



UNDERSTANDING ASSET CONCEPT
FOR ISLAMIC BANKING AND FINANCE
PRODUCT DEVELOPMENT

Umar Mohammed Idris



IIUM PRESS
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA



**UNDERSTANDING ASSET CONCEPT FOR
ISLAMIC BANKING AND FINANCE PRODUCT
DEVELOPMENT**

Umar Muhammed Idris



IIUM Press

Published by:
IIUM Press
International Islamic University Malaysia

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

Umar Mohammed Idris: Understanding Assets Concepts for Islamic
Banking and Finance Product Development
Bibliography p.
Includes Index

ISBN: 978-967-418-060-7

Member of Majlis Penerbitan Ilmiah Malaysia – MAPIM
(Malaysian Scholarly Publishing Council)

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

Contents

Acknowledgment
Forword

Part I: The Concept of Wealth, Development, Characteristics & Types

1. Chapter One: The Concept of Wealth 5
Umar Mohammed Idris & Aznan Hasan
2. Chapter Two: Wealth and Its Relationships with Other Terms 19
Umar Mohammed Idris & Azman mohd Noor
3. Chapter Three: Classification of Wealth in Islamic Financial System 31
Umar Mohammed Idris & Aznan Hasan

Part II: Position of Money Market in Islamic Jurisprudence

4. Chapter Four: The Position of Money Market 50
Umar Mohammed Idris & Aznan Hasan
5. Chapter Five: Functions of Financial Market 69
Umar Mohammed Idris & Aznan Hasan
6. Chapter Six: Islamic Financial Market, Its Characteristics and Importance in the Islamic Financial Engineering 79
Umar Mohammed Idris & Azman mohd Noor

Part III: Asset as a Key Element in the Development of Financial Products

7. Chapter Seven: Asset as a Key Elements in Development of Financial Products <i>Umar Mohammed Idris & Aznan Hasan</i>	85
8. Chapter Eight: The Concept of Assets for the Islamic Financial Institutions <i>Umar Mohammed Idris & Aznan Hasan</i>	103
9. Chapter Nine: The Suitability of Assets and Criteria for the Development of Financial Products <i>Umar Mohammed Idris & Aznan Hasan</i>	113
References	131
Glossary of Terms	138

Chapter Six

Umar Mohammed Idris & Azman mohd Noor

Islamic Financial Market, Its Characteristics and Importance in the Islamic Financial Engineering

6.1 Introduction

Financial market as discussed in the previous paragraphs is an example of models of the development of human civilization in bringing novelty and the alternative to old methods in Financial transactions with more ease and flexibility and appropriate economic system in the contemporary world, as the increasing growth in the fortunes of Muslims at the level of countries, institutions and individuals as a result of advanced technologies in the exploration of natural resources and industrial progress has significantly increased income at the level of governments, institutions and individuals. Thus, the rate of bank deposits of the Muslims' wealth has increased in the central banks and commercial banks in Islamic countries and non-Muslim countries' ratio is very high, making financial market an essential project for the utilization of those savings and investments.

There is no doubt that the Islamic countries and their financial instruments need the financial market. The Islamic countries in the Gulf and others are some of the richest countries and the most important in the production of oil, which in turn make deposits to these countries' governments, institutions and individuals increased. Therefore, the establishment of Islamic market is one of the most important steps to be taken to address the challenges facing the Islamic nations. Then it is a new development of the concept of market from what is known. There are new products and financial