Critical Issues on Islamic Banking and Financial Markets

Islamic Banking and Finance is revised and updated for a post-crisis world. Because it is entirely equity-based, rather than credit-based, Islamic finance is immune to the speculative bubbles and runaway volatility typical of Western finance. Especially now, in the wake of the global financial crisis, this has made them increasingly attractive to institutional investors, asset managers and hedge funds in search of more stable alternatives to conventional financial products. With interest in Islamic finance swiftly spreading beyond the Muslim world, the need among finance and investment professionals has never been greater for timely and authoritative information about the rules governing Islamic finance. This thoroughly updated and revised second edition of the premier guide to regulatory issues in Islamic finance satisfies that need. Addresses the need for banks to develop common Islamic-based international accounting and auditing standards Clearly explains the key differences between Shari'ah rulings, standardization of acceptable banking practices, and the development of standardized financial products Explores the role of the Shari’ah Boards in
establishing common rules regarding the permissibility of financial instruments and markets. Offers guidance for regulators seeking to adapt their regulatory frameworks to the needs of the fast-growing Islamic finance sector.

This book is a study of the objectives of Islamic Finance in the modern banking space and offers insight into the effects of changes and developments occurring in Islamic banking products and services.

The development of Islamic banking and finance (IBF) previously centred around three regions of the world: the Middle East, Southeast Asia, and South Asia. However, in recent years, this has expanded, as interest in IBF has gained momentum in Australia, the USA, and Europe, especially in the UK. Several Western market players have established their own Islamic window or subsidiaries to cater to the need of growing Muslim populations in these regions. This book examines the recent developments in IBF, particularly in the context of Islamic social finance instruments, such as Islamic microfinance, halal education, takaful, mutual funds, and waqf. It covers the religiosity, spirituality, and tawhid index, which promotes social well-being and empowerment. The book is interdisciplinary, and theories, practice, and key issues are presented simultaneously, introducing new ideas and techniques to the IBF community. Moreover, the book examines topics such as innovation in Islamic social finance instruments, advanced techniques of risk mitigation in Islamic capital markets, marketing and the halal industry, and shari'ah-compliant instruments, which are critical to Islamic finance. The book is an essential reference text for academics and research students at the master’s and doctorate levels in IBF.

This book focuses on current issues impacting the Islamic banking system globally. The contributions introduce readers to existing research and literature in the field and highlight areas of potential scholarly development within Islamic banking studies. The chapters are a variety of case studies, theoretical reviews, and empirical research within the world of Islamic banking. The contributions analyse new developments within Islamic banks from OIC member countries, Malaysia and the GCC. Particular attention is paid to the formative insolvency case of Arcapita Bank in chapter 6. Other chapters provide detailed discussion of the structures, marketing activities and products of Islamic banks, and contrast them with those of counterpart conventional banks. Through this edited collection, readers are given expert insight into contemporary, critical issues facing the growing sphere of Islamic banking.

New Issues in Islamic Finance & Economics: Progress and Challenges provides a review of the main issues and challenges facing Islamic finance. The application of Islamic finance is currently limited to banking. This book starts with an overview of the factors and motives behind the development of Islamic finance. A critical review of issues facing the industry is provided followed by a detailed analysis of areas where further attention is required. The book offers some original thinking on issues pertaining to governance, institutions, public finance and economic development within an Islamic financial system.
Islamic Finance is a compilation of selected writings of Dr Venkataraman Sundararajan (1945–2010), an international policy maker who played a significant role in the development of the regulatory and supervisory frameworks and policy for Islamic finance. Spanning more than a decade of his thoughts on Islamic finance, this book provides both basic and advanced knowledge on the field. The papers in this collection define Islamic finance, outline its many complexities, and provide practical recommendations that can help it in becoming an important global financial intermediary. The book demonstrate not only Dr Sundararajan's long-standing commitment to helping develop Islamic banking, but also how Islamic finance itself has evolved rapidly between 1998 and 2010. The chapters in this book are a blend that would benefit lay readers as well as experts and policy makers at regional and international levels.

