Table of Contents

| ACK | Acknowleagement | | |
|----------|--|--|-----|
| Abstract | | | iii |
| Tabl | Table of Contents | | iv |
| Cha | pter 1 | | |
| An (| Overview | of Islamic Banking | |
| 1.1 | History a | nd Development | 1 |
| 1.2 | The Obje | ectives and the Philosophy of Islamic Banking | 7 |
| 1.3 | 3 Sources and Uses of Funds | | |
| 1.4 | 4 Laws and Regulations for Islamic Banking | | 19 |
| 1.5 | Summar | / | 21 |
| The | apter 2 Principle v and Reg | of Shariah: The Foundation for Islamic Banking ulations | |
| 2.1 | The Me | eaning and Concept of Shariah | 26 |
| 2.2 | Source | Sources of Shariah Law | |
| | 2.2.1 | Al-Qur'an | 29 |
| | 2.2.2 | Hadith | 30 |
| | 2.2.3 | ljma' | 31 |
| | 2.2.4 | Qiyas | 32 |
| | 2.2.5 | Other Sources of Shariah | 33 |
| | | | |

| 2.3 | Prohibition | n of Riba | 35 |
|-------|---------------------------|---|----|
| | 2.3.1 | Types of Riba | 39 |
| | 2.3.2 | Wisdom of Prohibition | 41 |
| | 2.3.3 | The Way Out of Riba and How to Overcome It | 41 |
| 2.4 | Summary | | 42 |
| | | | |
| Cha | pter 3 | | |
| The | Implement | tation of Jalamie Drinninko in The Malaunian | |
| | implement incial Syste | tation of Islamic Principles in The Malaysian | |
| rina | inciai Syste | em | |
| 3.1 | Backgrour | nd . | 45 |
| 3.2 | • | The Implementation Process | 45 |
| 3.3 | Summary | The implementation records | 53 |
| | | | 00 |
| Cha | pter 4 | | |
| | | | |
| Islar | nic Bankin | g in Malaysia | |
| | | | |
| 4.1 | Call for Es | tablishment of Islamic Banking in Malaysia | 56 |
| 4.2 | Concepts i | in Islamic Banking | 58 |
| 4.3 | Interest-Fr | ee Banking/ Islamic Banking Scheme | 61 |
| 4.4 | Performan | ce Target | 65 |
| 4.5 | Payment S | System | 65 |
| 4.6 | Financial [| Disclosure for Islamic Banking | 66 |
| 4.7 | Association | n of Islamic Banking Institutions Malaysia | 66 |
| 4.8 | National S | hariah Advisory Council | 67 |
| 4.9 | Second Isl | amic Bank | 67 |
| 4.10 | Summary | | 68 |
| | | | |

Chapter 5

Islamic Banking Products and Tools

| 5.1 | Range | of Islamic Banking Products and Services | 70 |
|-----|---------------------------|---|----|
| | 5.1.1 | Deposits | 70 |
| | 5.1.2 | Retail and Consumer Banking | 70 |
| | 5.1.3 | Corporate Banking | 70 |
| | 5.1.4 | Treasury/Money Market Investment Products | 71 |
| | 5.1.5 | Trade Financing | 71 |
| 5.2 | Produ | ct Principles | 71 |
| 5.3 | Islami | Money Market | 74 |
| 5.4 | Islamic Capital Market 7 | | 77 |
| 5.5 | Produ | ct Incentives and Development | 79 |
| 5.6 | Institutional Development | | 80 |
| 5.7 | Summ | ary | 81 |
| | | | |

Chapter 6

Takaful Industry in Malaysia

| 6.1 | Background | 83 |
|-----|---|----|
| 6.2 | Birth of Takaful in Malaysia | 84 |
| 6.3 | Takaful Concept | 86 |
| 6.4 | Types of Takaful Business | 87 |
| | 6.4.1 Family Takaful | 87 |
| | 6.4.2 General Takaful Business | 91 |
| 6.5 | Islamic Insurance – Malaysian Model | 93 |
| 6.6 | Development of the Takaful Industry in Malaysia | 95 |

| 6.7 | Measures Taken to Develop and Promote the Takaful Industry | 96 | |
|-----------|--|-----|--|
| 6.8 | Summary | 98 | |
| Cha | opter 7 | | |
| The | Conduct of Monetary Policy under Dual Banking | | |
| Sys | tem: The Case of Malaysia | | |
| | | | |
| 7.1 | Background | 100 | |
| 7.2 | Operating Side-By-Side With Conventional | | |
| | Banking | 105 | |
| 7.3 | Profitability and Quality of Asset | 115 | |
| 7.4 | Summary | 116 | |
| Chapter 8 | | | |
| Mov | ing Forward – Challenges of Islamic Banking | | |
| And | Takaful in Malaysia | | |
| | | | |
| 8.1 | Background | 120 | |
| 8.2 | Challenges Facing Islamic Banking and Takaful | 121 | |
| 8.3 | Issued to be Addressed in Preparing the | | |
| | Islamic Banking and Takaful for Challenges | | |
| | of the 21 st . Century | 135 | |
| 8.4 | Summary | 143 | |
| | | | |

Chapter 9

Conclusion 148

Bibliography

Appendices