

Cooperative Micro-Bond

A Debt-free Nation Development Model in the Socio-economic Reality

By

Prof. Dr. Mohd. Ma'sum Billah

ABSTRACT

Majority of the countries of the world have debt-based economies with arrangement for transfer of risk. The third world countries are over head and ears in debt. To tide over this difficulty, it is proposed to introduce cooperative Micro Bond. The article gives a flow chart of the organizational plan and minute details for the setting up of the system, its operation and how it will offer greater facilities for meeting financial needs of new projects of small enterprises and cause lesser difficulties than borrowing from the present channels of obtaining loan.

The Legal Framework For Islamic Banking In Nigeria

By

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Abstract

Islamic banking system cannot operate in Nigeria or in any other country without agreement of its principles and practice with the various extant bank and other financial institutions regulatory laws. The usually adopted option is for the regulatory laws to be amended to accommodate the emerging financial system. This research therefore examines the provisions of the existing banking regulatory laws in Nigeria with a view to determining their amenability or otherwise to the principles and practices of Islamic banking. It finds that although the Banks and other Financial Institutions Act, 1991, amongst other laws, prepared a take-off ground for Islamic banking, its provisions are not sufficient for a smooth operation of Islamic banking system. The recent issuance of regulatory framework for non-interest financial institutions by the Central Bank of Nigeria (CBN) does not satisfy the need for a comprehensive substantive legislation, hence the suggested amendments to the existing laws.

The Performance of Insurance Industry in Malaysia: Islamic vis-à-vis Conventional Insurance

By

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Abstract

The Islamic financial institutions have been developing tremendously since the last three decades. However, many studies are focused more on the development and performance of banking and financial markets and almost neglecting another specific and important sector, which is insurance. Thus, this study aims to measure the performance of Islamic insurance industry in Malaysia and compare them with their conventional counterpart. This study covers a three-year period, i.e. 2008 to 2010 and employs ratio analysis and data envelopment analysis to measure the performance of both industries. The findings show that insurance industry is more efficient than Takaful industry in both ratio analysis and data envelopment analysis.

Interest Based Financial Intermediation: Analysis & Solutions

By

Salman Ahmed Shaikh

Abstract

Interest is prohibited in all monotheist religions. Apart from religion, interest is also regarded as unjust price of money capital by pioneer secular philosophers as well as some renowned economists. However, it is argued by some economists that modern day, market driven interest rate in a competitive financial market is different from usury and that the interest based financial intermediation has served a useful purpose in allocation of resources as well as in allocation of risk, given the interpersonal differences in risk preferences that exist in any society. Hence, there is a need to delineate clearly whether Islamic economics distinguishes between usury and interest. Secondly, there is also a need to reassess the economic merits and demerits of modern day competitive financial markets fueled by interest based financial intermediation. This paper tries to serve this need and presents a brief review of literature on the issue and examines the economic rationale usually presented for legitimizing interest as the price of capital. The paper analyzes the impact of interest based financial intermediation on macroeconomic variables as well as on development goals by highlighting few glaring facts and statistics and empirical evidence documented in past studies. The paper concludes with delineating the role of capital in an Islamic economy and how it can be valued in an Islamic economy without compensating it with fixed payoffs and the paper also assesses how economic and financial decisions will be altered in this new interest-free framework.

THE ANALYSIS OF SHARIAH BANK EFFICIENCY LEVEL IN INDONESIA:
**A Comparison Between The Intermediary
Approach And Production Approach**

By

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Abstract

The objective of this study is to measure the efficiency level of Shariah banks and to investigate the determinant factors which influence the level of efficiency. In terms of scope of the research. Shariah banks included in this research are all full-fledged Shariah banks and Shariah windows of conventional banks in Indonesia. The time frame of this research was during the period of 2006-2008, the data used in this research are the data of published annual report of the financial statements (balance sheets and income statements) of Shariah banks in Indonesia. This research applies stochastic frontier approach (SFA) which is well known as parametric approach to measure efficiency using panel data of multiple inputs and outputs. The result of this research is that the efficiency of Shariah banks using the intermediary approach for the period of 2006-2008 has decreased each year. While the level of efficiency of Shariah banking using the production approach during the period of 2006-2008 fluctuated each year.

Islamic Financial Products As Alternative To *Riba* In The Cooperative Sector In Nigeria

By

Bukhari Sikirullahi

ABSTRACT

Economy is an integral part of life without which the latter cannot be meaningful. Islam's relevance to human life manifests in the kind of allowance it accords economy. In the contrast, Islam's kin interest in the elimination of all forms of injustice and cheating among its adherents and among mankind as a whole is justified in its condemnation of riba. The proliferation of Islamic Cooperative Societies in our society is an indication that Muslims are aware of the stand of Islam on riba. However, most of these societies are not familiar with the numerous lawful chances of investment Islam has. This paper, therefore, looks in to some Islamic financial products; their concepts, basis, scopes and relevance to modern day economy with particular reference to Cooperative Society.