



**Selected Issues in
Islamic Banking
and Finance**



AKHTARZAITE HJ. ABDUL AZIZ



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The Application of Wadi'ah Contract By Some Financial Institutions in Malaysia

Dr Ahmad Basri Ibrahim, Dr Azman Md. Nor

Abstract

Islamic finance emancipated as a replacement for the conventional financial practices that aims only at profit making i.e. capitalist oriented finance. Although both are termed finance, Islamic finance has two major distinguishing features which are: the motive is not solely profit making, but rather seeking the pleasure of Allah and his mercy in the hereafter. The second feature is the use of asset backed transactions and profit distribution systems as agreed at fore hand. These features manifested in the dealings of the Islamic Financial Institutions (IFIs) are established to excute the aims and objectives of Islam and Muslims as the vicegerent of Allah on earth and ones who are bound by Islamic injunctions in all their transactions. In order to achieve these objectives Islamic banks have moved in an alternative direction from the conventional banks in practices and brands of products. One of these products is rebranding of the conventional savings account with the Wadi'ah account. Therefore, this paper aims at explaining the concept of wadi'ah, the evidences of its legitimacy, conditions,