



QATAR FACULTY OF ISLAMIC STUDIES  
 MEMBER OF QATAR FOUNDATION  
 CENTRE FOR ISLAMIC ECONOMICS & FINANCE

# 8<sup>TH</sup> INTERNATIONAL CONFERENCE ON ISLAMIC ECONOMICS & FINANCE

SUSTAINABLE GROWTH  
 & INCLUSIVE ECONOMIC DEVELOPMENT  
 FROM AN ISLAMIC PERSPECTIVE

LINKING RESEARCH WITH POLICY

QATAR NATIONAL CONVENTION CENTRE  
 19 - 21 DECEMBER 2011 / 08:00 - 17:00

[HTTP://CONFERENCE.QFIS.EDU.QA](http://conference.qfis.edu.qa)



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## Welcome from Organizing Partners

### Center for Islamic Economics and Finance, Qatar Faculty of Islamic Studies, Qatar Foundation

**Message from the Founding Dean**  
**Qatar Faculty of Islamic Studies, Qatar Foundation**  
**Chairman of the Conference Steering Committee**  
**Dr. Hatem El- Karanshawy**

Under the visionary and dynamic leadership and patronage of Her Highness Sheikha Moza bint Nasser, Chairperson of Qatar Foundation, the Foundation envisions preparing the people of Qatar and the region to meet the challenges of an ever-changing world, and to make Qatar a leader in innovative education and research. In the knowledge-based economy, a strong linkage between research and policies and practices would ensure sustainable and inclusive economic growth in the national, regional and global economies. In furthering this mission, one of the initiatives of the Qatar Faculty of Islamic Studies (QFIS), a member of Qatar Foundation, is in the area of promoting policy relevant research in Islamic economics and finance. Through its newly established Centre for Islamic Economics and Finance, QFIS has been successful in establishing international partnerships with leading institutions for organizing one of the most prestigious research conferences in Islamic economics and finance.

QFIS has the privilege and honor of hosting and co-organizing the 8th International Conference in Islamic Economics and Finance along with the Islamic Research and Training Institute of the Islamic Development Bank, the International Association for Islamic Economics, and the Statistical, Economic and Social Research and Training Centre for Islamic Countries. The theme of the conference is “Sustainable Growth and Inclusive Economic Development from an Islamic Economic Perspective”. The objective of the Conference is to mobilize policy-oriented and applied research in the field of Islamic economics, banking and finance, with a focus on issues related to growth, equity, and stability. The Conference will provide a platform for dialogue and discussions between key policymakers, financial sector practitioners, economists, and academics to address the challenges of achieving sustainable and inclusive economic growth from the perspective of the Islamic economics and finance disciplines.

The response to the conference has been highly enthusiastic. On behalf of QFIS and the Conference Steering Committee, I am pleased to welcome you all to Qatar and to the Conference and wish the conference a great success. I take this opportunity to express my sincere thanks and gratitude to all the individuals and institutions that have supported the event.

**The Faculty of Islamic Studies, Qatar Foundation**  
[www.qfis.edu.qa](http://www.qfis.edu.qa)

The Qatar Faculty of Islamic Studies is a member of Qatar Foundation. It was established to achieve intellectual plurality that emphasizes the richness and diversity of Islamic heritage. Our vision at QFIS is to become a locus of thought and dialogue that leads research and debate in all that relates to Islam and Muslims, be that contemporary concerns or issues of heritage; and that produces scholars who are strongly-grounded in Islamic faith, practice, and civilization, and who are open for engaging with all that their civilization produced, and with the wisdom and thought of other civilizations. At present, QFIS conducts 5 postgraduate degree programmes: the MSc in Islamic Finance, MA in Public Policy in Islam, MA in Islamic Studies, MSc in Urban Design and Architecture in Islamic Societies, and MA in Contemporary Islamic Societies. QFIS also conducts multi-disciplinary research through its research centers: the Centre for Islamic Economics and Finance, Al-Qaradawi Centre for Islamic Moderation and Renewal, the Muhammad Bin Hamad Al-Thani Centre for Muslim Contribution to Civilization, the Centre for the Study of Contemporary Muslim Societies, the Centre for Governance and Public Policy, and the Centre for Islamic Urban Planning & Architecture. For more information, please visit: [www.qfis.edu.qa](http://www.qfis.edu.qa)

## Islamic Research and Training Institute (IRTI), Islamic Development Bank

**Message from Acting Director General  
Islamic Research and Training Institute (IRTI)  
Islamic Development Bank  
Dr. Lamine Doghri**

Islamic Economics and Finance has come a long way over the last 30 to 40 years. It earned its official recognition in the form of the 1st International Conference on Islamic Economics held in Makkah al-Mukarramah in 1396H (1976) resulting in the creation of some key institutions of academic learning and research. Another milestone was the establishment of Islamic Research and Training Institute (IRTI) in 1401 (1981).

Many new developments have taken place since the 1<sup>st</sup> International conference of this series. We are now witnessing the third generation of economists interested in this discipline. The subject of Islamic finance has gained further prominence following the global financial crisis and the sovereign debt crisis, which highlighted a range of fallacies in the conventional financial system and underscored the usefulness of Islamic financial principles for stability and sustainable growth. Islamic economics is becoming more relevant for socio-economic development of countries, regions and the world which is facing high unemployment, unsustainable growth and above all, ethical crisis. The enthusiasm, interest, initiative, and intellectual efforts shown by scholars at this 8<sup>th</sup> Conference is noteworthy.

I welcome all delegates and wish that the deliberations in the conference would provide new ways to support social and economic development for the humanity at large.

