting other people's ego, but also transmit their even before speaking, one of the most powerful message of body language, a message that says "I accept you and I want to establish a friendly relationship with you", this message is none other than the smile, that imprisons the hearts before the bodies and breaks down barriers and prejudices". Moreover, Ibn Batal, another Muslim exegete, said: "Meeting people with smile and attractive face, is one of the virtues of the prophets, it is contravenes of arrogance and carrier of affection."

### 5.2 Anchoring

Konrad Lorenz noticed in the thirteen of last century that ducklings emotionally relate with the first moving object located by their sight when hatching. And Lorenz put the duck eggs in hatching device and he was the first moving thing that they saw when hatching, and after few moments the ducklings started to follow him everywhere, and this is what is called imprint, which is an initial impression or an initial judgment, we build our decisions and our behavior, which may take hold with the passage of time and become routine. In social and economic science, the imprint is balanced with anchoring.

When a person goes to shop for any service or commodity, so he has sufficient information about the price and characteristics, so if that person finds a similar price to that written one or slightly higher, so it is much possible to proceed with purchasing, and the price is reference which is based upon the buyer as an anchor. And any higher price means expensive and any less price means cheap. But what happens when it comes to a product that didn't come into contact with the buyer by its price and ignorant? And what about the one who travels to a foreign country and find the goods are priced in the unheard currency? So he will draw price and landmarks comparisons between what is and what holds it his memory of past experiences, but at the same time becoming susceptible to anchoring, where it is enough for the seller to offer buyer a similar commodity with higher price compared with those wishes to sell, even convinces him that this commodity is cheaper even though in fact this exaggerated price and many literature was in this context such as the experience of Northcraft and Neale (1987), and the study of Ariely and Lovenstein (2003), which showed that even those with high level of education are prone to manipulation traders who practice anchoring. These are some of the models from the biases of anchoring.

The first figure is about the list of dishes and the prices in a restaurant in New York (Balthazar), and the workers suggest also mix dishes, so in this case the prices will be higher than simple one. Among these dishes is "Le Balthazar" with price of 115 USD and "Le Grand" with price of 70 USD. And most of people fall into the trap of anchoring, the *Balthazar* is the anchored dish, so customer compare prices between the two dishes and they choose *Le Grand* because it is cheaper (Poundstone, 2010; Pierce, 2012).

The second figure is about a commercial advertisement of home grills, Russel studied people's behavior toward four different offers not only in price but also in the receipt of additional information at a time. In the first offer, there is only the price of the grill, and the views were mixed. In the second offer, there are two prices; the price offered in the first offer and another higher price written in red color and canceled, therefore, people that it

was the original price and the seller is making discount, so they will become more willing to buy it comparing with first offer. And in this case the bias of anchoring started to affect people. However, in the third offer, the seller confirms that this is the lowest price in the market. And to emphasize more anchoring, in the fourth offer, the seller put a picture of another grill (differ only in color) and he mentioned that its price is greater than the target price, therefore, anchoring makes people thinking that this offer is the best and it is a great opportunity (Russell, 2006).



Figure 1 Exploitation of Anchoring in Restaurants

Source: [www.theguardian.com/lifeandstyle/2010/jan/21/menus-cunning-marketing-loys](http://www.theguardian.com/lifeandstyle/2010/jan/21/menus-cunning-marketing-loys)



Figure 2 Exploitation of Anchoring in Commercial Advertisement

However, legally, the majority of the world's legislation prohibits lies advertising and camouflage, and there is no prevented practices that mentioned above. But in Islamic law, in the Koran many Ayat came about selling behavior that forbids deception and exaggeration, for example:

- “Lo! those who purchase a small gain at the cost of Allah’s covenant and their oaths, they have no portion in the Hereafter. Allah will neither speak to them nor look upon them on the Day of Resurrection, nor will He make them grow. Theirs will be a painful doom (Imran Family [Al-Imran] Chapter, Verse 77).

- “O ye who believe! Squander not your wealth among yourselves in vanity, except it be a trade by mutual consent, and kill not one another. Lo! Allah is ever Merciful unto you” (Women [A’Nissa] Chapter, Verse 29).

This came in the Sunnah a lot in this regard:

- *Ja’far ibn Muhammad* from his father Ali about the prophet said: “*Unfairness Buyer is a usury (Riba) and Unfairness Buyer is not allowed (Haram)*”. Despite the weakness of this Hadith, excessive price or fraud remain as it is in the anchoring, close to the *Najsh*, about which the Prophet said “*Forbade to bid against one another*” Or “*Do not practice Najsh*”, and Al-Najash is an Arabic term that translates into sale by a fraudulent auction or sale by a manipulative overpricing

- *Muhammed Ibn Yahia* said: “My grandfather was Munqidh Ibn Amr. He was a man who had suffered a head wound and lost the power of speech, but that did not stop him from engaging in trade. He was always being cheated, so he went to the Prophet and told him about that, he said to him: When you buy something, say: There should be no intention of cheating, and for every product you buy, you have the choice for three nights. If you are pleased with it, keep it, and if you are displeased then return it.”

