IIUM INSTITUTE OF ISLAMIC BANKING AND FINANCE (IIiBF)

IIiBF Series in Islamic Banking and Finance: 1

Edited by
Assoc. Prof. Dr. Younes Soualhi
&
Assoc. Prof. Dr. Ahamed Kameel Mydin Meera
CONTENTS

Constraints and Opportunities in Harmonisation of Civil Law and Shariah in the Islamic Financial Services Industry 1
Dr. Engku Rabiah Adawiah Bt Engku Ali

Efficiency and Competition of Islamic Banking in Malaysia 53
Hafiz S. Ahmad Mokhtar, Naziruddin Abdullah and Syed M. Alhabshi

Home Financing through Musharakah Mutanaqisah 91
Abd Mameel Meera and Dzuljafri Abdul Razak

Shari’ah Inspection of Surplus Distribution in Takaful and Re Takaful Operations 125
Dr. Younes Soualhi

Ownership and Hibah Issues of Takaful Benefit 153
Dr. Azman bin Mohd Noor and Dr. Mohamad Amsadi bin Abdullah

How Attractive is a Shari’ah Index Fund? 175
Mohd Mahyuddin Mohd Yusop and Mohd. Azmi Omar

Islamic Banking: Prevalence of Agency Problems 202
Dr. Hassanuddeen A Aziz

Implementation of Mu’amalah Ille-Purchase Bill in Malaysia: Chasing a Mirage? 211
N. Irwani Abdullah

The Objectives of Islamic Banking: A Maqasid Approach 243
Mustafa Omar Mohammed
The Question of Methodology in the Science of *Maqasid Al-Shari'ah* (Objectives of Islamic Law)
Dr. Younes Soualhi  269

Money from Islamic Perspective: Its Purpose and Time Value
Dr. Akhtarzaite Abdul Aziz  291

دور الرقابة الشرعية في ضبط أعمال المصارف الإسلامية: أهميتها، شروطها، وطريقة عملها
د. محمد أكرم لآل الدين  305
THE OBJECTIVES OF ISLAMIC BANKING: A MAQASID APPROACH

Mustafa Omar Mohammed *

ABSTRACT

What should the objectives of Islamic banking (IB) be? Unfortunately, no serious effort has been made to address this question. It has never been discussed formally. What can be seen in many literatures are scanty and disjointed discussions about the objectives of IB. It has been taken for granted that IB is only about avoiding riba. The absence of a careful study on the objectives of IB has resulted in misinformation and misgivings about the primary reasons for the existence of Islamic banks. As a result, most Islamic banks shy away from specifying the objectives of their establishment. This paper therefore aims at identifying the ideal objectives of IB from the theory of Maqasid al-Shari‘ah and, proposes a need to develop a model of IB performance measures based on these objectives.

Introduction

Why has IB come into existence? The obvious answer, apparently, would be that banking as a financial institution has become so vital to almost all modern economies that

* Department of Economics, Kulliyyah of Economics and Management Sciences, International Islamic University Malaysia.