

Deficit Financing in Developing Countries: Applications and Consequences

By
Zubair Hasan

Abstract

Budgetary deficits and adverse external payments have emerged as major public policy concerns in recent times. The purpose of this paper is to discuss briefly various aspects and forms of deficit financing as modern economies increasingly use it to address these concerns. Historical evidence shows that controlled deficit finance can be a useful tool to mobilize physical resources for economic development. Borrowings from the IMF are available to meet deficits during financial turmoil and chronic balance of payments deficits for country bailout. The paper warns of the dangers of reckless indulgence in deficit financing, internal or external - and indicates precautions to avoid the pitfalls. It puts, presumably for the first time deficit finance for various purposes from different sources in a single framework.

SWOT Analysis of Cryptocurrency an Ethical Thought

By

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Abstract

Cryptocurrency is a new dimension in the world of economy, which has been effectively realized since 2009 through the inception of bitcoin. Within a short period of time, the model won the heart of the global market generally. Despite such a popularity and future potential there are weaknesses and threats in cryptocurrency movement. In this chapter however, an attempt is made to focus on SWOT analysis on the contemporary cryptocurrency management both the conventional model and the Halal alternative paradigm.

Rotating Saving and Credit Associations as an Informal Finance Tunnel Evidence from Egypt

By

Dr. Ahmed Taha Al Ajlouni

Abstract:

This article empirically investigates the drives for participation in Jamey'ah (literally, Society) in Egypt as types of Rotating Savings and Credit Associations (ROSCAs) that agree in their general framework with Islamic principles. The article also evaluates the sample's experience in order to understand the influence of gender and income on the motives behind Society sharing and their valuation. The findings show that the amounts raised by societies are allocated to essential expenses. The tough procedures in case of borrowing; and low return in case of saving were the drivers behind leaving banks to finance via Societies as the results strongly suggest. The valuation of Societies indicate apparent impressive positive trend as the results strongly suggest. There is considerable empirical evidence showing that Societies can be a substitute to banks in providing personal loans.

The Regulations Supporting Socio-Economic Initiative in Takaful Operations

By

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Abstract

Takaful operation in Malaysia has proven their credibility through the remarkable achievement in the market structure and net contribution income. As a financial product, takaful is one of the key tools in wealth protection. As the dedicated institutions which are authorized to operate in providing Shariah-compliant protection coverage to the community, Takaful Operators are subject to relevant regulations and procedures. These regulations are important in providing a guided supervision and to ensure the interest of every stakeholder are preserved. This research paper applies the literature review based methodology that demonstrates the nature of takaful operations for society and nation. From the regulatory perspective, Bank Negara Malaysia plays its role through the introduction and enforcement of numerous rulings for takaful industry. The regulations such as Shariah Governance Framework, Islamic Financial Services Act, Takaful Operational Framework, Life Framework and Value-Based Intermediation are found to support takaful industry in achieving its operations' objective of helping the community's socio-economic environments.

The Journey of Islamic Banking in Pakistan

By

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Abstract

The history of Islamic banking in Pakistan is unique having paramount significance. The seed of Islamic banking was sown by the Quaid e Azam in his inaugural address at SBP on July 1, 1948 followed by constitutional provisions requiring abolition of Riba and promoting Islamic banking. The role of CII is critical in promoting Islamic banking in the country. Islamic banking emerged with full swing in 1980s but was declared against the principles of Shari'ah by the FSC in 1991 and SAB in 1999 respectively. The current form of Islamic banking emerged in 2002 in parallel with conventional banking and spread all over the country. However, it still needs to put efforts to be universally recognized.

Small & Medium Enterprise (SME) Financing and Poverty Alleviation– A Case of Pakistani Islamic Banks

By

Iffat Zehra, Vijay Kumar, Rehan Waheed

Abstract

SME sector in Pakistan is challenged due to unavailability or restricted availability of credit from financial institutions which hinders their growth and development. Risk sharing system of Islamic finance can facilitate to achieve sustainable growth and reduce poverty in the country, through SMEs. The subject paper aims to determine empirically, preference of Islamic financial institutions and banks towards specific SME financing areas. Inequitable wealth distribution has been the main challenge for alleviating poverty within emerging economies. Through this paper, it is assessed does the availability of Shariah-compliant products to SME plays a role in poverty alleviation. The research design is descriptive and cross-sectional data has been collected from 63 respondents, mainly branch managers at different Islamic banks, through purposive sampling technique. Structured questionnaires have been used to collect primary data. Findings from the study indicate that Islamic banks (and Islamic windows of commercial banks) prefer to provide SME loans for working capital requirements and acquisition of machinery. Sole proprietorships are preferred over partnership concerns and almost 60% of the respondents prefer to have a simultaneous deposit and loan relationship with SME customers. However, the bank's internal risk aversion policies act as the main hindrance in disbursing loans to SME clients. Of the four poverty alleviation indicators, business growth reported the highest correlation with SME loans, followed by improvement in the general income level of SME owners, indicating that both these indicators are mutually dependent on each other.

Empirical Evaluation and Effect of Training & Staff Development

By

Malik Shahzad Shabbir

Abstract

This study investigates the effect of training and staff development on the financial and non-financial performance of the Islamic financial institutions in Nigeria. The study employs quantitative approach making use of questionnaire. However, descriptive statistics, correlation, regression and ANOVA were used to evaluate the perception of respondents. It is observed that the presentation of the Islamic banks has been improved through training and staff development most especially on the key products of the organizations. The findings of this research work will help the management of the selected organizations to evaluate and determine the areas, where improvements through training can be done and planning for the development and implementation of effective training and staff development needs. It will lead to increase the performance of the organizations and also serve as a source of references for the future researchers and guide to the authorities in the banking industry.