PROCEEDINGS

FOUNDATION OF ISLAMIC
FINANCE SERIES:
Islamic Banking Products,
Theory, Practice & Issues
SECOND CONFERENCE

8th - 9th March 2011
InterContinental Hotel
(Kuala Lumpur) Malaysia
Welcome to

Graduate School of Management (UPM) - INCEIF-ISRA-AIBIM Conference

Tuesday & Wednesday 8-9 March 2011
Foundations of Islamic Finance Series: Islamic Banking Products, Theory, Practice & Issues

Conference Venue: InterContinental Hotel (formerly ‘Nikko Hotel’) near PETRONAS Twin Towers, Kuala Lumpur, Malaysia

This Foundations of Islamic Finance conferences series, which started with the support of an Australian Research Council Industry Large Grant for research on Islamic Banking over 2007-2011, is organised by GSM of University Putra Malaysia with two aims. (i) To create a forum for serious public discussion relating to the new emerging industry and academic discipline, Islamic Finance, with a view and (ii) also producing peer-reviewed quality publications of books and journal articles of high quality on industry issues. To-date these aims have been achieved noting the enthusiastic industry and academic support for the previous three meetings in Melbourne and Dubai. All these events led to the publications of books in the United Kingdom (Edward Elgar) and best papers in a rated journal.

The papers to be presented in Kuala Lumpur are of three categories: (1) general papers to be presented on March 8, (2) PhD colloquium papers to be presented on March 8, (3) commissioned papers to be presented on March 9. We also have eminent industry persons and distinguished scholars delivering keynote or special addresses, in addition to these sessions.

Prof Mohamed Ariff (Co-Chair)
Bond University, Australia and UPM

Prof Shamsher M. (Co-Chair)
UPM Graduate School of Management

Prof Abdullah Saeed
NCEIS: The University of Melbourne
Parallel Session 4 in Room LAVENDER

Paper 1: Islamic banking and finance teaching in IIUM

Presenter: Dr Saim Kayadibi, Assoc. Prof, International Islamic University Malaysia

Abstract: The teaching of Islamic Banking and Finance is taught along with the conventional banking system in the Faculty of Economics and Management Sciences. The faculty became a centre for Islamic banking and finance soon after its establishment. Almost with its inception countless of international students have already graduated and many are still being trained to serve the Muslim nation. Islamic economics and banking must do its arguments according to Islamic principles in theory and practice. The faculty responds to the shortcomings through providing to these two systems simultaneously. With this study, the reflection of Islamic banking and finance in Malaysia will be elaborated with the development related works, curriculum, contents, training methods and will be reviewed and analyzed accordingly. Due to this reason, it's expected that it would contribute new ideas to recently opening Islamic banking and finance institutions indifferent countries over the world with curriculum and method.

Parallel Session 4 in Room LAVENDER

Paper 2: Building a Transnational Framework for Sukuk structures from a Dutch legal perspective

Presenter: Mr Omar Salah, PhD Candidate and Instructor, Tilburg Law School (TISCO Research Institute), The Netherlands

Abstract: The purpose of this research is to create a transnational legal framework for Sukuk structures and to explore the possibilities for Sukuk issuances in the Netherlands. The transnational framework for Sukuk structures enables their issuances in secular western jurisdictions, where Islamic law is not part of the legal system. Such a transnational framework will be of added value, since it provides clarity on how to structure these transactions. Currently, a transnational legal framework is missing, which opens the possibility for mismatches in legal structures. An explication of such a mismatch between an English law governing transactional structured in Dubai was evident during the Dubai Debt Crisis of late 2009.

Parallel Session 4 in Room LAVENDER

Paper 3: Are Sukuk securities same as conventional bonds?

Presenter: Mr Meysam Safari, PhD student, GSM, University Putra Malaysia

Abstract: Sukuk securities have some similar features with bond securities. These similarities led some people to consider Sukuk as Islamic bonds. This paper investigates this matter empirically by investigating the yield to maturities of Sukuk securities and conventional counterparts. Results of this paper show a significant difference between Sukuk and conventional, based on the variation exists in their yields. Tests of causality to determine whether the yield of conventional bonds — a prevalent view in the market place — Granger-cause the Sukuk yields produced mixed results. That suggests that the reason for out performance of Sukuk is still not identified.