

# **Islamic Banking & Finance Issues & Solutions**

Edited by  
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**ISLAMIC BANKING & FINANCE**  
*Issues & Solutions*

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## TABLE OF CONTENTS

TABLE OF CONTENTS.....	v
Acknowledgement.....	vii
<b>PART I: ISLAMIC BANKING AND FINANCE .....</b>	<b>1</b>
1. Introduction <i>Umar Mohammed Idris</i> .....	2
2. Consumers' Acceptance on Islamic Home Financing: Empirical Evidence on Bai Bithaman Ajil (BBA) in Malaysia <i>Dzuljastri Abdul Razak, Mustafa Omar Mohammed &amp; Fauziah Md Taib</i> .....	11
3. Bridging Islamic Juristic Differences in Contemporary Islamic Finance <i>Younes Soualhi</i> .....	41
4. Who patronizes Islamic Banks in Indonesia? <i>Muhamad Abduh and Mohd Azmi Omar</i> .....	73
<b>PART II: ISLAMIC CAPITAL MARKET.....</b>	<b>89</b>
5. Malaysian Islamic Capital Market: Regulatory and Legal Scaffold Altercations in The Legal "Thick" Jungle <i>Rusni Hassan &amp; Adnan Yusoff</i> .....	90

6. Examination of the AAOIFI Pronouncement on Sukuk Issuance and its Implication on the Future Sukuk Structure in the Islamic Capital Market in Malaysia  
*Umar Mohammed Idris & Ahcene Lahsasna*.....109

**PART III: CORPORATE GOVERNANCE**.....137

7. Better Corporate Governance Contribute Towards Higher Disclosure on Operations of Islamic Banking in Malaysia?  
*Sheila Nu Nu Htay*.....138
8. Antecedents of Zakat Payers Trust in an Emerging Zakat Sector: The Role of Board Capital and Organisational Behaviour  
*Mustafa, M.O.A., Muslim, H.S.M and Adnan, M.A.*..... 161
9. **CONCLUSION** *Umar Mohammed Idris*.....193
- Glossary of Terms.....195

## Chapter Five

### **Malaysian Islamic Capital Market: Regulatory and Legal Scaffold Altercations in the Legal “Thick”<sup>1</sup> Jungle**

*Rusni Hassan & Adnan Yusoff*

**Abstract:** Islamic capital market is burgeoning in Malaysian and in the world today. This is evident from the diversified products offered to the patrons. Malaysia has formulated a distinctive legal framework for the Islamic capital market which is indeed an exemplary to the rest of the world, which is yet considering doing it, but is deliberating whether Malaysia has overdone the regulating of Islamic Capital Market or not. The legal infrastructure and the regulatory measures utilized in the Malaysian capital market is indeed worthwhile looking at. This is the only way to appreciate the Malaysian regulatory and the legal infrastructure for the Islamic capital market. The main aim of this paper is to highlight the legal issues confronting the Islamic capital market due to the sparks created whilst operating it parallel with its counterpart, i.e., the conventional capital market. In this paper, the existing Malaysian legal framework for Islamic Capital Market would be discussed in depth to give the readers a vivid picture of it, and whether regulating is scalded or not, would be discussed.

#### **5.0 Introduction**

Islamic Capital Market (ICM) is definitely a contributor to the economic affluence of Malaysia. It is the driving force behind enlarging the scope of the Islamic banking and takaful in the country. It completes the jigsaw of Islamic Finance, which is a competitor to the well established and evergreen conventional finance, which has grass rooted the economy centuries ago. And at the pioneering of the Islamic Capital Market people perceived it as impossible for the ICM to reach the rank of the conventional counterpart of it. But