TABLE OF CONTENTS

		PAGES
CHAP	TER ONE	
Introd	luction	
1.0	Introduction to Islamic Banking	1
1.1	Principles of Islamic Banking	4
1.2	General Differences Between Conventional Banking and Islamic Banking	7
1.3	Objective of The Study	9
	1.3.1 General Objective	10
	1.3.2 Specific Objective	10
1.4	Significance of The Study	11
1.5	Scope of The Study	12
1.6	Research Approach	12
1.7	Research Instrument	
1.8	Limitation of The Study	
1.9	Organisation of The Study	14
CHAI	PTER TWO	
Liter	ature Review	
2.0	The Principles of Shariah in Islamic Banking	16
2.1	Financing Under The Principles of Profit & Loss Sharing	16
	2.1.1 Al-Mudharabah Financing	17
	2.1.2 Al-Musyarakah Financing	19

2.2	Fee Or Charge Based Principles	21
	2.2.1 Al-Bai Bithaman Ajil	22
	2.2.2 Al-Istisnaa	23
	2.2.3 Al-Ijarah	25
	2.2.4 Al-Ijarah Wa iqtina	25
2.3	Trade Financing	25
	2.3.1 Al-Wakalah	26
	2.3.2 Al-Kafalah	26
	2.3.3 Al-Murabahah	26
2.4	Free Services	27
2.5	Ancillary Principles	27
	2.5.1 Al-Wadiah	28
	2.5.2 Al-Rahn	28
2.6	Islamic Objectives	28
2.7	The Concept of Profit Sharing Ratio Under Al-Mudharabah	29
2.8	The Concept of Profit and Loss Sharing Ratio Under Al-Musyarakah	32
2.9	Source of Funds	33
	2.9.1 Current or Demand Deposit	34
	2.9.2 Savings Deposit	34
	2.9.3 Investment Deposit	34
2.10	Funding Options or Structures	35
2.11	Syndication	36
2.12	Securitisation	37

CHAPTER THREE

Data	and Methodolo	rgy	
3.0	Sampling Design		
3.1	Ouestionnaire Design		
3.2	Study Population		41
3.3	Location of The Respondent Banks		41
3.4	Sample Size		
3.5	Data Analysis		42
СНА	PTER FOUR		
Resea	rch Results		
4.1	Loan Growth	n of Islamic Banking	43
	4.1.1	Types of Products Used Under Islamic Banking	45
	4.1.2	Projects Financed Under Al-Mudharabah	49
	4.1.3	Projects Financed Under Al-Musyarakah	50
4.2	Problems Fac	ced Under Al- Mudharabah and Al-Musyarakah	51
	4.2.1	Human Resource	52
	4.2.2	Quality Of Entrepreneurs	53
	4.2.3	Legal Framework	54
	424	Last Of Cassistiand Skills in Evaluating a Project	55

55

56

4.2.5 Competition

4.2.6 Other Related Problems

4.3 Alternative Modes of Financing 57			
	4.3.1	Al-Bai Bithaman Ajil	58
	4.3.2	Al-Istisnaa	58
	4.3.3	Al-Ijarah/Al-Takjiri	59
4.4	Project Finance	ced Under Alternative Mode of Financing	60
4.5	Tenure of Loans		61
4.6	Profits Earned on The Various Types of Financing		62
4.7	Project Risk A	Analysis	63
	4.7.1	Completion Risk	65
	4.7.2	Technical Risk	65
	4.7.3	Operating Risk	66
	4.7.4	Marketing and Sales Risk	66
	4.7.5	Financial Risk	67
4.7.6	Political, Eco	nomy, Social And Technology (PEST or STEP) Risk	69
4.8	Branch Networks		73
4.9	Financial-De	posit Ratio (%)	73
4.10	Credit Analys	sis of Islamic Banks	74
	4.10.1	Collateral Policy	77
	4.10.2	Loan Pricing Policy	78
	4.10.3	Assessment of Project Viability or Profitability	80
4.11	Case Study 1-	Islamic Term-Financing Under Al-Istisnaa	81
	4.11.1	Under Conditions of High Interest Rates	81

4.12	Case Study 2 – Islamic Financing Note Issue Relating to Al- Bai Bithaman Ajil	95
СНА	PTER FIVE	
Conc	dusions and Recommendation	
5.1	Summary of Result	99
5.2	Conclusion	104
5.3	Recommendation	105
5.4	Suggestion For Additional Research	106

6.0 Bibliography