Supplementary Resources

The Pearson commitment goes further than just providing excellent texts—books like this are also accompanied by a host of supplementary materials designed to enhance the teaching and learning experience. Introduction to Islamic Banking & Finance is supported by a detailed, easy to use Instructor Manual, powerful Test Bank Generator and dynamic PowerPoint Slides. It’s all part of the Pearson service.

This introductory text provides students with a conceptual framework for understanding the key concepts, theories and principles associated with Islamic banking and finance. Important elements of the discipline are explained over ten chapters, providing students with a thorough understanding of the central products and services the Islamic banking and finance industry offers. Current issues and concerns pertinent to Islamic banking and finance are also considered, giving readers insight into the possible future directions of this rapidly growing industry. Students are encouraged to connect to the subject matter through the inclusion of case studies and practice problems based on current industry trends and practices. With an emphasis on engaging readers through the use of relevant and applicable material and activities, this book gives students an excellent grounding in Islamic banking and finance.
This textbook is dedicated to our respective families who have stood behind us during the course of writing this pioneering work. They have been a constant source of inspiration. With renewed zeal, we have pursued the goal of producing a textbook for the global Islamic finance industry that will enhance the Islamic finance pedagogy.
About the Authors

M. Kabir Hassan

Dr. M. Kabir Hassan is a financial economist with consulting, research, and teaching experience in development finance, money and capital markets, Islamic finance, corporate finance, investments, monetary economics, macroeconomics, and international trade and finance. He has provided consulting services to the World Bank (WB), International Monetary Fund (IMF), Islamic Development Bank (IDB), African Development Bank (AfDB), USAID, Government of Bangladesh, Organization of Islamic Conferences (OIC), Federal Reserve Bank, USA, and many corporations, private organizations, and universities around the world. Dr. Hassan received his BA in Economics and Mathematics from Gustavus Adolphus College, Minnesota, USA, and MA in Economics and PhD in Finance from the University of Nebraska-Lincoln, USA, respectively. He is now a tenured Full Professor in the Department of Economics and Finance at the University of New Orleans, Louisiana, USA. He has 135 papers published in refereed academic journals to his credit. Dr. Hassan has published in the Journal of Banking and Finance, Pacific Basin Finance Journal, Journal of Financial Services Research, Financial Review, Quarterly Review of Economics and Finance, Journal of Business, Finance and Accounting, Journal of Economics and Finance, Global Finance Journal, World Development, Thunderbird International Business Review, African Development Review, Islamic Economic Studies, Review of Islamic Economics, Journal of King Abdul Aziz University and Journal of Developmental Entrepreneurship. Dr. Hassan supervised 27 doctoral theses, and many of his students are now well placed in the academia, government and private sectors. He is editor of The Global Journal of Finance and Economics and Journal of Islamic Economics, Banking and Finance, International Journal of Islamic and Middle Eastern Finance and Management, and co-editor of Journal of Economic Cooperation and Development. Dr. Hassan has edited and published many books along with articles in refereed academic journals. He is co-editor (with M. K. Lewis) of Handbook of Islamic Banking and Islamic Finance, The International Library of Critical Writings in Economics (Edward Elgar, 2007), and co-editor (with Michael Mahlknecht) of Islamic Capital Market: Products and Strategies (John Wiley and Sons, 2011). He is co-author of Islamic Entrepreneurship (Routledge UK, 2010). A frequent traveler, Dr. Hassan gives lectures and workshops in the USA and abroad, and has presented more than 257 research papers at professional conferences and has delivered 91 invited papers/seminars.

Rasem N. Kayed

Dr. Rasem N. Kayed is currently the Head of Business Administration and Marketing Departments and Deputy Dean of the Faculty of Administrative and Financial Sciences at the Arab American University-Jenin (AAUJ) in Palestine. Prior to his appointment at the AAUJ, he was a lecturer in international business at the College of Business at Massey University, New Zealand, and an adjunct senior lecturer at the New Zealand School of Export. Dr. Kayed received both his undergraduate degrees as well as his MBA degree from Jacksonville State University, USA, and his PhD in Development Studies from Massey University. His doctoral thesis explored the entrepreneurial phenomenon from an Islamic perspective and argued for profit and loss sharing (PLS) contracts as viable
alternatives to conventional interest-based financing instruments. Dr. Kayed is co-author
(with Kabir Hassan) of Islamic Entrepreneurship (UK: Routledge, Durham Modern Middle
East and Islamic World Series, 2011). He has published a number of peer-reviewed papers in
preferred academic international journals and chapters in books. He has also participated
in a variety of seminars, forums and workshops, and presented various empirical and
analytical research papers at several high-profile international conferences. Dr. Kayed
sits on the editorial advisory board of a number of internationally renowned journals of
Islamic banking and finance. His research activities are currently twofold: his first research
activity explores the developmental role that entrepreneurship could play in advancing the
wellbeing of the Muslim ummah; his second major research theme focuses on the global
financial crisis and the resilience of the Islamic financial services industry, and its ability to
present itself as a more reliable alternative to the conventional financial system. Dr. Kayed
has more than 25 years’ experience in both the commercial and academic worlds in the USA,
Saudi Arabia, New Zealand, and Palestine.