**Islamic Research and Training Institute (IRTI)**  
[www.irti.org](http://www.irti.org)

The Islamic Research and Training Institute (IRTI) is an affiliate of the Islamic Development Bank Group responsible for leading the development and sustenance of a dynamic and comprehensive Islamic Financial Services Industry that supports socio-economic development in Member countries.

**Research and Publications:** IRTI conducts and co-ordinates basic and applied research to develop models and methods for the application of Shari'ah in economics, finance and banking. It publishes a refereed journal, Islamic Economic Studies and it has produced a vast literature on Islamic economics, banking and finance.

**Training, Capacity Building and Policy Dialogue:** IRTI organizes conferences, seminars and training workshops on various topics and pursues tasks of capacity building and human capital development in IDB member countries. IRTI also conducts and facilitates policy dialogue among member countries and other stakeholders on major policy issues including current important events.

**Advisory and Consulting:** IRTI offers consulting services to assist the IDB Group and others stakeholders to help them resolve practical Shari'ah related issues and develop Shari'ah compliant financial products

**Education and learning programs:** IRTI supports education and learning programs in the field of Islamic economics and finance in universities and institutions of higher learning across the globe. It has been delivering distance learning lecture series and has recently started E-learning based Master's program in Islamic finance and banking.

**Knowledge Promotion, Dissemination and Encouragement Programs:** IRTI encourages research in the field of Islamic economics, banking and finance through a range of programs including scholarship, research grants, textbook grants, visiting scholar programs and the IDB prize in Islamic economics, banking and finance.

For more information, please visit: [www.irti.org](http://www.irti.org)

## **International Association for Islamic Economics (IAIE)**

### **Message from the President**

#### **International Association for Islamic Economics**

#### **Dr. Mabid Al-Jarhi**

In the name of the International Association of Islamic Economics (IAIE), I welcome you to the Eighth International Conference on Islamic Economics and Finance. This event is biannually organized in partnership with the Islamic Development Bank Group and this year with the gracious sponsorship/organization of Qatar Foundation's Faculty of Islamic Studies (QFIS). The first in the series was held in Makkah, in 1976 and marked the start of Islamic economics as a modern scientific discipline. The Second was held in Islamabad, Pakistan, in 1983. The Third was held in 1992 at the International Islamic University, Kuala Lumpur, Malaysia. The Fourth was held in 2000 at Loughborough University, U.K. The Fifth was held in Bahrain under the auspices of Bahrain in 2003. The Sixth conference was held in 2005 in Jakarta. The Seventh was held in Jeddah in 2008.

The IAIE, established in 1984 is an educational and professional organization to promote the study and application of Islamic economics, banking and finance. It aims to develop an integrated approach to economics, welding together the material aspects of economic life with Islamic values and norms. Membership is open to academics, professional financiers and bankers, students of Islamic Economics and institutions interested in Islamic economics and finance. It has been registered in the UK as a non-profit organization. Some of the IAIE founding members are: Prof. Dr. Muhammad Omer Zubair, former Rector, King Abdul Aziz University (founding president), Prof. Khurshid Ahmad (former president), Dr. Anas Zarka, Dr. Nejatullah Siddiqui (former president), Dr. Umer Chapra, Prof. Dr. Mohamad Arif, Prof. Dr. Muhammad Elgari.

The website of the Association ([www.iaie.net](http://www.iaie.net)) includes more information, including the constitution as well as membership forms. You can actually apply for membership and start the procedures for paying fees right there.

Current Members of the Council include: Prof. Dr. Yusuf Khalifa Al-Yusuf, , Vice President Prof. Dr. Bandar Hajjar, Vice President, Prof. Dr. Muhammad Obaidullah,; Secretary General, Prof. Dr. Seif el Din Tag el Din, Treasurer, Prof. Dr. Munawar Iqbal, Prof. Dr. Sami Al-Suwailem, and Prof. Dr. Usamah A. Usman.

## **Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC)**

**Message from the Director General**  
**SESRIC - OIC Ankara Centre**  
**Dr. Savas Alpaly**

I would like to welcome you all to the 8<sup>th</sup> International Conference on Islamic Economics and Finance, which we have the honour at SESRIC to organize it jointly with the Qatar Foundation's Faculty of Islamic Studies (QFIS) through its Islamic Economics and Finance Centre, the Islamic Development Bank Group through its Islamic Research and Training Institute (IRTI) and the International Association for Islamic Economics.

The Conference comes at a critical time when the world economy is still struggling to wipe out the negative impacts of the global financial crisis of 2008-2009. As you may recall, there was almost international consensus, during the early days of the crisis, on the need to work out measures for restructuring the international financial architecture. Many voices called for rethinking of other alternative financial systems. A financial system based on Islamic principles was among these alternatives, and it was widely argued that such a system could avoid the fundamental problems and shortcomings of the conventional financial system that led the world into crisis. However, so far, no strong action has been taken towards reforming the global financial system. Without any doubt, leaving the system as is, will lead to repetition of the crisis in the future, and it seems that we would be talking more about "sustainable crisis" instead of sustainable development.

Given this state of affairs, the 8<sup>th</sup> International Conference on Islamic Economics and Finance will provide a distinct opportunity for all of us as researchers, practitioners and policymakers in the field of Islamic economics and finance to deliberate, among many other important issues, on how we can develop a framework for facilitating the Islamic financial system to take its deserved place in the global financial arena. It is a responsibility that we cannot escape.

I believe that your participation and contribution are crucial and that the outcome of the Conference will be instrumental in enriching the literature and practice of the Islamic economics and finance. I wish you all pleasant, successful and fruitful deliberations.