A comprehensive overview of key developments in Islamic banking In Islamic Banking in Indonesia, renowned economist Dr. Rifki Ismal explores current issues in Islamic banking and financial products with a particular focus on the danger of liquidity risk in Indonesia. It approaches liquidity risk from the conventional perspective of international banking standards, as well as from the Islamic banking perspective. Dr. Ismal also covers the issues of asset-liability balancing, liquidity risk index, organizational structures for managing liquidity, industrial analysis, withdrawal risk, bankruptcy risk, moral hazard risk, and market risk. Compiling all the latest academic research on liquidity risk and other risks in Islamic banking, the book provides a theoretical foundation for managing risk that will is highly useful for researchers on Islamic banking and practitioners and academics. Written by a renowned expert on Islamic banking who works on monetary policy at the central bank of Indonesia Covers the latest developments in Islamic banking, particularly liquidity risk, for a rapidly expanding market Ideal for European and American readers, in addition to Asian readers, who need a fuller understanding of Islamic banking institutions, markets, and products With the latest academic research and the expertise of a leading practitioner in Islamic banking, this book offers in-depth coverage of the most pressing issues in the field.

The ongoing turbulence in the global financial markets has drawn attention to an alternative system of financial intermediation: Islamic banking and finance. This is now one of the fastest growing sectors within the market place and has, so far, remained on the sidelines of this unrest. Since the inception of Islamic banking thirty years ago the number and reach of Islamic financial institutions worldwide has risen significantly. Institutions offering Islamic financial services constitute a significant and growing share of the financial system in several countries, and market participants everywhere are joining the race to study and be a part of this emerging financial system. The Islamic Banking and Finance Workbook is a one-of-a-kind workbook on the topic, enabling readers to test their understanding of Islamic banking and finance concepts. Although suitable as a standalone learning tool, the book is designed to test the information covered in the companion book, Introduction to Islamic Finance and Banking, and covers the fundamentals of Sharia'a law, the Islamic contracts interpretations and definitions, Murabaha, Mudaraba, Musharaka, Istisna'a, Salam and Ijara modes of finance, Takaful and much more. Emphasis is placed on mini case studies, multiple choice questions and tests of the basic concepts. It also
This book explores contemporary issues and trends facing Islamic banks, businesses and economies as presented at the International Conference of Islamic Economics, Banking and Finance. The authors leverage current empirical research and statistics to provide unique and fresh perspectives on the changing world of Islamic finance. They focus specifically on the implementation of Islamic financial instruments and services in global capital markets and how their success can be evaluated. Chapters feature case studies from all over the world including examples from Afghanistan, Bosnia and Herzegovina and the United Kingdom, to name a few. The breadth and immediacy of the research presented by the authors will appeal to practitioners and scholars alike. The global outlook and rich data-based approach adopted in this book guarantee that it is a timely and valuable addition to the field of Islamic finance.

In Frequently Asked Questions in Islamic Finance, industry expert Brian Kettell answers some of the most frequently asked questions from his many years experience in working and teaching in Islamic finance and banking. From knowledge of the Qu'ran and Sharia'a Law, to new and old Islamic financial concepts, Islamic terms, and Islamic financial instruments and services, this book covers all the key areas that practitioners need to Islamic finance. The book addresses individual questions such as what is Takaful?, and provide answers with a clear overview of the product or service, and an example, or illustration where appropriate, of how they work in practice. The book also features a question and answer section for readers to test and build their knowledge of the area. Light, entertaining and varied in its approach, Frequently Asked Questions in Islamic Finance will prove popular for experienced practitioners and novices alike.

This vital new Handbook is an authoritative volume presenting key issues in finance that
have been widely discussed in the financial markets but have been neglected in textbooks and the usual compilations of conventional academic wisdom. A wide range of topics including the recent economic crisis, capital controls, the Franc Zone, quantitative easing and securitization, as well as the key controversies associated with them, are explored and explained in depth by well-known authorities in finance and economics. Designed to complement and expand upon standard textbooks as well as the specialist critical literature on particular topics in finance, this informative Handbook will prove invaluable to academics, researchers and students focusing on economics, finance and heterodox economics.

