

Cotton Industry of Pakistan – How to execute a Murabaha Transaction with an Islamic Bank?

By

Usama Bin Tariq

Abstract

Islamic Banking Industry has always strived to provide appropriate solutions to every business sector of Pakistan not only in accordance to their financial needs but also to organize their business practices aligned to Shariah guidelines. Similarly, Islamic Banking has also played its role in the Cotton Sector of Pakistan to regularize the business practices in conformity to the rulings of Islamic trade. This paper shall focus on the business practices of the cotton industry and the anomalies (as per Shariah) present in the system and the role of Islamic Banks to revolutionize the methodology.

Muslim's Awareness and Willingness to Patronize Islamic Banking in Kazakhstan

By

*Muhamad Abduh
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ABSTRACT

Islamic banking was an abstract concept until the first half of the twentieth century. In Kazakhstan, it has been only three years since the first Islamic bank made its debut. Islamic banks have to compete with their rival, conventional banks, which have far longer history than Islamic banks. This competition urges Islamic banks to know the awareness and willingness of Muslim in Kazakhstan upon them. The purpose of this research is to examine the level of awareness and willingness of Muslims to patronize Islamic banking in Kazakhstan. Thus, a total number of 300 respondents from different cities of Kazakhstan were collected and descriptive analysis methods were adopted. The results show that more than half of the respondents are aware of Islamic banking in Kazakhstan, but they are not aware of most of the products and services offered by Islamic banks. Interestingly, despite the moderate level of Muslim Kazakhs understanding towards Islamic banking concepts, the willingness level of using Islamic banking products and services is high.

The Dynamics of Macroeconomics Variables and The Volatility of Indonesia Stock Markets: Evidence from Islamic and Conventional Stock Markets

By

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Abstract

This study aims to investigate the impact of the movement of macroeconomic variables upon the Indonesia stock markets, both Islamic and conventional stock markets, by using vector error correction model. The macroeconomic variables employed in the study are exchange rate, economic growth, and inflation within the period of January 2003 to December 2010. The result shows that in the long run, the performance of the stock markets is negatively influenced by exchange rate and positively influenced by industrial production index. Interestingly, inflation is found to be significant only for conventional stock markets with negative relationship.

Measurement of Efficiency and Soundness of Islamic Bank Using Two-Stage Data Envelopment Analysis and Modified Camels

By

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Abstract

The aim of this study is to measure the efficiency of Islamic Bank in Indonesia, to analyze the factors that affect the level of efficiency which is known as Two-Stage Data Envelopment Analysis method and to propose measurement of Bank Soundness with modified CAMELS. The objects of this study are 10 (ten) Islamic Bank (BUS) in Indonesia which analyzes from the second Quarter of 2010 until the fourth Quarter of 2012. There are 2 (two) methods which are used in this study, namely non-parametric method of Data Envelopment Analysis (DEA) on the first stage and Tobit model on the second stage. In addition, this study will illustrate the formulation of the financial factors of CAELS instead of CAMEL by integrating the results of efficiency level measurement using DEA in CAELS formulation. Overall, the results, show that the efficiency level of Islamic banks in Indonesia during the time period in this study, have not yet reach the optimum level of efficiency. In addition, modification of CAELS for the bank performance level method by integrating the result of DEA shows that the modification of CAELS could be more accurate in describing the bank performance level, particularly for Islamic Bank in Indonesia.

Consumer Behavior & Marketing: Islamic Perspective

By

Salman Ahmed Sheikh

Abstract

Consumer behavior is the focal point of understanding, identifying and estimating the market demand followed up by supply side response with product offerings, design and marketing efforts. It is also the core area of Economic research in microeconomics and recent micro-enriched macroeconomics. In this paper, we explain the normative basis of Islamic economics in general and elucidate consumer theory from Islamic perspective in particular. On the demand side, Islamic worldview based on oneness of God and afterlife accountability greatly influences the decisions, actions and choices of the consumer. We discuss how Islam places certain balancing limits on consumer choice set and budget constraints for greater welfare of the consumer himself and society in general. On the supply side, we explain the guiding principles and norms marketers must follow in product design, advertising and promoting their products. Finally, we discuss the consumerism culture, its relation with credit based monetary system and its contemporaneous and intertemporal effects on environment and distribution of resources.

Re-Takaful And Its Corporate Governance

By
Prof. Dr. Mohd. Ma'sum Billah

ABSTRACT

The challenges posed by both neo-modern and postmodern society and their secular cultures are very far reaching. The impact can be felt in every facet of life be it religious, political, social and economical. Following the rapid and strangulating development of the economy of the super other western powers, the insurance sector inclusive, most developing economies especially in the Muslim world feel a pressing need to re adjust their economies in order to meet up with the rapid development and high rate economic growth taking place in these developing economies. The Muslim world among others is in need of access to large and open markets among the different Muslim countries in order to have a high rate economic growth too. A survey of recent Muslim scholarship on western theories and epistemologies reveals an attempt to understand western legacy on modern society so as to liberate Muslim societies from secular and foreign control. This is to ensure that political, economic and other preoccupations of Muslims do not become mere distractions of the world from their care and development for the hereafter. Islam is concerned both with material and spiritual advancement. The Islamic worldview can therefore never be compared to any other worldview. It is against this background that current Muslim scholarship in the field of finance and economics in general should be viewed. It is an attempt at the total Islamization of the banking and financial sector so as to free the Muslim world from the dominant Western civilizational and ideological value-laden economic, financial and banking principles. Presently, most of the Muslim world like third world countries has under-developed economies suffering enormously under the claws and yokes of western economic and financial interest-based system. One of such key areas of modern financing where the Muslim world need a kind of economic co-operation in order to confront the challenges posed by western interest based financial system is Re-takaful Business which forms the focus of this paper. It is sad that in spite of the abundance of human and natural resources in the Muslim world, the Takaful and Re-takaful Business and the entire Muslim world economic sector can still not compete with conglomerate companies like the American Insurance Group and the likes. Though the insurance business in principle was accepted by Islam right from the time of the Prophet when he instituted what can be regarded as ma'qil al-ijtima' or social insurance between the Muhajirun (Muslims who migrated from Mecca) and the Ansar (Muslims who welcomed the emigrants in Medina), yet the insurance business has undergone a lot of developments and innovations since the time of the Prophet. In view of the Islamic acceptance of insurance in principle as well as the necessity of the insurance scheme in our complex society, there is need to examine for a continuous research into the modern concept of insurance in its entirety so as to bring it in harmony with the rulings and requirements of the Shari'ah. The need to abide by Islamic teachings, guided by Muslim historical heritage and current global insurance and reinsurance indexes cannot be over emphasized. This work therefore is an attempt to examine an aspect of the insurance system in Islam known as the re-takaful business.

Islamic Microfinance – Why is it Worth Considering?

By

Prof. Badr El Din A. Ibrahim.

Abstract

There are some questions regarding the reasons for the meager coverage of Islamic microfinance in Islamic countries, despite the fact that conventional microfinance does not meet the requirements of these countries microfinance clients. In this article we show that Islamic microfinance model is a superior one capable of solving many microfinance challenges, nevertheless, Islamic microfinance (despite its merits) has a very weak spread and not-marketoriented in most cases. What is required is a workable Islamic microfinance model, on the basis of the successes that governed some sustainable institutional Islamic microfinance experiences.