

Risk Tolerance and Intertemporal Consumption in Islamic Finance

By

Salman Ahmed Shaik

Abstract

It is empirically established that consumers by and large prefer consumption smoothing over their lifetimes. Consumption smoothing is achieved through optimal intertemporal consumption choices. The microeconomic foundation is based on optimal choice of consumption levels in each time period so that marginal utilities across different time periods are all equal. A related issue in intertemporal consumption is the tolerance for risk. It is also empirically established that consumers often are risk averse. In this paper, we discuss that intertemporal consumption is achievable with different levels of risk preferences. We also discuss the alternative for insurance in Islamic finance. Finally, we provide brief explanation of investment alternatives for intertemporal consumption. Our empirical data support that these instruments or asset classes for intertemporal consumption are effective means of earning enough asset income to achieve the consumption smoothing motive.

PEST & SWOT Analysis of Islamic Banking in Pakistan

By

*Qaiser Imtiaz
Mohammad Shahid*

Abstract

The research was conducted on Islamic banks to see how they utilize marketing and operational practices in very efficient way despite the crucial condition of Pakistan. The analysis would strengthen the knowledge related to Islamic banking. It is recommended that Islamic banking system evaluate the professional competence of employees and expand the network at par with conventional banks and their marketing strategy not only in Pakistan but also build the Islamic branches abroad.

KSE Meezan Index (KMI-30) – Stellar Performance

Islamic Index outperforms other indices

Abstract

KSE Meezan Index (KMI-30) is a stock market index on the Karachi Stock Exchange in Pakistan of thirty companies that have been screened for Islamic Shariah criteria. The index was introduced in September 2008 and the base period for this Islamic index is June 30, 2008. It was created as a joint effort by the Karachi Stock Exchange and Al-Meezan Investment Bank. The index is calculated using free float market capitalization. At any point in time, the level of the index reflects the free float market value of selected Shariah-compliant shares in comparison with the base period. KMI-30 is rebalanced semi-annually. Guidance is taken from qualified and well reputed Shariah expert when Shariah compliance of stocks is done.

Examining the Prudence of Islamic Banks: A risk management perspective

By

Dr Muhammad Imran Ashraf Usmani

Abstract

Islam is a complete code of life. It not only lays down rules for religious affairs but it also covers every aspect of human activities including economic matters. It not only bans riba and gharar but also all ancillary practices which under the subterfuge of trade may surreptitiously be adopted to dodge the ban. It has, therefore, specified the types of transactions which should not be undertaken and closed all back doors for trespass of these evil practices into Muslim economic arena. It is on account of these restrictions that risk in Islamic finance is well managed and the system remains immune from the ravages of the storms which often appear on the financial firmament of the world.

Now brewing: Islamic finance and takaful in China

By

Jeffrey Kirk

Abstract

We may be witnessing the seeds of a possible lasting recovery to the global recession. This development presents unique opportunities and challenges to market players; opportunities as to the expansion of finance products and services and challenges in identifying future trends, most profitable sectors and the most effective deployment of capital and expertise. A financial sector which demands attention due to its growth and continuing appeal is Islamic finance. At present, there are more than 300 Islamic banking institutions and over 250 Shariah-compliant funds operating in over 50 countries. The number of such institutions and investment vehicles and the assets held and managed by them are continuing to grow on an almost daily basis. Assets invested in Islamic law-compliant structures are currently (conservatively) estimated as exceeding US\$1 trillion globally. This figure is expected to rise, particularly in light of factors such as the recovery from the lingering effects of the global financial crisis, the increase in the flow of petro- dollars and the growth in the GDP of economies in Asia and Africa that have a healthy and expanding appetite for Islamic finance products and services. Indonesia and Malaysia are examples of such states, where GDP expanded by 6.1% and 2.9%, respectively, in the fourth quarter of 2012 over the previous quarter.

Credit Cards in Islamic Legal Perspective

By

Dr. Manzoor Ahmad Al-Azhari

Abstract

Interest is prohibited almost in all religions for its several setbacks. The interest based institutions are strongly propagating their products, among them are credit cards. These cards provide debt for short & long term periods. People need these card to run their life in many disciplines, specially while traveling abroad. They don't want to face theft, security problems and bankruptcy etc. So having no care of the demerits of cards they use them frequently. Modern Muslims scholars, paying their duty, tried to guide them about card use. In this paper we try to present and analyse their opinion about the legal adjustment of credit cards raising some questions about the legitimacy of different aspects of cards for example:

- i) Can we accept card's transactions as a whole?*
- ii) Is the issuance and annual fee acceptable Islamically?*
- iii) Is the deduction from buyers' bills legal?*
- iv) Does the card agreement resemble some existing model transaction?*

We throw light firstly on brief history of credit cards then come to the legal opinions of Muslim jurists.

An Inquiry In to the Islamic Cooperative Societies in Ilorin Vis- A-Vis Their Utilization of Islamic Financial Products

By

Sikirullahi Bukhari

ABSTRACT

Islamic economic system has continued to gain ground and to play a substantial role in the world economy. In Nigeria, Islamic cooperative society is one of the avenues through which the impact of the Islamic economic system could be felt. It represents the Islamic economic system to Nigerian Muslims and non Muslims alike- since other Islamic financial impacts are yet to be felt, more so that they are not yet in place. This work, therefore, exposes the extent to which the Islamic cooperative societies are making use of Islamic Financial Products and pinpoints their areas and levels of conformity and vice-versa with the principles guiding these products. Since the work is empirical in nature, it uses questionnaire and interview majorly to gather the needed data, even though some literatures are also contacted.