Islam has long been a part of the West in terms of religion, culture, politics and society. Discussing this interaction from al-Andalus to the present, this Handbook explores the influence Islam has had, and continues to exert; particularly its impact on host societies, culture and politics. Highlighting specific themes and topics in history and culture, chapters cover: European paradigms Muslims in the Americas Cultural interactions Islamic cultural contributions to the Western world Western contributions to Islam Providing a sound historical background, from which a nuanced overview of Islam and Western society can be built, the Routledge Handbook of Islam in the West brings to the fore specific themes and topics that have generated both reciprocal influence, and conflict. Presenting readers with a range of perspectives from scholars based in Europe, the US, and the Middle East, this Handbook challenges perceptions on both western and Muslim sides and will be an invaluable resource for policymakers and academics with an interest in the History of Islam, Religion and the contemporary relationship between Islam and the West.

There are several studies on the performance, growth, and efficiency of Islamic banks, but empirical studies from the regulatory and supervisory perspectives are limited. The authors evaluate the liquidity risk management of Islamic banks regarding Basel III regulations; they examine the factors that affect liquidity risk management of Islamic banks and develop an alternative regulatory framework appropriate for liquidity management.

This book focuses on current issues impacting the Islamic banking system globally. The contributions introduce readers to existing research and literature in the field and highlight areas of potential scholarly development within Islamic banking studies. The chapters are a variety of case studies, theoretical reviews, and empirical research within the world of Islamic banking. The contributions analyse new developments within Islamic banks from OIC member countries, Malaysia and the GCC. Particular attention is paid to the formative insolvency case of Arcapita Bank in chapter 6. Other chapters provide detailed discussion of the structures, marketing activities and products of Islamic banks, and contrast them with those of counterpart conventional banks. Through this edited collection, readers are given expert insight into contemporary, critical issues facing the growing sphere of Islamic banking.

Islamic finance with social responsibility (IFSR) is the new theme of this book. It has been introduced to the general public and is now being promoted by the author through his own writing on Islamic Finance News. I am thankful to its chairman who encourages me to
continue writing so those in power in Islamic finance institutions can benefit from my expertise and knowledge in this field. I hope some of my innovative business ideas that I promote in this book will be implemented in order to give hopes to young generation that IFSR is the new vehicle for change for the betterment of mankind in this universe. The main purpose behind introducing the new concept (IFSR) is the food crisis that hurts the poor and needy badly and has now started to adversely affect a wider segment of societies in Asia, Africa, and Middle East due to soaring food costs and the rise of inflation that may trigger civil unrest in many parts of the Muslim world (MW). The causes of the surge in food crisis is the massive production of biofuels, which is a crime against humanity according to a UN official because of its impact on global food prices that has completely ruined agriculture and will starve millions of people.

Islamic Finance: Instruments and Markets looks at the application of Sharia law to the world of banking and finance. It provides you with an understanding of the rationale behind the instruments and the rapidly developing Islamic financial markets. Coverage includes in-depth analysis of the financial instruments within the Sharia framework and how they are applied in various sectors including insurance, investment and capital markets. Regulatory issues are also discussed both from the role of the Sharia board to reporting financial risk to legal bodies. It addresses issues such as bringing a New Ethical Dimension to Banking through to The International Role of Islamic Finance and provides you with a range of checklists from Business Ethics in Islamic Finance to The Role of the Shariah Advisory Board in Islamic Finance and Regulatory and Capital Issues under Shariah Law.

This is the first book-length study of Islamic financial services in the United Kingdom. It describes the ways in which British examples of Islamic financial provision illustrate both the main characteristics of Islamic financial teaching and some key issues in the situation of British Muslims. Coverage of the subject is comprehensive: there are chapters on the history of Islamic finance in the UK and on personal accounts, home purchase finance, the equivalents of personal loans and insurance, investment, commercial funding and the relatively new bond-like instruments of sukuk. The author’s approach is broadly sympathetic to the general spirit and aims of the Islamic financial tradition but critical of some of its manifestations in practice. The book is especially topical at present, following the crisis in the UK banking industry and the unprecedented level of public debate about the appropriate aims and techniques of the financial markets. Some commentators have recently expressed disappointment that Islamic finance in the UK has failed to live up to the high expectations surrounding it.

