

Mudarabah financing model, but it was a technical problem which could be resolved in the long run.

## **9. Islamic Banking System in China**

One of the objectives of this research is to examine whether the Malaysian experience of practising Islamic banking system can be shared by other communities like those Muslims in China. Unfortunately, through this research paper, I found that although Islamic Banking System is a successful story in Malaysia, its experiences cannot be shared by other communities like in China.

### **(1). Incompetence of Conventional Banking System in China**

At the moment, there is no private owned banks or financial institutions in China. All banks and financial institutions are under state ownership. Privatisation only started recently and there is still a long way to go before establishing a free and open banking industry in the country. Without such a healthy and completed conventional banking system, there will be no room for an Islamic banking system to exist as "Malaysia's success in this field is due to the fact that the interest-free banking industry was rapidly developed by adapting conventional banking services instead of creating new Islamic financial instruments from scratch." (Raji 1995)

(2). Problems of theory, Concepts in IBS

The Chinese Muslims have yet to reach the level of maturity in understanding the theory and concepts of Islamic banking system. If the theory and concepts are not well defined and understood, then there will be problems on application. These were mainly due to the lack of qualified scholars and researchers in the field to educate ordinary Muslims to understand the problems. As a result, there is a lack of literature on Islamic Banking System to educate the Muslims on it. Hence, Muslims in China are still debating on interest, *riba*, Halal and Haram.

(3). Lack of Qualified Personnel

To practise or implement an Islamic banking system in any Muslim community, we must have qualified personal in management, administrative and religious supervisory levels. Unfortunately, due to historical and social system reasons, the Chinese Muslims at the moment do not have all these professionals to practise Islamic banking and finance. For example, there are 6 qualified members in Religious Supervisory Council of BIMB, 5 out 6 of them were Al-Azhar university graduated scholars, half of them are PH.D holders. Currently, the Chinese Muslims are not very highly educated in Islamic banking and finance.

(4). The Government's Initiative Role

Without Malaysian Government's initiative role in setting up Bank Islam Malaysia, Malaysia would not have an Islamic Banking System in the country. The government role in this matter is very crucial. In China, the government is now trying to establish a free and open banking industry, unfortunately, economic reform and privatisation faced so many problems, hence it is quite unlikely that the government would help the Chinese Muslims to set up an Islamic banking system in the Muslim majority areas.

(5). New Hopes

Even though the Chinese Muslim have so many problems in practising Islamic banking and finance. This does not mean that they cannot make an effort in this field. Actually, there are still some Muslim Trust Funds and Investment Corporations in China in the Muslim majority areas such as in Gansu, Qinghai, Ningxia and Shanxi provinces where twelve Islamic colleges and Islamic schools have been established since China started economic reform in 1986. It is hoped that this dream can be materialised through these Islamic colleges, Islamic foundations and Muslim investment corporations.