Cultivating Good Prospects

By

Imran Hussain Minhas

Abstract

The Government of Pakistan took several steps to Islamize banking system in Pakistan. Despite a set back they continued to proceed further and ultimately they succeeded in setting up this system.

After Islamization of Banking Islamic products were introduced. Modaraba operated as a corporate entity under regulating framework of Security and Exchange Commission of Pakistan. The Modaraba initially made good progress but later on its growth was checked. Other Islamic products like Sukuk are also operating. Islamic funds and Islamic pension fund were also launched and are regulated by SECP.

The ingredients for success are available in Pakistan, but they have not been nurtured. For Islamic finance to thrive, there will need to be more focus on liquidity management, manpower and public awareness.
The Analysis Of Application Of Salam & Istisna’a In Islamic Financial Industry

By

Muhammad Zeeshan Farrukh

Abstract

The modes of Salam and Istisna’a are the exceptional sales that help Islamic Financial Institutions (IFIs) to cater to the needs of those customers who require working capital financing to produce or manufacture something.

Keeping in view the conditions and guidelines for execution of Salam and Istisna’a transactions; this article is based upon the evaluation of different ways and possibilities to find the best possible way, upon which he product might be structured by Islamic Financial Institutions to meet the financial requirements of the customer with the special consideration of coverage of unique risks in these transactions.
Thesis of Religion: Normative Basis of Islamic Economics

By

Salman Ahmed Sheikh

Abstract

This paper discusses the ethical void in Capitalism which does not look prominent in welfare societies and states. But, its effects become more eminent in tough economic conditions. Unbridled pursuit of self interest, moral relativism, incentive-led economic choices and apathy to communal responsibilities would lead to a society where economic interests become the sole basis of maintaining and sustaining relationships. This inner void of identity and purpose at individual level and social void in the form of a stratified society bound together only for economic interests can be better filled with incorporating religion. Humans are much more than utility driven species, they are capable of using both instrumental and critical reasons to differentiate right from wrong and need reinforcement to adopt virtues influenced by an inner urge other than material interests as in Capitalism. This inner urge can be rekindled by looking beyond utility maximization to re-acknowledge the fundamental identity that humans are moral being than just an instrument for material advancement. Other sections of the paper provide an outline and salient features of Islamic Economics on different economic themes and perspectives for a comparative study. These provide a unique introduction to Islamic Economics in a mainstream framework.
Why *Musharaka* Mode of Finance is Worth Considering?

By

Dr. Badr-El-Din A. Ibrahim
Mohammed Osman Khalifa

Abstract

*The Musharaka Mode of Finance has many advantages but it is not fully utilized as it is not properly understood. However there are quite a few reservations in its application which discourage its use. The paper clarifies all misconception against Musharaka and suggests some modifications which will encourage the utilization of Musharaka.*
The Mega Islamic Bank:
A ‘Silver Bullet’ Solution

By

Mughees Shaukat
Mohd. Zamree Mohd Ishak

Abstract

Islamic finance is fast becoming a major global force and its impact is only just beginning. However it still lacks well-capitalized institutions. About a quarter of the roughly 300 Islamic financial institutions worldwide are reported to have less than US$25 million in paid-up capital. No wonder the idea of ‘Mega Islamic Bank’ has picked up pace, and so have these burning questions. For instance, is it viable to have such a bank or do we really need one? If so, then how? Who will take the lead? What could be the consequences? Are there more pros than cons to it? These are among the many pivotal IFs & BUTs. This study will attempt to address most of these issues, and finally would prove the viability of this idea and even come up with some policy implications to support its transformation from reasons to reality. Our findings and arguments are based on comparing the profitability and performance of a sample of 18 Islamic viz-a-viz 18 conventional banks globally. The techniques involved would be the Fixed and Random Panel Techniques and more advanced Dynamic Heterogeneous Panel, to make the comparison more rigorous. The findings provide a justification for further mergers and consolidation in the industry. Better capitalized, more profitable and robust banks are found to operate at higher efficiency levels in a politically stable environment that fosters financial openness and this is exactly at the core of why we should have an Islamic Mega Bank.
Regulatory Response To The Impact Of The Global Financial Meltdown On Islamic Finance In Nigeria

By
Abdulqadir Ibrahim Abikan (Ph. D)

ABSTRACT

This research examines the impact of the Global Financial Meltdown (GFM) on Islamic finance in Nigeria. It examines the law which enabled Islamic finance in the country and the various efforts made to effectuate the law. It compares the performance of the Lotus Capital Halal Investment Fund with the Nigerian Stock Exchange All Shares Index (NSE-ASI). It also reviews the response of the regulatory authorities to the impacts. It finds that the crisis has both negative and positive impacts on Islamic finance in Nigeria. It concludes that while the negative impact is not adverse comparatively, the positive has set the stage for the takeoff of full-fledged Islamic financial system in the country.