Examines the resilience of Islamic banking during the global financial crisis and lessons for risk management. Do Islamic financial institutions perform better than their conventional counterparts during periods of financial stress? To what extent do systems for managing risk have to be adapted for Islamic financial institutions, given the unique characteristics of their assets and liabilities and the need for shari'ah compliance? These issues have come to prominence since the global financial crisis of 2007-8 and the subsequent recession, and are addressed in this book. The challenges for Islamic financial
institutions are explored in an international post Basel II system where banks are required to have more capital and liquidity. Governance issues are also examined, given their influence on client and investor perceptions and their ultimate implications for institutional stability and sustainability. Offers an in-depth assessment of how Islamic banks weathered the financial crisis and what lessons can be learnt. Asks whether Islamic banks are inherently more stable than conventional banks during periods of economic stress. Examines how Islamic banks manage risk, focusing on liquidity risk and the use of forward contracts to mitigate currency risk. Appraises the work of internal shari'ah audit units and the use of shari'ah reports to reduce non-compliance risks. Features case studies from the Gulf, Malaysia, the UK, Pakistan, Turkey and GCC countries.

A practical guide for robust sharī'ah governance of the Islamic banking industry. Debate in the market on the extent of sharī'ah compliance of Islamic banks, their products, and activities has piqued stakeholders’ interest. In Foundations of Sharī'ah Governance of Islamic Banks, Karim Ginena and Azhar Hamid explore the depths of sharī'ah governance to unravel its mysterious dimensions, and equip academics and practitioners with a solid understanding of the subject, which has become a serious challenge and thus deserves dedicated attention. The authors make a strong case for the need to contain the sharī'ah risk that Islamic banks experience, and present a compelling argument for how this should be done. Ginena and Hamid propose a robust sharī'ah governance model that comprehensively tackles this risk, and helps improve the extent of sharī'ah compliance of market players. The authors detail the internal, external, and institutional arrangements needed to promote responsible sharī'ah governance, and critically analyze current laws, regulations, and industry practices on the topic. The chapters of the book do the following: Examine the roots, characteristics and objectives of sharī'ah and its relation to financial dealings; Probe the role of regulators in sharī'ah governance, explore the different approaches adopted by banking supervisors, and provide examples of relevant legal and regulatory measures; Explain to bank directors and management the fiduciary duty they assume with respect to sharī'ah compliance, and detail how they could discharge this responsibility in line with best practices; Elaborate on the purpose of the Sharī'ah Supervisory Board (SSB), its responsibilities, competence criteria, internal regulations, and key governance guidelines; additionally, they explore different SSB models; Describe the internal sharī'ah control system including its six components, and examine the internal sharī'ah audit function as well as different stages of conducting a sharī'ah audit; Clarify the role of a sharī'ah auditor, with guidance on reporting lines, scope of duties, authority, and practical ways on fulfilling tasks, such as a sample sharī'ah risk assessment grid and audit checklists; Discuss the newly emerging external sharī'ah advisory firms that are expected to play a key role in the coming years and the services they provide. Through an effective treatment of each of these elements, and the way that they interact with one another, the book offers a fresh take on how robust sharī'ah governance of Islamic banks can be successfully accomplished. It is a comprehensive resource for academics, regulators, directors, lawyers, auditors, consultants, employees, and customers of Islamic banks interested in learning more about these challenges. This essential reading persuasively extends the discourse on the subject and addresses critical sharī'ah issues that have policy implications for decision makers in jurisdictions aiming to attract the fast-growing Islamic
This book explores how, through spirituality and the development of character, Islamic financial institutions and Muslim communities can integrate their businesses with contemporary social responsibility initiatives to produce positive social and environmental impact. From the looming environmental crisis to the divide between mainstream and extremist interpretations of Islam, the book addresses significant questions facing Muslim communities and humanity and demonstrates why Islam should sit at the table with other faiths and ethical traditions discussing humanity’s great obstacles. Unlike existing literature, this work explores the intersections between classical Islamic ethics and spirituality, contemporary Islamic finance and economic markets, and select sustainability and impact initiatives (such as the Equator Principles and UN Principles of Responsible Investment) designed to make the worlds of business and finance responsible for the environments in which they operate and the communities that support them. Drawing on his years of experience in Islamic banking, Moghul addresses these applications in light of real-world practices and dilemmas, demonstrating how Islamic organizations and Muslim communities should embrace the broad range of stakeholders countenanced by the Shari’ah in conversations that affect them. By situating his exploration of Islamic finance in the light of the much larger critical issues of balance, justice, and moderation in Islamic praxis, Moghul creates an interdisciplinary book that will appeal to academics and researchers in economics, finance, business, government and policy, and law.