### **Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC)**

SESRIC is a subsidiary organ of the Organisation of Islamic Cooperation (OIC) operating in Ankara, Turkey since June 1978. Within the framework of the implementation of its mandate in the area of statistics, SESRIC serves as the major socio-economic statistical and information bank on and for the OIC member countries, and hosts the most comprehensive statistical database on the member countries. In this connection, the Centre collects and disseminates the necessary socio-economic data and background information on the 57 OIC member countries that would make them better informed of each other's potentials and needs and, thus, facilitate their elaboration of cooperation projects and integration schemes.

In the area of research, SESRIC acts as the main socio-economic research organ of the OIC, whereby it undertakes research activities on various issues of concern to the OIC member countries with a view to analysing the prevailing situation at the OIC level and suggesting the appropriate policy actions that need to be taken in order to face the challenges and strengthen the intra-Islamic cooperation in the concerned areas. In this context, the Centre targets priority areas such as economic cooperation, trade, education, health, poverty, environment, science & technology, transportation, agriculture, and tourism. The Centre undertakes extensive assignments of preparing the main technical background reports on many socio-economic issues placed on the agenda of the related OIC conferences and meetings every year.

In the area of training and technical cooperation, SESRIC initiates and implements capacity building programs on many important subjects and areas of immediate interest to the OIC member countries, and assumes the role of the focal point for the technical cooperation activities and projects between the OIC system and the relevant international and regional organisations.

In addition to these activities, SESRIC has been preparing and publishing periodicals and other publications in its areas of mandate for the benefit of the member countries. For more details, please visit: [www.sesric.org](http://www.sesric.org).

## About the Conference

### Background

The global economy continues to face the perennial problems of poverty, persistent youth unemployment, excessive inequalities of income and wealth, high levels of inflation, large macroeconomic and budgetary imbalances, exorbitant debt-servicing burdens, inadequate and aging public utilities and infrastructure, skyrocketing energy prices, and growing food insecurity. The reoccurring regional and global financial and political crises further intensify and magnify these problems particularly for the underprivileged segments of the world population. As a result, many countries are at the risk of failing to achieve the Millennium Development Goals set by the United Nations. On the other hand, some countries present optimistic experiences to share, and from which useful lessons can be drawn for shaping the future economic landscape in other countries.

The objective of the Eighth International Conference on Islamic Economics and Finance is to mobilize policy-oriented and applied research in the field of Islamic economics, banking and finance, with a focus on addressing the issues of growth, equity, and stability. The Conference will provide a platform for dialogue and discussions between academics, key policymakers, financial sector practitioners, and economists, to tackle the challenges of poverty alleviation, inclusive economic growth, and macroeconomic stability from the perspective of the Islamic Economics and Finance discipline.

The Eighth International Conference on Islamic Economics and Finance is jointly organized by the Qatar Foundation's Faculty of Islamic Studies (QFIS) through its Centre for Islamic Economics and Finance, the Islamic Development Bank Group through its Islamic Research and Training Institute (IRTI), the International Association for Islamic Economics (IAIE), and the Statistical, Economic & Social Research & Training Centre for Islamic Countries (SESRIC).

The Conference is well-supported by our sponsors: Qatar Foundation, Qatar Central Bank, Qatar Financial Centre Authority (QFCA), and Qatar National Research Fund (QNRF). We also received generous support from the venue hosts, the Qatar National Convention Centre, as well as the conference official carrier Qatar Airways.

The International Conference on Islamic Economics series began in 1976. It is among the most prestigious academic events in this discipline, and has made a significant contribution to conceptualizing the theory and practice of contemporary Islamic economics and finance through research and intellectual dialogue. This year will be its 8th event and will mark the first time that it is held in Doha. The theme for this year's conference is "Sustainable Growth and Inclusive Economic Development from an Islamic Perspective".

The delegates consist of senior government officials, bankers, and scholars from leading institutions across the world.

Keynote speakers include the Governor of Qatar Central Bank, the President of the Islamic Development Bank, and senior figures from the field of Islamic economics.

In addition to keynote speeches, there will be thematic plenary sessions. There will also be presentations of over 120 research studies selected from the 800 submissions that were received from over 40 countries, both in the English and Arabic languages.

The first conference in the series was held in Makkah Al Mukaramah, Kingdom of Saudi Arabia in 1976 under the auspices of King Abdulaziz University, Jeddah and it marked the start of development of Islamic economics and finance as modern scientific disciplines. The second conference was held in Islamabad, Pakistan, in 1983 under the auspices of the International Islamic University, Islamabad. The third conference was held in 1992 at the International Islamic University, Selangor, Malaysia. The fourth conference was held in 2000 at Loughborough University, Loughborough, U.K. The fifth conference was held in Bahrain under the auspices of Bahrain University, Bahrain in 2003. The sixth conference was held in 2005 in Jakarta under the auspices of the Indonesian Ministry of Finance and the Central Bank of Indonesia. The Seventh Conference was held in Jeddah under the auspices of King Abdulaziz University in 2008. For more information about previous conferences in this series, please visit the conference website at: <http://conference.qfis.edu.qa>

## The Development of this Year's Conference

When the conference themes were first conceived early in 2011, a call for papers was drafted by members of the Academic Committee and widely disseminated to the public through various means and forums. An announcement was made on the websites of the host and all the co-organizers. As a result, the organizers received an overwhelming response to the call for papers.

