

# Examining Theories of Growth & Development & Policy Response Based On Them From Islamic Perspective

By

*S a l m a n A h m e d S h a i k h*

## **Abstract**

*Poverty and inequality around the world has been rising over the last three decades and the attainment of the Millennium Development Goals (MDGs) seems a far fetched goal. In explaining underdevelopment, Classical Economics has offered many theories and models including but not limited to Rostow's Stages of Growth Theory, Harrod-Domar Model, Solow's Growth Model, Dependency Theory, Lewis Two Sector Model, Neo-colonial Dependence Model, False-Paradigm Model, and Dualistic-Development Thesis etc. This study analyzes the theories of development proposed in classical literature in the light of Islamic Economics and investigates whether policy response influenced by some of these theories had been effective or not in selected countries and regions. In light of recent developments in growth literature, the last section of the paper also analyzes whether Islamic economics principles have the capacity to ensure that determinants of growth suggested by 'new growth theory' will exist in an Islamic economy and together with these, do Islamic economic principles have other distinctive mechanisms and institutions that can help in the development process.*

# **Shari'ah Governance Model (SGM) And Its Four Basic Pillars**

By

*Imran Hussein Minhas*

## **Abstract**

*Governance means ensuring the compliance the rules and regulations prescribed for observance in an organization for efficiency and achievements of its aims and objects. As Islamic banking is based on Shariah principles and rules, it is necessary that it should be subject to Shariah governance to ensure its working within Shariah parameters and not overstepping its limits. For this purpose a Shariah governance model has been envisaged which will be headed by Shariah advisory board aided by other ancillary departments. Its edifice will be raised on four pillars Management and Supervision Shariah Advisory Shariah Compliance and Review Transparency and Disclosure This will strengthen the belief in the system as being truly Shariah compliant. It will also result in Islamic banks' strict adherence to Shariah principles and reduce the risk of their deviation from the correct path.*

# Bankers Perception and Performance in The Frame of Marketing in The Islamic Banking Industry of Pakistan

By

Dr. Ahmad Saeed,  
Mohammad Shahid, Qaiser Imtiaz

## Abstract

*This study attempts to examine the bankers insight and performance in the frame of Marketing in the Islamic banking industry of Pakistan. The scope of the study was limited to the employees of Islamic banks of Pakistan. One hypotheses were formulated for bank employees. The hypotheses of bank employees were upheld. In the light of the findings, several concrete recommendations were made for the betterment of Islamic banking system. The analysis would strengthen the marketing strategy as well as maximize the Bank Officers performance. There is high potential for Islamic banking industry. It is recommended that the Islamic banking*

*industry regulate the marketing as per Islamic principle. The social justification of this research was to explore the potential of Islamic Banking to maximize the social market ethics and develop good relationship with the customers and enhance their satisfaction in positive tone*

# Factors That Affect The Profitability Of The Conventional Bank And Shariah Bank In Indonesia

By

*Muhamad Nadratuzzaman Hosen*

## **ABSTRACT**

*The research aims to investigate factors of profitability that affected the performance of conventional bank and Islamic bank in Indonesia from period 2002 to 2010. With use regressions models, where ROA and ROE are as dependent variables presenting profitability of banker, whereas internal and external factors as independent variables include: GDP per capita, size, financial development indicator (FIR), liquidity, concentration, cost, numbers of branches, operational cost operational income (BOPO), NPL's ratio, and inflation. The results identify that in conventional bank in Model I, number of branches is the most significant determinant of conventional banks performance and in Model II numbers of branches, GDP per capita, FIR, and liquidity are the most significant determinant of conventional banks performanc, whereas in Islamic bank in Model I, PL's ratio, numbers of branches, and inflation are the most significant determinant of Islamic bank, and in Model II there are no significant determinants of Islamic bank performance.*

# Financial Sector Liberalization, Foreign Banks Entry And Domestic Banks Performance: Malaysia's Initial Post-Liberalization Experience

By

*Fadzlan Sufian &  
Nor Halida Haziaton Mohd Noor*

## **Abstract**

*This paper seeks to examine the impact of foreign banks entry on the performance of the Malaysian banking sector. The empirical analysis is confined to the two full-fledged domestic Islamic banks, three fullfledged foreign Islamic banks, 11 domestic IBS banks, and 4 foreign IBS banks during the period of 2001-2007. The findings suggest that the incumbent banks are relatively more profitable compared to the De Novo Islamic banks. We find that the De Novo Islamic banks are relatively smaller, better capitalized, disbursed lower amount of loans, incur relatively higher operating costs, and have lower credit risk. We find that the Malaysian Islamic banks are better capitalized and larger, but recorded lower profitability during the post-entry period. The empirical findings seem to suggest that Malaysian Islamic banks incur higher operating costs during the post-entry period. The results also suggest that Malaysian Islamic banks have disbursed a lower amount of loans during the post-entry period, but the credit risks seem to have escalated.*

# Sukuk As An Alternative Avenue For Infrastructure Development And Job Creation

By

*Oladokun Nafiu,  
Abdelghani Echchabi,  
Mohammad Fany Alfarisi*

## **Abstract**

*This study aims at exploring the possible means through which sukuk can be used to raise funds for the development of infrastructure. The study will channel its argument towards potential benefits embedded in adopting sukuk model to build, upgrade and maintain infrastructure in majority of the Muslim countries where infrastructure decay is obvious and become a necessity in order to improve the living standard of the people. Apart from the benefits in term of infrastructure development, the study will also link the issuance of sukuk to poverty alleviation through job creation which thereby reduces unemployment in the society. The contribution of this study is mainly the enlightening of Muslims where majority of the population seemed oblivious of what Islamic economics entails with special emphasise on how funds raising through Sukuk can be a means of face-lifting the infrastructure in majority of Muslim countries. This conceptual paper will be based on literature survey and previous cases on sukuk issuance for infrastructural development. It is expected that this study will serve to allay the sceptic view of majority of Muslims regarding the core principle of Islamic Financial System (IFS) which is tailored towards a just society.*

# Global Financial Crisis And Ethical Concerns In Financial System: Any Lessons From Islamic Finance Services Industry

By

*Mobolaji Hakeem Ishola*

## **Abstract**

*The recent global financial crisis has once again lent credence to the financial instability hypothesis which argues that financial market in the world is inherently unstable. This instability is however worsened by heedless ethical standard in the industry. A salient feature of the financial sector is its contagious effect, thus a persistent crisis in the sector generates negative externalities within and across national boundaries. The dimension, magnitude and impact of the crisis have left no economy immune from its shock. This paper analyses the role of ethics in financial industry. The paper argues that ethical and profitability concerns are not mutually exclusive business objectives, and that both should be pursued rigorously and simultaneously. To avert future crisis, the financial sector industry has to show greater concern for ethics and market discipline. It concludes that while the Islamic banks could learn more about product design and innovation from the conventional banks, the latter should learn more about ethical concerns from the Islamic Banks.*

