

ISLAMIC BANKING IN MALAYSIA

Laws Applicable to Musharakah Mutanaqisah
Home Financing

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PREFACE

In the name of Allah, the Most Gracious and the Most Merciful.

This book explains Islamic banking in Malaysia. The coverage initially highlights the salient features of Islamic banking, the historical legal development of Islamic banking law in Malaysia, the dispute resolution mechanisms in Islamic banking and finance and various types of Islamic banking products and services as offered and practised in Malaysia

This book covers comprehensively on the practice of *Musharakah Mutanaqisah* Home Financing in Malaysia. *Musharakah Mutanaqisah* Home Financing is a hybrid contract consisting of *Musharakah* (partnership), *Ijarah* (lease) and *Bai'* (sale). Despite its status as Islamic financing product which is offered by Islamic Financial Institutions, the present practice of *Musharakah Mutanaqisah* Home Financing in Malaysia is subject to conventional laws which are not intended to facilitate the application of Islamic law. In pursuant thereto, this book identifies and analyses the laws relating to *Musharakah Mutanaqisah* Home Financing in Malaysia, consisting of regulatory laws, substantive laws and procedural laws.

In this book, the authors find that Malaysia has adopted an effective legal framework governing Islamic banking institutions in order to ensure viability of the Islamic banking industry. Nonetheless, whilst some of the existing laws facilitate the operation of *Musharakah Mutanaqisah* Home Financing in Malaysia and have substantially improved the statutory position of *Musharakah Mutanaqisah* as one of the modes of Islamic financing recognised in Malaysia, the present legal provisions are still inadequate and incompatible with the implementation of *Musharakah Mutanaqisah* Home Financing. The book also discusses a significant number of legal issues derived from the implementation of the laws which require legal reform.

It is our hope that this book will benefit everyone to have a better understanding on Islamic banking in Malaysia particularly on *Musharakah Mutanaqisah* Home Financing.

**Islamic Banking in Malaysia:
Laws Applicable to *Musharakah Mutanaqisah* Home Financing**

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