Though the last Hadith, it concerns originally a specific type of business transactions of any “sale option”, but it reflects some trade ethics that is called for by Islamic religion and relating to mutual consent and the right to reject the item if it is found within a specified period that they complain about the defect (shortcoming) option or that price amounts (e.g., fraud option or injustice) option, but the problem with anchoring is that the individual is originally unconscious as prone to flip (manipulation), it is therefore satisfied with the transaction as long as there is not in his view, according to his missing knowledge of the reason it is not satisfied, and without prejudice to the commercial treatment conditions, the problem is mostly due to the seller but this is probably the reason why the majority if not all conversations related to buying and selling focused on the seller and the qualities that must be displayed by him.

### 5.3 Atermoiment (Procrastination)

*Atermoiment* means deliberate delay in the completion of works, and it is derived from the word “will”, and its origin came from French “A-terme-oyer” as deferred sales. *Atermoiment* is called also *Procrastination*, this later came from Latin *Pro* (Onwards), and *Crastinus* (tomorrow). This behavior bias studied by *Samuel Johnson* in 1751, in issue under the title of *The Rambler*, and he said about *atermoiment* as: “...*a mad that push us to delay what we know that we can’t escape from it, it is a common weak point, which, despite directives virtuous and protest adulthood, is found in varying degrees in every mind*” (Steel, 2007). Some researchers found that the number of people who suffer from this bias in USA was quadrupled between 1978 and 2002 (Thakkar, 2009). In addition, these are some experiments that focused on procrastination, which show some implications:

- Dan Ariely complained about the delay of students to return their homework and they argue that they have family problems, or many subjects have to do, or tiring problem. Therefore, Ariely and his colleague Klaus Wertenbroch made a test that allows them to determine the implications of this behavior on the marks obtained by students. Ariely was teaching 3 different sections, and every student in each section is asked to provide 3 homeworks during the semester. The first section he leaved the initiative for students for scheduling the return of the homework, in the second section, he gave them freedom by enabling them to return the homework any day until the last day of the semester, and in the third section he imposed the date for returning the homework. In the

end of the semester, the teachers started to correct homeworks and they reached a result that the students of third section who obtained the best marks, and the lowest marks obtained by the second group arguing that they did their homeworks in last days of the semester which pushed them to rush (Ariely, 2008).

- Another study done by David Laibson, showed that the Americans are wasting hundreds of millions of dollars because of the delay in filling tax statements. Also, 70% of Glaucoma's patients are threatened with total blindness due to lack of timely putting eye drops (Surowiecki, 2010).

- Other researchers such as Thaler and Sunstein found that individual before he does a work or takes a decision, he started to evaluate the cost that results from his work and the return that obtains from it, though it makes no sense to proceed with the behavior of the individual if the cost is greater than of returns, but he sometimes resorts to reduce the exaggeration in the first and second, especially if it is hedonistic behavior. And most of us prefer to start a work where its benefits are actually with future cost (Benefits now-Costs later). For instance, many people spend long time in studying (cost) because they see that they will get high benefits which are good job and high salary that worth the sacrifice, however, others prefer to stop study early and finding job firstly if they have opportunity. Another example for smoking addicted; despite awareness, not healthy and its disadvantages, but they continue to abuse, and it doesn't explain the addiction to nicotine, but also because they feel ecstatic once smoking a cigarette (benefit), while the remainder of the disease (cost) is uncertain or delayed in time (though it will occur in the future). Thus they do something in procrastination and delaying stopped smoking to future (Thaler & Sunstein, 2008). This is what makes relevant authorities in some countries focusing on policies for reducing physical and financial damage of smoking.

In Islamic tradition, forensic evidence for avoiding procrastination, and that concerns us in this research, procrastination, and many among them some of what came from the Hadith of the Prophet and the sayings of his companions (*Sahaba*):

- “When they disbelieved in it of yore, They aim at the unseen from afar off” (Sab'a Chapter, Verse 53).
- The Prophet said: “O Abu Dharr, beware of procrastinating with your [high] hopes, for verily you have today [at your disposal] and have not yet reached tomorrow. When tomorrow comes to you, then be in it as you are in the present; [that way] even if you do not have tomorrow, you will not have regret for all that you neglected today.”
- Imam Ali, The fourth *Rachidun Caliphs* (Righteously guided calphs), says: “Opportunities are like passing clouds, once they pass, they never return. Therefore make use of good opportunities.”
- Anas ibn Malik, *the founder of Malikite rite*, said: “The Prophet, used to often say, ‘O Allah, I seek refuge with you from worry, sorrow, incapacity, laziness, cowardice, avarice, being overburdened by debt and being overcome by other men.’”
- Anas Ibn Malik said: “Procrastination is a soldier in the army of Iblis [Lucifer] which he uses to fool the people!”