Umar A. Oseni

Umar Oseni is currently an Assistant Professor at the Ahmad Ibrahim Kulliyyah (Faculty)
of Laws, International Islamic University Malaysia. Prior to this, he was a visiting fellow at
the Islamic Legal Studies Program of Harvard Law School, USA. He received his LLB (Hons)
in Common and Islamic Law from the University of Ilorin, Nigeria; Master of Comparative
Laws (with Distinction), and PhD from the International Islamic University Malaysia. His
doctoral research was on the legal framework for alternative dispute resolution in courts
with Shari’ah jurisdiction in Nigeria, Malaysia, and Singapore, where he proposed a new
framework for dispute resolution in the Islamic finance industry. He was a resource person
on Islamic microfinance at the UN-Habitat Workshop on Land Development in Islam,
jointly organized by the UN-Habitat, International Islamic University Malaysia and the
University of East London in 2009. His areas of interest include the law and regulation of
Islamic finance, contemporary issues in Islamic law, alternative dispute resolution, and
international commercial arbitration. He is a member of the following professional bodies:
the Chartered Institute of Arbitrators UK; the International Centre for Dispute Resolution
Young & International (ICDR Y&I); the Young International Arbitration Group (YIAG); the
London Court of International Arbitration; the Nigerian Bar Association; and the Association
of Professional Negotiators and Mediators. Umar Oseni has written widely on current legal
and regulatory issues in Islamic finance. He is a co-editor (with Engku Rabiah Adawiah
Engku Ali) of Essential Readings in Legal and Regulatory Issues in Islamic Finance (Kuala
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Preface

Islamic banking and finance is becoming one of the most significant aspects of the modern global financial system. Why? Because it is a fast-growing industry that has developed rapidly within a few years from a niche industry to a global force to be reckoned with in the international arena. However, with the worldwide spread of Islamic financial products and the growing interest of students and financial experts in Islamic finance, numerous books, monographs, and academic articles are being produced to explain the significance of this new industry to the global financial system. Nevertheless, there has not been much focus on a professional textbook on Islamic banking and finance for students of higher education who require case studies and practical examples in their programs. This seemingly neglected aspect of Islamic financial literature is the gap that this book seeks to fill, focusing on the principles and practice of Islamic banking and finance in the modern world. In this dynamic industry, there is a need to present a textbook for the ever-increasing academic and professional institutions offering Islamic finance as a course.

Approach

We have tried to simplify the discussion through practical case studies and other helpful pedagogical features. Underpinning this are three major principles that have guided our approach to the presentation of the book.

• **Practice-oriented approach.** The pedagogical features embedded in the book—ranging from Professional Perspectives, Islamic Finance in Practice, Global Islamic Finance and Islamic Finance in the News, to problems and activities, marginal challenges, and marginal definitions—are meant to facilitate the understanding of the underlying principles. These practice-oriented features provide a hands-on experience for the students in understanding the dynamics of the Islamic finance industry.

• **The need for more sustainable practices.** We believe that in order to sustain the tremendous growth recorded in the Islamic finance industry, a dedicated textbook that addresses key issues should be made readily available for the students and practitioners alike. While there are numerous monographs on Islamic banking and finance, this textbook provides both the theory and practice, which is necessary to prepare the future professionals in the industry for the rewards and challenges they are bound to face in their careers.

• **Towards the standardization of Islamic finance.** As the pioneering textbook on Islamic banking and finance that seeks to fulfill the academic and professional needs of both students and practitioners, it also seeks to standardize the principles and practices of Islamic finance, bearing in mind the notable differences in the use of some products between jurisdictions in South-East Asia, the Middle East, and North African countries.

We have tried to present complex Islamic financial transactions in a manner that is easy to grasp, particularly for students who are new to the field of Islamic finance. Our goal in writing this book is to help students understand the underlying principles of