Financial institutions are increasingly providing Islamic financial contracts in global markets. As a result of this market growth there is a high demand to understand how to assess and manage the risks arising from applying Islamic financial products and services. Credit, operational, market and liquidity risks together with the risk of non compliance with the Shariah law are becoming very hot issues for financial institutions. This book presents a common framework on how to efficiently manage the risks faced.

Islamic finance is founded on principles that constitute the guidelines governing any Islamic economic or financial dealings. Innovative financial engineering today constitutes one of the most critical needs of Islamic financial institutions. It represents the forces that will drive Islamic finance toward continuous growth and efficiency. The structuring of new financing and Shariah-compliant instruments plays an important role in the enhancement of Islamic financial markets, and Islamic risk management practices, combining basic Shariah-compliant financial instruments within Shariah structures to precise identified needs. The financial engineering process in Islamic finance is a process that is very sensitive and complex. It requires multidisciplinary considerations, involving deep knowledge of finance, economy, Shariah law and commercial law. Divergence of opinions among different Shariah scholars and boards, as well as the absence or lack of effectiveness of a central regulatory body, is perceived as an obstacle to the growth of investment confidence in Islamic finance. Hence, innovation, along with greater uniformity, is essential to make Islamic finance an international financial system and to attract a greater number of customers. This book addresses the main issues of concern within Islamic banking, namely the development of conceptual framework, the viability of
interest-free banking, and the assessment of its performance and future. In a world where conventional interest-based finance is the dominant framework, Islamic banking faces many challenges that must be addressed. This book discusses these issues and challenges and will be of great interest to both researchers and practitioners. It analyses the past experiences of Islamic banks worldwide, and provides an objective assessment of their successes and failures.

Gain insight into the unique risk management challenges within the Islamic banking system Risk Management for Islamic Banks: Recent Developments from Asia and the Middle East analyzes risk management strategies in Islamic banking, presented from the perspectives of different banking institutions. Using comprehensive global case studies, the book details the risks involving various banking institutions in Indonesia, Malaysia, UAE, Bahrain, Pakistan, and Saudi Arabia, pointing out the different management strategies that arise as a result of Islamic banking practices. Readers gain insight into risk management as a comprehensive system, and a process of interlinked continuous cycles that integrate into every business activity within Islamic banks. The unique processes inherent in Islamic banking bring about complex risks not experienced by traditional banks. From Shariah compliance, to equity participation contracts, to complicated sale contracts, Islamic banks face unique market risks. Risk Management for Islamic Banks covers the creation of an appropriate risk management environment, as well as a stage-based implementation strategy that includes risk identification, measurement, mitigation, monitoring, controlling, and reporting. The book begins with a discussion of the philosophy of risk management, then delves deeper into the issue with topics like: Risk management as an integrated system The history, framework, and process of risk management in Islamic banking Financing, operational, investment, and market risk Shariah compliance and associated risk The book also discusses the future potential and challenges of Islamic banking, and outlines the risk management pathway. As an examination of the wisdom, knowledge, and ideal practice of Islamic banking, Risk Management for Islamic Banks contains valuable insights for those active in the Islamic market.

The phenomenal growth of Islamic finance in the last few decades has been accompanied by a host of interesting questions and challenges. One of the critical challenges is how Islamic financial institutions can be motivated to participate in the 'equity-like' profit-and-loss sharing (PLS) contracts. It is observed that Islamic banks are reluctant to participate in the pure PLS scheme which is manifested by the rising concentration of investment on murabaha or mark-up financing. This phenomenon has been the hotbed of academic criticism on the contemporary practice of Islamic banking. This book explains the 'murabaha syndrome' in light of the incentive provided by the current institutional framework and what are the changes required in the governance structure to mend this anomaly.

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This collection of essays brings together leading scholars and practitioners to discuss contemporary issues in the rapidly expanding sukuk market, and frankly debates the challenges facing it since the 2008 financial crisis. Highly recommended for practitioners, scholars, and students of Islamic finance. Professor Mohammad Hashim Kamali is the founding chairman and CEO of the International Institute of Advanced Islamic Studies (IAIS) in Malaysia, and is a leading authority in Islamic jurisprudence, Islamic finance, and human rights in Islamic law. A.K. Abdullah is an assistant research fellow at the IAIS.

