

Sukuk: A Development Vehicle with Investment Security

By
Mohd Ma'Sum Billah, PhD

Abstract

Sukuk, is the Shari'ah alternative to the bond practiced in the modern capital market. It had been significantly expanded for the last more than a decade by attracting both Muslim and non-Muslim participants with promising results thus, placing it to occupy more than 70% of the total Islamic financial market across the contemporary world.¹ Policies, strategies, instruments, mechanisms, structures, marketing, management and operation are strictly ruled out to be in total compliance with the divine ethics and the principles of Shari'ah, which are closely monitored by the qualified Shari'ah scholars as to compliance with Shari'ah standard. The Securities commission's guidelines provide that, Sukuk refers to certificates of equal value which function as an evidence of undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the Shariah Advisory Council.² Thus, an attempt is made in this paper to scrutinize the model of Sukuk as an investment security by complying the Shari'ah spirit and standard as to universal value.

¹ Christophe J. Godlewski, Rima Turk, and Laurent Weill (2014), "Do the Type of Sukuk and Choice of Shari'a Scholar Matter?", in *IMF Working Paper* (WP/14/147) at P.1

² Securities Commission Malaysia (2015), *Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors*, SC-GL/5-2015 at Chapter 2.

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Islamic Banking and Finance in North Africa: An Extensive Review

By

Abdelghani ECHCHABI and Dhekra AZOUZI

Abstract

The objective of this study is to highlight the current industry and research state of Islamic finance in North Africa, a region that has been late in applying Islamic finance. The study focuses on document analysis, in the form of library research (literature review). The reviewed literature revealed that a considerable amount of studies on Islamic finance have been conducted in the North African setting. However, majority of these studies were conducted in the Tunisian context compared to the remaining countries. Furthermore, there seems to be no real connectivity and continuity among these studies.

The Impact of Selected Macroeconomic and Bank Specific Determinants on Islamic Deposits in Malaysia

By
Abdullah Ludeen

Abstract

Conventional theories have identified several factors which motivated the savers to save in conventional banks, but conceptually Islamic banks are different from their conventional counterparts. This study makes an attempt to empirically investigate whether the determinants of deposit in Islamic banks are significantly different from its conventional counterpart or otherwise. The ARDL approach ECM model are applied to address this issue, time series data from Malaysian banking system is used for analysis. According to our knowledge, this is the initial attempt to address this issue by testing both macro-economic and bank-specific factors in this particular time period (2007-2015). The results indicated that among the macro-economic variables; Industrial production index (GDP Growth) has strong impact on Islamic banking deposits while inflation (CPI) does not have significant impact on Islamic deposits. Furthermore, among the bank-specific variables both interest rate and profit rate have strong impact on Islamic deposits. However, the most relevant finding from policy perspective is that depositors of Islamic banks in Malaysia are profit oriented, thus an increase or decrease in profit given to deposits will change their intention towards depositing in Islamic banks. Furthermore, since the customers of Islamic banks in Malaysia are divided into the categories of Muslim and non-Muslim, thus, any changes in conventional interest rate will affect the level of deposits in Islamic banks. The implication of this study suggest that Islamic banks must invest in profitable projects and provide high profit rates to their depositors, which will help them keep their depositors for long time.

Bank Efficiency: Islamic and Conventional Banks in Malaysia

By

Athirah Safea Jamaluddin

Nor Najwa Hanani Ilyas

Syukriah Ali, Najah Mokhtar & Kartini Kasim

Abstract

The main objective of this study is to determine the factors affecting banking efficiency and to compare bank efficiency between Islamic and conventional banks in Malaysia. A total of 16 Islamic banks and 27 conventional banks in Malaysia were analysed to achieve the objectives. Ordinary Least Squares (OLS) was used to determine the factors that affect banking efficiency while Levene's Test were applied to compare the banking efficiency between Islamic and conventional banks in Malaysia. The results reveal that five variables, which are Level of Capitalization (CPT), Credit Risk (CR), Riskiness of Bank (RB), Return on Asset (ROA) and Bank Size (BS) affect the banking efficiency of Islamic banks. However, only four variables affect the banking efficiency of conventional banks, which are Level of Capitalization (CPT), Riskiness of Bank (RB), Return on Asset (ROA) and Bank Size (BS). Overall, Levene's Test shows that conventional banks are more efficient than Islamic Banks.

A Conceptual Framework and Propositions for The Adoption of Islamic Banking Services in India

By

Manzar Ali Khan

Nazimah Hussin, Wan Khairuzzaman

Wan Ismail and Jihad Mohammad

Abstract

The aim of this paper is to propose a conceptual framework to study and identify factors that influence the intention to adopt Islamic banking services in India. Islamic banking has evolved as a new reality in the international financial landscape in the recent past. Various studies have been undertaken by researchers to examine issues related to Islamic banking and finance across the world. However, literature revealed the lack of adoption studies on Islamic banking domain. This study employs the decomposed theory of planned behaviour (DTPB) proposed by Taylor and Todd (1995a) to investigate the influence of perceived attributes of intention to adopt Islamic banking services in India. The study also intends to incorporate ethical judgement into DTPB model and investigate its influence on the intention to adopt the Islamic banking services. Further, this study also examines the mediating effect of the ethical judgement on the relationship between the moral obligation, perceived consequences and the intention to adopt Islamic banking services. This study will provide compelling insights into Islamic banking services that will be useful to both banking consumers as well as industry.

Putting Social Justice First: The Case of Islamic Economics

By
Asad Zaman
Junaid Qadir

Abstract

If we try to figure out the most pressing economic problems in the world today, most concerned citizens would prioritize those problems relate to urgent societal welfare needs—e.g., feeding the hungry, housing the homeless, and treating the sick or disabled. But we find a huge mismatch between these objectives and the intents, priorities, and effects of modern economic systems, which are fixated on increasing wealth and production often at the cost of other factors that relate to human welfare. In this paper, we argue the case for a new economics in which social justice acts as the cornerstone. Towards this vision, we present the case of Islamic economics, which is an economic system based on justice, equality, and other principles that prohibit exploitation of others and social harm.