

2011

**The Principle of Currency
Value System and Islamic
Banking and Finance**



IIUM Press

Edited by

Saim Kayadibi

**The Principle of Currency
Value System
and
Islamic Banking and Finance**

**Edited by
Saim Kayadibi**



IICM 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

Saim Kayadibi: The Principle of Currency Value System and Islamic Banking and Finance

ISBN: 978 967 418 118 5

Printed by
IIUM PRINTING SDN.BHD.
No. 1, Jalan Industri Batu Caves 1/3
Taman Perindustrian Batu Caves
Batu Caves Centre Point
68100 Batu Caves
Selangor Darul Ehsan
Tel: **+603-6188 1542 / 44 / 45** Fax: **+603-6188 1543**
EMAIL: iiumprinting@yahoo.com

Contents

| | |
|-------------------------------------------------------------------------------------------------------------------|-----|
| Preface | iii |
| Chapter 1 | |
| The Implication of Richard Nixon Did Not Remove the Principle of Currency Value Based on Nation Gold Reserve..... | 1 |
| Chapter 2 | |
| Micro Islamic Finance | 25 |
| Chapter 3 | |
| Forex Trading: Conventional and Islamic Perspective..... | 55 |
| Chapter 4 | |
| Conflict In Amanah Saham Berhad (ASB) | 73 |
| Chapter 5 | |
| Towards Realizing The Maqasid Al-Shariah: A Critique Of Islamic Banking And Finance Practices | 85 |
| Chapter 6 | |
| Purchasing a Good from One's Own Business | 115 |
| Chapter 7 | |
| European crises and Islamic solutions | 127 |
| Chapter 8 | |
| Al-Qardh Al-Hasan | 155 |
| Chapter 9 | |
| Lucky Draw, Contest and Modern Competition from Islamic View..... | 171 |
| Chapter 10 | |
| The Free Rider Problem in Group Assignments | 191 |
| Chapter 11 | |
| Concept of Ar-Rahn in Islamic Finance: Another Alternatives..... | 205 |
| Chapter 12 | |
| Awareness of Halal Foods among Universities Students..... | 221 |
| Bibliography | 256 |

Chapter 5

Towards Realizing The Maqasid Al-Shariah: A Critique Of Islamic Banking And Finance Practices

Hamzah Syahir Bin Nor Azmi⁶⁰ and Saim Kayadibi

Introduction

There has been phenomenal growth in the Islamic banking and finance (IBF) industry since its nascent introduction just slightly over forty years ago. In Iran, Pakistan, and Sudan, only Islamic banking is allowed. In other countries, such as Bangladesh, Egypt, Indonesia, Jordan and Malaysia, Islamic banking co-exists with conventional banking. Islamic banking, moreover, is not limited to Islamic countries. In August 2004, the Islamic Bank of Britain became the first bank licensed by a non-Muslim country to engage in Islamic banking. The HSBC, University Bank in Ann Arbor and Devon Bank in Chicago offer Islamic banking products in the United States. Recent industry estimates show that Islamic banking, which managed around US\$250 billion worth of assets worldwide as of 2004 (Chong & Liu, 2007). Consequently, Islamic banking and finance has emerged as one of the fastest growing industries, and is expected to grow at the rate of 15% per annum. It has spread to all corners of the globe and received wide acceptance by both Muslim and non-Muslim alike (Iqbal & Molyneux, 2005).

⁶⁰ Graduate Student, Faculty of Economics and Management Sciences, International Islamic University Malaysia (IIUM), Kuala Lumpur, Malaysia.