Introduction to Islamic Banking and Finance is a succinct guide to the key characteristics of Islamic banking highlighting how these differ from conventional banking. This detailed book illustrates how Islamic banking is consistent with the Sharia’a, a key element of which is the prohibition on collecting and paying interest. This central religious precept appears to rule out most aspects of modern finance but it does allow money to be used for trading tangible assets and business, which can then generate a profit. Brian Kettell’s book looks at all aspects of Islamic banking, including chapters on its creation and evolution through to detailed discussions of the issues involved in the Sharia’a contracts of Murabaha, Mudaraba, Musharaka, Ijara, Istisna’a, and Salam. Islamic insurance (Takaful) is also covered. Finally the book takes a look at Sharia’a law and Sharia’a boards, indicating the roles and responsibilities that come with membership. Islamic banks have been operating in places such as Bahrain, Saudi Arabia, Malaysia and Dubai for some time. Conventional bankers have traditionally viewed the sector as a small, exotic niche but recent years have seen a dramatic surge in popularity. A number of Western investment banks have started working with Muslim clerics to create new ranges of financial products designed for devout Muslims, a large and growing market. Although estimates of the size of the Islamic finance industry vary greatly, everyone agrees that it is expanding rapidly and this is the perfect book for anyone looking to understand the industry.

To the layman who wishes to understand modern Islamic financial transactions, this book will prove friendly and helpful. It provides the underlying principles of Shariah financial instruments and presented them in actual and practical form. Since 1983, Malaysia has been making significant inroads into the Islamic financials landscape. Today Islamic financial transactions have made their presence felt in almost all financial institutions including banks, unit trusts, insurance, discount houses, fund management, factoring, pawn broking and project financing. And with more than USD200 billion Islamic funds available
in global finance today, it is logical that the business of Islamic banking, insurance and
fund management is fast expanding and encroaching into non-traditional financing. As the
Holy Quran enjoins profit creation via trading and commercial transactions (al-bay’ū) while
forbidding profit earned from loans (riba), increasing Islamic consciousness among the
Muslims today has opened up new business opportunities in Islamic finance, financial
planning and wealth management. The Shariah not only condone interest as riba, but
prohibits elements of gambling (maisir) in financial transactions. Ambiguities (gharar) in
contractual agreements must be avoided at all cost while companies seeking Islamic
capital must not engage with prohibited goods such as alcoholic beverages, pork and
pornographic material. But current practices although unintentionally seem to out focus the
real Quranic agenda for wealth creation and management. The Quranic alternative to riba
is trade and commerce (al-bay’ū). The essence of trade and commerce is profit creation that
implicates risk-taking (ghorm) and value-addition (kasb). Doing so promotes fairness and
equitable transactions (īadl) and thus putting ethics and morality (akhlak) into the limelight
of corporate business today. This book has attempted to venture into several issues of
Islamic finance that incorporates the Quranic conception of trading and commerce (al-
bay’ū). Profit created from financial instruments devoid of risk-taking (ghorm) and value
addition (kasb) does not fit into the Quran’s outlook of al-bay’ū. It critically examines
current Islamic financial products offered by banks, mutual funds and insurance companies
and help guide prospective customers to understand the underlying Shariah principles on
which these products are structured. Products ranging from bank deposits/assets and
capital market instruments are discussed based on prevailing practical experience in
Malaysia as well as other Muslim countries. Divergent Shariah opinions on sale-buyback
(bay‘ al-‘inah) and debt trading (bay‘al-dayn) are discussed with good intentions to
harmonize global Islamic financial transactions. Of most significant is the push for equity
financing (musyarakah/mudarabah) in the banking business with proper application of
salam and isterisna contract as well. Widespread use of murabahah and al-bai-bithaman ajil
(credit sale) contracts in Islamic finance is a worrying trend. This book tries to explore the
place of Islamic financial contracts in modern financial markets, whether Islamic financial
instruments actually reflect true label. Implication of trading (al-bay’ū) is expected to invite
venture capital application in Islamic banking and rationalizes universal banking model for
Islamic banks. This book serves to guide banking customers, practitioners and investors
over the range of Shariah products available in Malaysia’s financial market and help
impress how these products can impact their earnings and business.