A total of 815 research paper abstracts were received in English and Arabic from over 40 countries. The abstracts went through a thorough peer-review process by the Academic Committee members. Less than 50% of the abstracts passed the first round of review and were invited to submit full papers. In the second round of peer reviews, approximately 340 papers were received, out of which roughly 35% were invited to submit and present their papers at the conference. The entire process of reviews began in April and concluded in October 2011 with an Academic Committee comprising of more than 20 members.

## Steering Committee

The Steering Committee was composed of the following individuals who took all policy decisions related to the Conference. The Committee was chaired by Dr. Hatem El-Karanshawy, Dean of the Faculty of Islamic Studies, Qatar Foundation. Other members included the following:

- Dr. Lamine Doghri, Acting Director General, IRTI, IDB (Co-Chair)
- Dr. Mabid Ali Al Jarhi, President, IAIE Member
- Dr. Tariqullah Khan, Professor, QFIS
- Dr. Savas Alpay, Director General, SESRIC

## Academic Committee

The Academic Committee was comprised of more than twenty senior professors and renowned economists from the field. In addition to the members named below, a number of anonymous reviewers also contributed. The committee was responsible for managing the theme development, dissemination of call for papers, soliciting proposals and draft papers, reviewing draft papers, and selecting papers for presentation.

The Academic Committee was chaired by Dr. Tariqullah Khan, Professor at the Faculty of Islamic Studies, Qatar Foundation. Other members of the committee included:

- Dr. Mabid Al Jarhi, President, International Association of Islamic Economics
- Dr. Monzer Kahf, Professor, QFIS, Qatar Foundation
- Dr. Rodney Wilson, Professor, University of Durham
- Dr. Mehmet Asutay, Professor, University of Durham
- Dr. Salman Syed Ali, Senior Economist, IRTI
- Dr. Savas Alpay, Director General, SESRIC
- Dr. Asyraf Wajdi Dusuki, Head of Research Affairs, ISRA
- Dr. Habib Ahmed, Professor, University of Durham
- Dr. Ibrahim Warde, Professor, Tufts University
- Dr. Abdulrahim Alsaati, Professor, King Abdulaziz University
- Dr. Mohamad Aslam Haneef, Professor, Intl. Islamic University Malaysia
- Dr. Volker Nienhaus, Visiting Professor, QFIS, Qatar Foundation
- Dr. Zamir Iqbal, Principal Finance Officer, World Bank
- Dr. Zubair Hasan, Professor, INCEIF
- Dr. Asad Zaman, Professor, Intl. Islamic University Islamabad
- Dr. Shamim Siddiqui, Associate Professor, Hamdan Bin Mohammed e-University
- Dr. Sayyid Tahir, Professor, International Islamic University of Malaysia
- Dr. Usamah Ahmed Uthman, Associate Professor, King Fahd University of Petroleum & Minerals

- Dr. Abdullah Turkistani, Director, Islamic Economics Research Center, King Abdulaziz University
- Dr. Marwan Izzeldin, Lecturer, Lancaster University
- Dr. Nabil Dabour, Director of Research,
- Mr. Wijdan Tariq, Researcher, QFIS, Qatar Foundation (academic coordinator)

## Organizing Committee

The Organizing Committee based at the Faculty of Islamic Studies was responsible for making all local arrangements for the Conference. It formed sub-committees, as needed. The committee was chaired by Mr. Ezzeddine Ben Abdennebi, Faculty of Islamic Studies, Qatar Foundation. The sub-committees included the following:

### Public Relations, Media and Marketing:

Sheikha Najla Al Thani  
 Mr. Ezzeddine Ben Abdennebi  
 Mr. Abdullah Al-Hawal  
 Ms. Suhair Al-Salah  
 Mr. Ali Mohd. Al-Safran  
 Ms. Fatima Al-Naimi  
 Ms. Yasmeen Abusitta  
 Ms. Wadha Alsoud  
 Ms. Rabab El-Tanamly  
 Ms. Ruqiyah Nu'Man

### Flight Bookings and Visa

Mr. Abdullah Al-Hawal  
 Mr. Ali Mohd. Al-Safran  
 Mr. Gheith M. El-Sayed  
 Ms. Basham Al Ebiary  
 Ms. Safah Al Kubti

### Hotel Bookings, Logistics and Transportation

Mr. Abdullah Al-Hawal  
 Mr. Ezzeddine Ben Abdennebi  
 Mr. Rabie Elzbir  
 Mr. Ali Mohd. Al-Safran

### Finance and Procurement

Mr. Hussam Zureid  
 Ms. Tafida Younes  
 Mr. Mohammed Al Hussaini  
 Ms. Eiman Hassan  
 Ms. Eiman Hussain

### Sponsorships

Mr. Ezzeddine Ben Abdennebi  
 Mr. Hussam Zureid  
 Mr. Khalid Al-Kubaisi  
 Mr. Fahad Al-Dariham  
 Mr. Wijdan Tariq

### Website and IT

Mr. Mohamed S. El-Sayed  
 Ms. Muneera Al-Ali  
 Ms. Amal Al-Nobi  
 Mr. Wijdan Tariq

### Translation

Dr. Mohamed Abdulla Osman Khalifa  
 Ms. Basham Al Ebiary

### Visas:

Mr. Gheith M. El-Sayed  
 Ms. Basham Al Ebiary  
 Ms. Safah Al Kubti  
 Mr. Alieu Manjang

### Communications

Ms. Basham Al Ebiary  
 Ms. Safah Al Kubti  
 Mr. Wijdan Tariq

### Volunteers

We would like to take this opportunity to thank all the dedicated volunteers who were involved in the development of this conference. Special thanks go to Amany, Dima, Latifa Al-Rumaihi, Saeed Khadivy and Sayeed Mohammed, who were involved in the early stages. This conference would not have been possible without the support of all our wonderful volunteers from Qatar Foundation and the wider community.