#### 5.4 Ethics and Social Norms

In 2004, the total thefts in USA reached approximately 16 billion USD, and the size of embezzlement occurred by companies' staffs have matched 600 billion USD in the same period (Ariely, 2008). The bias here isn't the cheating or ethics, but it is the easiest of turning out, in certain conditions, an honest person to cheat and deceiver one. And this work reviews the following tests:

- Cohn and et al., from Zurich University, made a field study about honesty and ethics of banks' staff, and they collected 128 employees divided into two groups, they asked the first one ten questions, three of them general and

seven of them related to their recreational customs, however, they asked the second group three general questions and seven questions related to their banking activity. After that, they isolated each individual from others and they asked him to play coin flipper, to gain 20 USD if he obtains in every pitch on a specific face that he knows in advance, and the results were as follows:

**Table 1 Results of the Study of Cohn et al. about Sincerity of Swiss Bank Employees**

	Average of declared profitability ratios
First group (General questions, and others about Entertainment)	51.6%
Second group (General questions, and others about Job)	58%

Source: made by authors according to data of Cohn A., Fehr E. and Maréchal A. (2014), "Business culture and dishonesty in the banking industry", *Nature*, No. 516, pp. 86-89, December 2014.

The members of first group obtained 51.6% of profitable pitch ratio, and it is near to statistical ratio of 50%, however, the second group obtained 58% which means that the member of this groups didn't hesitate to lie, and the interpreted these results, that individual has several characters (professional, social, family,...). And depending on the situation (remainder the second group of their activities) this results associated behaviors with lying and fraud. Therefore, ethics in the finance word brings unethical behavior, which requires a profound renewal of the enterprise culture at the level of financial institutions, based on factors such as sincerity and honesty (Cohn et al., 2014).

- Another test of Ariely, where he divided students of University of California Los Angeles (UCLA) into 3 groups, and he asked each individual to solve 20 mathematical dilemma during 5 minutes. After that, they made a draw for each group separately, and the winner can get 10 USD if he resolved the dilemma. However, the test conditions for the three groups were different in some aspects:

In the first group, the members entered the class, and they return answers to the guard after 5 minutes.

In the second group, the members obtained the question paper and another one to write down only the number of questions that they have answered and then they gave it to the guard, and they put the answer sheet in paper shredder. But before they started to answer they divided into two groups, the first one is "2a"; where they asked the members to write titles of 10 books they have read in during their secondary education. And the second group "2b"; where they asked members to write down what they remember about "the ten commandments", after that they started to resolve dilemma. And the results were as follow:

**Table 2 Results of Ariely's Experience for Students Honesty of the California University and the Impact of Moral Reference**

	Test conditions	Average answers
Group 1	The lack of fraud ability	3.1
Group 2a	Fraud ability + write some book titles	4.1
Group 2b	Fraud ability + write some Moses commandments	3

Source: made by authors according to data of Ariely D. (2008), *C'est (vraiment?) moi qui décide*, Collection Champs Essais, Flammarion, Paris, pp. 260-261.

In the group "2b", they have ability to cheat and to write down what they remember about "the ten commandments", where the average answers was 3 of 20, however, no one of them has cheat, unlike the members of group "2a", which its members admitted that they have cheated by adding on the paper one correct answer in the average.

Therefore, according to psychologists, such *Freud*, tendencies to cheat exist in any individual but in different degrees. Because everyone of us has a voice inside that encourages him to cheat and lie, however, there are those who resist and there are those who follow their desires. And it is not obliged that first group are honest and the second are cheaters, but in the situation of cheaters, they think that their actions doesn't have negative impact on them or on others by using some arguments to avoid the sense of guilt.

In addition, it was found from a Portuguese study that summarized 7.213 students of economy and trade in 42 universities from 21 countries, 62% of them admitted that they have been cheated during the academic careers, on the other hand, it was large variations between countries, such as in Eastern Europe and Africa, where a corruption levels record, the rates of "cheaters" have matched for 88% and 50% respectively, compared to 5% in Northern Europe and Scandinavia countries (Teixeira & Rocha, 2009), and the proverb "If pervaded, eased" each of us finds all its meaning.

To understand what is happening in the mind, we go back to the components of the human self that came in the psychoanalytic theory of Freud, the subconscious "Id" is based on the principle of pleasure and seeking to satisfy their instincts and follow the desires, and "Ego" that try to reconcile the ego and the third compound, which is called "Super Ego" that is based on noble values. And he found also that individual feels a sense of euphoria and complacency when he does a positive act, where that act stimulates the "Super Ego", which in turn raises the central feeling of gratitude and happiness in the brain (*Nucleus Accumbens & Caudate Nucleus*).