A critical study of the interpretation of "riba" in Islam, the attempts of Islamic banks to put
the interpretation into practice, the problems associated with these attempts and an
argument for rethinking the interpretation.

While some have proposed that the Islamic finance serves as a vehicle for recovering from
the international financial crisis and The Islamic banking industry may be able to
strengthen its position in the international market as investors and companies seek
alternate sources of financing. Other economists have argued that Islamic finance, is a
different way of structuring financial dealings, but, it is not a totally different financial system. This book tries to note the main causes and the impacts of the current financial and economic crisis. In addition to discuss the belief that the Islamic finance and its prospective is a viable alternative to the ailing global financial system.

The first case study based guide to Islamic banking and finance. Based around 13 individual cases, the book stimulates discussion and develops the reader’s understanding of Islamic finance by contrasting the existing theoretical knowledge against practical examples. Each chapter concludes with a set of questions designed to test the readers understanding of each case, with suggested solutions at the end of the book.

Despite noticeable growth in Islamic banking and finance literature in recent years, very few published books in this area deal with supervisory and regulatory issues in Islamic banking – theoretically or empirically – and none with the critical issue of risks involved in liquidity management of Islamic banks. This unique book is the first of its kind in dealing with challenges these financial institutions face in the absence of interest rate mechanism and debt-based financial instruments. The book examines critically issues involve in managing the risk of liquidity management for these types of institutions, including those stemming from Basel requirements. It then offers an alternative regulatory framework more appropriately suited for such banks without compromising safety and security. The book’s unique features and innovative dimensions diagnostically differentiate between Islamic banks and conventional banks as related to liquidity management risks. It proposes a risk-sharing regulatory framework that, once implemented, would mitigate risks posed by balance-sheet mismatches. The book aims to assist regulators, supervisors, Islamic finance practitioners, academicians and other relevant stakeholders.

The provision and use of financial services and products that conform to Islamic religious principles pose special challenges for the identification, measurement, monitoring, and control of underlying risks. Effective and efficient risk management in Islamic financial institutions has assumed particular importance as they endeavor to cope with the challenges of globalization. This requires the development of not only a more suitable regulatory framework, but also new financial instruments and institutional arrangements to provide an enabling operational environment for Islamic finance. The recent establishment of the Islamic Financial Services Board, facilitated by the IMF, addresses these needs.

This book, Introduction to Islamic Banking and Finance: An Economic Analysis, covers the basic principles of Islamic economics and finance. It discusses both the theory of Islamic economics and finance as well as the applications in the design of instruments of finance as well as Islamic financial institutions. The book enables its readers to gain an understanding of the structures and operations of Islamic banking, Islamic capital market investments, risk management, and taxation for Islamic banking contracts. The book sets forth the following objectives:

The phenomenal worldwide development over the past decade of Islamic banking and finance is drawing much attention to South East Asia, which, on the platform of its own
economic growth success, is also proving to be the gateway for Middle Eastern petrodollar investments into the two great emerging markets of India and China. This book provides a timely examination of the issues confronting this US$300-US$500 billion market growing at 15 per cent - 20 per cent per annum, with reviews of the different financial markets, be they capital (sukuk), retail or wealth management. It further includes reviews from the various jurisdictions including Malaysia (the front-runner), Singapore (the regional financial hub), Brunei (an offshore Islamic market player) and the sleeping giant, Indonesia, as well as newly emerging participants such as Japan and the United States. Contributors, all well-known leading practitioners in their fields, range from lawyers, accountants, bankers and educators to policy advisors, and come from institutions like CIMB, Kuwait Finance House, OCBC Bank and PricewaterhouseCoopers, among others. This book, the first of its kind, will be of great benefit to those seeking to better understand current developments and issues affecting Islamic banking in South East Asia, from both global and regional perspectives.

This volume provides an introduction to the basic themes of the contemporary Islamic resurgence and a key to the scholarly literature about that revival published in recent years. It offers a starting point for the study of the Islamic revival any place on earth and a broader bibliographical base for the study of major revival experiences, such as the Iranian Revolution. The literature documented is not simply limited to materials on the Middle East or the Central Islamic lands. Coverage extends to the study of Muslims throughout the globe.

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