## Program Schedule

DAY 1: Monday, 19 December 2011

8.00am-9.00am Registration

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### PLENARY SESSIONS: Conference Hall

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9.00am-10.00am Welcome Speeches:

Dr. Hatem El-Karanshawy, Dean, Faculty of Islamic Studies (QFIS), Qatar Foundation  
Dr. Mabid Al-Jarhi, President, International Association of Islamic Economics (IAIE)  
Dr. Savas Alpay, Director General, OIC Ankara Center (SESRIC)

**Keynote Addresses:**

Governor of Qatar Central Bank, HE Sheikh Abdullah bin Saud Al Thani  
Governor of Bank Negara Malaysia, Tan Sri Dr Zeti Akhtar Aziz  
President of Islamic Development Bank, HE Dr. Ahmad Mohamed Ali Al-Madani

10.00am-10.30am Coffee Break

10.30am-12.30pm Liquidity, Basel III, Islamic Banking and the Role of Central Banks

Moderator: Prof. Dr. Rifaat Abdel-Karim

Dr. Salman Syed Ali, Islamic Research and Training Institute (IRTI), IDB  
Qatar Central Bank  
Mr. Ijlal Alvi, CEO, International Islamic Financial Market (IIFM)  
Bank Negara Malaysia  
Central Bank of the Republic of Turkey

12.30pm-2.00pm Prayer and Lunch Break

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### PARALLEL WORK SESSIONS: Rooms 102, 103, 104, 105, 106

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2.00pm-3.30pm Session 1: Islamic Financial Products and Fiqhi Issues I  
Room 102

نحو معيار اقتصادي لتميز التمويل بالمداينات الشرعية عن التمويل الربوي  
محمد أنس الزرقا

مخاطر التمويل بصيغة السلم  
بدرالدين براحلية و فاطمة

عقود الخيارات وإدارة المخاطر في أسواق السلع  
ابراهيم احمد اونر

عقد الاستصناع كأحد البدائل الشرعية للأوعية الادخارية البنكية  
حسام الدين خليل

بيع الدّين في المصرفية الإسلامية أسبابه وأحكامه الفقهيّة  
عافه محمد سعيد عثمان

## **Session 2: Access to Financial Services: Inclusion and Empowerment**

### **Room 103**

“Access to Finance and Economic Development in Member States of OIC: A Panel Data Approach”

Mahmoud Mohieldin, Zamir Iqbal & Ahmed Rostom

“A Measurement Model of the Determinants of Financial Exclusion Among Micro-Entrepreneurs in Ilorin, Nigeria”

Abideen Adeyemi Adewale

“Case Study of the Role of the Islamic Sector in Increasing Access to Financial Services: the United Kingdom”

Elaine Housby

“A Comparative Review of Islamic Versus Conventional Microfinance In Bangladesh”

Dewan A. H. Alamgir, M. Kabir Hassan & Hisham Haider Dewan

“Why is Growth of Islamic Microfinance Lower than Conventional? A Comparative Study of the Preferences and Perceptions of the Clients of Islamic and Conventional Microfinance Institutions’ in Indonesia”

Dian Masyita

## **Session 3: Fiscal and Monetary Policies I**

### **Room 104**

“Public Sector Funding and Debt Management: A Case for GDP-Linked Sukuk”

Abdou Diaw, Obiyathulla Ismath Bacha & Ahcene Lahsasna

“Fiscal and Monetary Policies from Islamic Economics Perspective”

Sayyid Tahir

“The Transmission of Monetary Policy Through Conventional and Islamic Banks”

Sajjad Zaheer, Sweder J.G. van Wijnbergen & Steven Ongena

“Interest Rate in the Open Market Operation Mechanism: Is It Also Subject to Prohibition by Shariah?”

H. Kiaee & K. Nadri

## **Session 4: Financial Stability and Risk Management I**

### **Room 105**

“Does Islamic Finance Make the World Economically and Financially Safer? Islamic Finance and Its Implications on Sustainable Economic Growth”

Mehmet Asutay & Ercument Aksak

“Resilience of Islamic Finance During the Credit Crunch – Empirical Evidence from the European Market”

Nafis Alam

“Banking Crises and Economic Downturns: A Comparison between Islamic and Conventional Banks”

Meriem Djennas, Mohamed Benbouziane & Mustapha Djennas

“Is Shariah-Compliant Investment Universally Sustainable”

Mehdi Sadeghi

### **Session 5: Zakah and Waqf I**

#### **Room 106**

“Measuring Performance of Zakah Institutions in Malaysia”

Abd Halim Mohd Noor & Shawal Kaslam

“Localization of Zakat Distribution, Religiosity, Quality of Life and Attitude Change: Perceptions of Zakat Recipients in Malaysia”

Hairunnizam Wahid, Radiah Abdul Kader Sanep Ahmad

“Efficiency of Zakat Institutions and Its Determinants”

Norazlina Abd Wahab

“Changes in Management Accounting System of Zakat Institution: Is it Successful?”

