

**2011**

# **Islamic Banking and Finance Against Conventional**



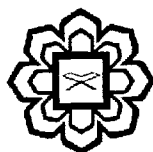
**Edited by  
Saim Kayadibi**



**IIUM Press**

# **Islamic Banking and Finance Against Conventional**

**Edited by  
Saim Kayadibi**



**IUM Press**

Published by  
IIUM Press  
International Islamic University Malaysia (IIUM)  
First Edition 2011  
© IIUM Press, IIUM

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without any prior written permission of the publisher.

Perpustakaan Negara Malaysia  
Cataloguing-in Publication Data  
Kayadibi, Saim  
Islamic Banking and Finance Against Conventional / Saim Kayadibi  
Pages: 229  
Bibliography: p. 218  
ISBN: 978 967 418 117 8

*Printed by*  
IIUM Press  
International Islamic University Malaysia (IIUM)  
Gombak, Kuala Lumpur.

## Contents

Preface.....	6
Chapter 1 .....	8
Islamic banking and finance – an on-going underground war against the norm of Islam .....	8
Chapter 2 .....	36
Conventional and Islamic Banking System in Malaysia.....	36
Chapter 3 .....	57
Differences between Islamic Credit Card and Conventional Credit Card .....	57
Chapter 4 .....	73
The Application of Credit Cards in Islam .....	73
Chapter 5 .....	85
Takaful As an Alternative to Conventional Insurance .....	85
Chapter 6 .....	95
Malaysia Airline And Airasia Share-Swap Deal: In Islamic Perspective .....	95
Chapter 7 .....	108
Concept of Zakat in a Broader Sense .....	108
Chapter 8 .....	124
Islamic Bond (Sukuk) in the Contemporary Economic and Finance Life .....	124
Chapter 9 .....	140
Wakalah and Multilevel Marketing (MIm) .....	140
Chapter 10.....	150

Tawarruq in Islamic Finance.....	150
Chapter 11 .....	157
The Legality Of Bay Bithaman Ajil And Its“ Issues .....	157
Chapter 12 .....	173
Bay“ Al-,Einah: View of Scholars And Specification On Malaysia Context .....	173
Chapter 13 .....	186
The Contract of Sale: From The Perspective Of Buying Commodities Online.....	186
Chapter 14 .....	206
Conventional Insurance: Is It Shariah Compliance? .....	206
Bibliography.....	218

## Chapter 11

### **The Legality Of Bai Bithaman Ajil And Its' Issues**

Nuraznira bt. Azhar, Arinah Najwa bt. Ahmad Said<sup>62</sup>  
and Saim Kayadibi

#### **Introduction**

Islamic banking system has become quite popular in the last three decades. Nowadays, Islamic banking has been growing each day as a competitive and a viable substitute for the conventional banking system. Especially for Muslim nations, Islamic banking is functioning with two fronts. On one hand, efforts there are undergoing efforts to convert the entire financial systems in accordance to Islamic laws (Shari'ah). On the other hand, separate Islamic banks are allowed to operate in parallel to conventional interest based banks. Pakistan and Malaysia are great examples of this.

#### **Bai' Bithaman Ajil**

Bai' Bithaman Ajil is the sale of goods on a basis of deferred payment at a price, which includes a profit margin agreed by both parties. Sometimes it is also called Bai' Muajjal. A deferred payment sale contract is valid if the date of payment is set accordingly. This means that the date of the mentioned payment can be set on a particular date, for example, 5th of March 2011 or a specific period for example, two months from the date of delivery of goods or services, or whichever has been stipulated by the parties. However, the date of payment cannot be made relating to a future event when the exact date of the

---

<sup>62</sup> Graduate Students, Faculty of Economics and Management Sciences, International Islamic University Malaysia (IIUM), Kuala Lumpur, Malaysia.