Self components and the mechanisms that are working re-fabricated to the mind terms that we set out in the Koran (Al-Akil, 2008; Abu Oud, 2014):

- "Al-nafes al amara bi'suu" in parallel with the "Id": "*I do not exculpate myself. Lo! the (human) soul enjoineeth [Al-nafes al amara bi'suu] unto evil, save that whereon my Lord hath mercy. Lo! my Lord is Forgiving, Merciful.*" (Joseph [Yussuf] Chapter, Verse 53).
- "Al nafes al lawama" in parallel with the "Ego": "*Nay! I swear by the self-accusing soul [Al-nafes alawama]" (The Judgment Day [Al-Qiyamah] Chapter, Verse 02).*
- "Al nafes al mutmaina" in parallel with the "Super-Ego": "*But ah! thou soul at peace [Al-nafes al mutmaina]! Return unto thy Lord, content in His good pleasure.*"

Moreover, according to the study of *Cohn*, as who reminded with their job are much acquiesced to lying. However, in the test of Ariely about fraud, members who were asked about remembering the Ten Commandments, even who remembered only 2 or three of them didn't cheat because of religious faith, and the remember compose ethical reference, and it stimulates their Super Ego, thus prevented them from fraud. On the other hand, it seems that raising awareness of the importance of ethics is more useful for the prevention of fraud, which receives payments sanctions (Bègue, 2013).

If Muslims believe in what was revealed to Moses and the whole prophets, increasing to that mentioned in the Koran and in the Sunnah, there are many invitations to show good ethics that return it beneficial to the individual and the entire humanity:

- "*Keep to forgiveness, and enjoin kindness, and turn away from the ignorant*" (The Wall between Heven and Hell [Al-A'raf] Chapter, Verse 199).
- "*Tell My bondmen to speak that which is kindlier. Lo! the devil soweth discord among them. Lo! the devil is for man an open foe*" (The Night Journey [Al-Isra] Chapter, Verse 53).
- The prophet Muhammad says: "*A believer achieves by his good conduct the same reward as a person who fasts much and prays (the voluntary prayer) during the night*" and says also "*I was only sent to perfect good*"

character.”

- *Muaad Banu Jabal*, a companion of prophet said: “*The last command that the prophet given me was: adopt good manners.*”

In another part, Koran is saturated with ethic values that help him to avoid fraud and all negative acts, for example:

- “*Who have believed and whose hearts have rest in the remembrance of Allah. Verily in the remembrance of Allah do hearts find rest!*” (The Thunder [Al-Raad] Chapter, Verse 28).

- “*Lo! This Qur’an guided unto that which is straightest, and gives tidings unto the believers who do good works that theirs will be a great reward.*” (The Night Journey [Al-Isra] Chapter, Verse 09).

- “*Say (O Muhammad): It is revealed unto me that a company of the Jinn gave ear, and they said: Lo! We have heard a marvelous Qur’an, Which guided unto righteousness, so we believe in it and we ascribe no partner unto our Lord.*” (The Jinn [Al-Jin] Chapter, Verses 1 and 2).

## 6. Conclusion

The first purpose of this research isn’t to show miracles of the Holy Quran and Sunnah in the social sciences and psychology, not to say that Muslims were pioneers in the development of the first building blocks of the economy behavior: In a time when Islam is perceived quite negatively in the West, it appears to him who takes enough time to observe and analyze the habits and behavior preached by Islam, does not aim to make them an slave of a rigid doctrine of the Middle Ages, but instead, it is healthy, peaceful and civilized behavior demonstrated by the experiences of behavior stand aimed mainly to prevent the individual and society the misdeeds of a materialistic and selfish society, in an era when who calls for human values of Islam is condemned like apostate, and the west look distorted Muslims because of the lack of terrorism, it shows those who give himself time to reflect on that show behaviors and ethics advocated by the religion of Islam are poles apart from the bloody madness and terror preached by the criminals of ISIS, Al-Qaidah and other terrorist groups, and has not enacted originally to divide the slaves did not come from the fantasy, but it came to facilitate life and avoidance behavior (deviations of analytical, judgmental, etc.) the experiments that we have mentioned and several other we disregarded have proved disadvantages on the individual and on the economic and social life as a whole, may be sufficient to prevent them from economic and financial crises and even social ones. As we found that many of what Islam called for the actions and transactions with others is severe symmetry with “Nudges”, in addition, other experiments such as *Thaler, Sunstein, Ariely, Guéguen* and other pioneers of experimental economics and behavioral economics showed its positive impact.

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