Sharifah Norzehan Syed Yusuf, Nor Azam & Ghafarullahuddin Din

“Poverty Alleviation of Projects of Zakat Distribution: The Role of Organizational Learning in Ensuring Project Success”

Jamaliah Said & Sharifah Norzehan Syed Yusuf

3.30pm-4.00pm

**Coffee Break**

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## **PARALLEL WORK SESSIONS: Rooms 102, 103, 104, 105, 106**

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4.00pm-5.30pm

### **Session 6: Islamic Financial Products and Fiqhi Issues II**

#### **Room 102**

الصكوك الوقفية ودورها في التنمية الاقتصادية من خلال تمويل برامج التأهيل وأصحاب المهن والحرف  
محمد إبراهيم نقاسي

تقويم تجربة التمويل الأصغر الإسلامي في السودان خلال الفترة 2000-2010م  
عبد المنعم محمد الطيب

البناء الشرعي الأسلم للتأمين الإسلامي (تكافل)  
عبد العظيم أبو زيد

التمويل الإسلامي بالمغرب ، تمويل بديل  
عبدالرزاق المزريان

قياس الاستقرار المالي للبنوك الإسلامية والتقليدية في السعودية  
حسن بلقاسم غصان و عبد الكريم أحمد قندوز

## **Session 7: Access to Financial Services: Inclusion and Empowerment II**

### **Room 103**

“Role of Islamic Cooperatives in Financing Micro and Small Scale Entrepreneurs in Indonesia: Case Study of KOSPIN Jasa Syariah Pekalongan”

Irfan Beik & Indah Purnamasari

“Efficiency of Islamic Finance Contracts: Microfinance Experiments”

Mohamed El-Komi & Rachel Croson

“Cooperative Microfinance Myth or Reality: An Economic Analysis of the Welfare of Marginalized Segments”

Zahoor Khan, Hafiz Muhammad Yasin, & Asmatullah

“Integrating Zakat and Awqaf with Microfinance Practices to Poverty Alleviation in Indonesia”

Aimatul Yumna

“Does Contract Type Influence the Zakat, Infaq and Sadaqah Donation of Islamic Microfinance Debtor?”

Ebi Junaidi & Putri Dini

## **Session 8: Fiscal and Monetary Policies II**

### **Room 104**

“The Importance of the Islamic Banks in the Monetary Transmission Mechanism in Malaysia”

Zamrah Hasin & M. Shabri Abd. Majid

“Monetary Economics for Stakeholders? A Second Look on Causes of Inflation and Monetary Underpinnings”

Mohammad Mubashir Mukhtar

“Economic Sectors Sensitivity to Islamic and Conventional Monetary Instrument: Case Study in Indonesia”

Raditya Sukmana

“Economic and Financial Crises in Fifteenth-Century Egypt: Lessons from History”

Abdul Azim Islahi

“Fiscal and Monetary Determinant of Economic Growth: The Case of Saudi Arabia”

Basmah Altuwaijri

## **Session 9: Financial Stability and Risk Management II**

### **Room 105**

“Towards Developing a Template for Islamic Financial Sector Assessment Programme (iFSAP)”

Salman Syed Ali, Islamic Research and Training Institute (IRTI)

“Post-Crisis Global Financial Landscape and Implications for Islamic Financial Services Industry”

Zamir Iqbal

“Measurement of Financial Development: A Fresh Approach”

Noureen Adnan

“The Stability Compilation between Islamic Banks and Conventional Banks: Evidence in Indonesia”

Gamaginta & Rofikoh Rokhim

“Prospects and Problems of Islamic Banking from Bank’s Perspective: A Study of Bangladesh”

Muhammad Z Mamun

### **Session 10: Zakah and Waqf II**

#### **Room 106**

“The Impacts of Zakat and Knowledge on Poverty Alleviation in Sudan: An Empirical Investigation (1990-2009)”

Mutasim Ahmed Abdelmawla

“Impact of Zakat in Alleviating Rural Poverty: A Case Study of MACCA in Bangladesh  
Kazi Tanvir Mahmud, M. Kabir Hassan, Kazi Sohag, & Md. Ferdous Alam”

“Compliance of the Business Zakat Payment in Malaysia: A Theoretical Economic Exposition”

Mohd Rahim bin Khamis, Ariffin Md Salleh, Abdol Samad Md Nawi

“Role of Waqf in Enhancing Muslim Small and Medium Enterprises (SMEs) in Singapore”  
Shabana Hasan

“Zakat and Human Development: An Empirical Analysis on Poverty Alleviation in Indonesia”

Mohamad Soleh Nurzaman

## **DAY 2: Tuesday, 20 December 2011**

**8.00am-9.00am      Registration**

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### **PLENARY SESSIONS: Conference Hall**

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**9.00am-10.00am      Qatar’s Initiatives in Promoting Social Science Research**

Moderator: Dr. Hatem El-Karanshawy, Dean, Faculty of Islamic Studies, Qatar Foundation

Dr. Hassan Al Derham, Vice President for Research, Qatar University

Dr. Darwish Al-Emadi, Social and Economic Survey Research Institute, Qatar University

Dr. Abdul Sattar Al-Taie, Executive Director, Qatar National Research Fund

Mr. Arend J. Kuster, Managing Director, Bloomsbury Qatar Foundation Journal

10.00am-10.30am Coffee Break

10.30am-12.30pm Islamic Economics – State of the Discipline and the Way Forward

Moderator: Dr. Hatem El-Karanshawy, Dean, Faculty of Islamic Studies, Qatar Foundation

Dr. Monzer Kahf, Professor, Faculty of Islamic Studies, Qatar Foundation

Dr. Umer Chapra, Advisor, Islamic Research and Training Institute, IDB

Dr. Anas Zarqa, Former Professor, King Abdulaziz University

Dr. Mohammad Nejatullah Siddiqi, Former Professor, King Abdulaziz University

Dr. Mabid Al Jarhi, President, International Association for Islamic Economics

Dr. Mohamed El-Gari, Professor, King Abdul Aziz University

Dr. Asad Zaman, Professor, International Islamic University Islamabad

Dr. Abdel-Rahman Yousri, Visiting Professor, Faculty of Islamic Studies, Qatar Foundation

Dr. Volker Nienhaus, Visiting Professor, Faculty of Islamic Studies, Qatar Foundation

Dr. Rodney Wilson, Professor, University of Durham

12.30pm-2.00pm Prayer and Lunch Break

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**PARALLEL WORK SESSIONS: Rooms 102, 103, 104, 105, 106**

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2.00pm-3.30pm **Session 11: Economic Development and Country Studies**

**Room 102**

الفقر وتوزيع الدخل من منظور الاقتصاد الإسلامي: دراسة تطبيقية على مملكة البحرين  
هشام حنضل عبدالباقي

فجوة التوقعات بين الواقع والمأمول لدور المصارف الإسلامية في تحقيق التنمية  
سفيان عيسى حريز

محددات الفقر في الدول العربية  
خالد عبد الوهاب البنداري الباجوري

دور الحكم الراشد في تحقيق التنمية الاقتصادية حالة الدول العربية  
يختار عبد القادر  
عبدالقادر بن كروم

أثر المبادئ الإسلامية في قوانين الضرائب العراقية  
احمد خلف حسين الدخيل

جاهزية الدول العربية للاندماج في اقتصاد المعرفة - دراسة نظرية تحليلية  
مراد علة

**Session 12: Islamic Economics in Theory and Practice**

**Room 103**

“Methodology of Islamic Economics: Typology of Current Practices and Evaluations  
Hafas Furqani & M Aslam Haneef

“Crisis in Islamic Economics: Diagnosis and Prescriptions”  
Asad Zaman

“Islamic Economics: Still in Search of an Identity”

Abdulkader Cassim Mahomedy

“Homo Economicus and Homo Islamicus, Revisited: Islamic Finance and the Limits of Economic Reason”

Daromir Rudnycky

“Islamic Economics Revisited: Re-contemplating Unresolved Structure and Assumptions”

Muhammad Syukri Salleh

“Islamic Economics as a New Economic Paradigm”

Necati Aydin

“An Introduction to an Islamic Theory of Economic Development”

Abdel-Rahman Yousri Ahmed

### **Session 13: Efficiency of Islamic Banks, Institutions, and Markets I**

#### **Room 104**

“Exploring the Nexus between Economic Freedom and Islamic Bank Performance: Empirical Evidence from the MENA Banking Sectors”

Fadzlan Sufian & Muhamed Zulkhibri Abdul Majid

“The Relationship Between Islamic Bank Efficiency and Stock Market Performance: Evidence from GCC Countries”

Samir Srairi, Imen Kouki & Nizar Harrathi

“Islamic Banking with a Closer Look at Bosnia and Herzegovina: Knowledge, Perceptions and Decisive Factors for Choosing Islamic Banking”

Ugur Ergun & Irfan Djedovic

“Investor Protection and Financial Performance of Islamic Banks: An Econometric Analysis”

Yongqiang Li

“Factors of Competitiveness of Islamic banks in the New Financial Order”

Jean-Michel Sahut, Mehdi Mili & Maroua Ben Krir

“Testing Efficiency of Pakistani Islamic Banking System”

Nazima Ellahi, Naveed Azim Khattak, Khashif-Ur-Rehman, & Neelofar Jamil

### **Session 14: Financial Stability and Risk Management III**

#### **Room 105**

“The Impact of Subprime Crisis on Asia-Pacific Islamic Stock Markets”

Zhang Hengchao & Zarinah Hamid

“Investment Deposits, Risk-taking and Capital Decisions in Islamic Banks”

Hichem Hamza & Zied Saadaoui

“Risk Management Practices and Financial Performance of Islamic Banks: Malaysian Evidence”

Noraini Mohd Ariffin & Salina Hj. Kassim

“Leverage Risk, Financial Crisis, and Stock Returns: A Comparison among Islamic, Conventional, and Socially Responsible Stocks”  
Vaishnavi Bhatt & Jahangir Sultan

“Comparative Study of Assessment of Capital Adequacy Ratio (CAR) for Islamic Banks in Pakistan under Basel II and IFSB Formulae for Capital Adequacy”  
Sajid Khan & Zohra Jabeen

“Sukuk Defaults and Implications on Malaysian Capital Market”  
Hafizi Ab. Majid

**Session 15: Design of Islamic Contracts and Legal Framework I  
Room 106**

“Enhancing the Structure of Islamic Banking by Lessening the Asymmetric Information Pertaining to Profit-and-Loss Sharing Instruments”  
Z. Hafsa Orhan Astrom

“Risk-Conscious Valuation and Design of Contracts for Islamic Principles and Sustainable Development: A Mathematical Framework for Islamic Financial Engineering”  
Nadi Serhan Aydin & Martin Rainer

“The Standardization Debate in Islamic Finance: A Case Study”  
Wafica Ali Ghoul

“Murabaha Mortgage Backed Securities, A New Financial Instrument for Islamic Banking”  
Seyyed Abbas Mousavian, Balal Vosough & Ali Farhadian

“Dispute Resolution in Islamic Finance: A Case Analysis of Malaysia”  
Abu Umar Faruq Ahmad

**4.00pm-6.00pm Visit to the Museum of Islamic Art**

**DAY 3: Wednesday, 21 December 2011**

**8.00am-9.00am Registration**

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**PLENARY SESSIONS: Conference Hall**

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**9.00am-10.00am Islamic Economics and Finance Education**

Moderator: Dr. Hatem El-Karanshawy, Dean, Faculty of Islamic Studies, Qatar Foundation

Dr. Salman Syed Ali, Islamic Research and Training Institute, IDB  
Prof. Dato' Wira Dr. Jamil Bin Osman, Rector Insaniah University (to be confirmed)  
Mr. Daud Vicary Abdullah, President, INCEIF  
Dr. Mehmet Asutay, Director, Durham Centre for Islamic Economics and Finance  
Dr. Manazir Ahsan, The Markfield Institute of Higher Education  
Dr. Nazim Ali, Director, Harvard Islamic Finance Program  
Dr. Shamim Siddiqui, Professor, Hamdan bin Mohammed e-University  
Dr. Mohamed Aslam Haneef, Professor, International Islamic University Malaysia

10.00am-10.30am Coffee Break

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**PARALLEL WORK SESSIONS: Rooms 102, 103, 104, 105, 106**

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**10.30am-12.30pm Session 16: Efficiency and Stability of Islamic Financial Institutions  
Room 102**

معدل الفائدة ودورية الأزمات في الاقتصاد الرأسمالي  
سدي علي و شريط عابد

تقييم الكفاءة التشغيلية للمصارف الإسلامية: دراسة تطبيقية مقارنة  
شوقي بورقبة

النموذج البنكي الإسلامي في ظل الأزمة المالية دراسة قياسية لحالة البنوك الخليجية ما بين 1998-2009 م  
زواوي الحبيب و رديف مصطفى

أهم الانتقادات الموجهة لسعر الفائدة كسعر إستراتيجي في النظام الاقتصادي المعاصر  
مخلوفي عبد السلام و العرابي مصطفى

تقييم اداء صناديق الاستثمار الإسلامية و التقليدية باستخدام نموذجي تسعير الاصول الراسمالية  
CAPM و نظرية تسعير المراجعة APT بالتطبيق علي دول مجلس التعاون الخليجي  
السيد الصيفي

نمذجة الآثار الاقتصادية للزكاة  
نورالدين جوادي , عقبة عبداللاوي

**Session 17: Economic Development and Sustainability I  
Room 103**

“Post-Crisis Economic Recovery in OIC Member States: Is It Sustainable?”  
Zafar Iqbal

“State of MDGs in the OIC Region”  
Abdullateef Bello

“Global Food Security & Opportunities in OIC Markets”  
Rafi-uddin Shikoh

“Islamic Finance as a Strategic Mechanism for Bolstering Food Security in the Middle East”  
Hdeel Abdelhady

“Reversing Entropy to Sustainability: The Moral Dimension”  
Masudul Alam Choudhury

“A New Approach to Studying Poverty in the Islamic World”  
Tariqullah Khan

**Session 18: Efficiency of Islamic Banks, Institutions, and Markets II  
Room 104**

“Financial Performance of Islamic and Conventional Banks in Pakistan: A Comparative  
Study”  
Sanaullah Ansari & Atiqa Rehman

“Islamic Banks Efficiency in Western Conventional Economies”

Velid Efendić

“Performance of Islamic Mutual Funds in Saudi Arabia”

Hesham Merdad & M. Kabir Hassan

“What Motivates Malaysian Banks to Go International? A Case of Islamic Banking Products”

Ismail Abd Rahman & Melati Ahmad Anuar

“The Efficiency of Bank’s Performance in Gulf Region Before, During, and After Crisis (Financial and Political)”

Abdel Latef Anouze

“Determinants of Survival in Islamic Banks”

Marwan Izzeldin

### **Session 19: Faith and Development**

#### **Room 105**

“Harnessing Faith: A Productive Approach to Development Action and Policy”

Simon Fass & Abdourahmane Mohamed Elmoctar

“Madrasas as Partners in Education Provision: the South Asian Experience”

Masooda Bano

“The Influence of Islamic Values in the Enhancement of Households’ Wellbeing: A Study of Poverty Alleviation in the Malaysian state of Kelantan”

Abdelhak Senadjki

“The Role of Morality in Defining Ethics in Islamic Finance: Looking Beyond Legality”

Habib Ahmed

“A Genealogy of the Islamic Development Discourse: Underlying Assumptions and Policy Implications from a Development Studies Perspective”

Mohammed R. Kroessin

“Islamic Development in Egypt”

Mona Atia

### **Session 20: Design of Islamic Contracts and Legal Framework II**

#### **Room 106**

“Legal Adjustment: A Strategical Step for Boosting Sustainable Development of Islamic Banking (A Comparative Overview Towards Malaysia, Indonesia And Singapore)”

Agus Triyanta

“Overcoming the Divergence Gap Between Applicable State Law and Sharia Principles and Enhancing Clarity, Predictability and Enforceability in Islamic Finance Transactions Within Secular Jurisdictions”

Osman Sacarcelik

“Ijtihad in the Information Age: Applying the “Law Matters” Thesis to Islamic Economics”  
Tayyab M Ahmed

“The Legal Reform on Dispute Resolution Mechanism in Islamic Banking and Finance in Indonesia: Issues and Challenges”  
Sonny Zuhuda & Abdul Rasyid

“Regulatory and Financial Implications of Sukuk’s Legal Challenges for Sustainable Sukuk Development in Islamic Capital Market”  
Jhordy Kashoogie Nazar

“Enhancing the Effectiveness of Legal Infrastructure: A Study on Legal Issues and Other Challenges of Islamic Banking and Finance in Malaysia”  
Mustafa ‘Afifi bin Ab. Halim

“Property Finance Based on Sukuk and Conventional Covered Bonds – Requirements for Establishing a Liquid Market: A Comparative Study”  
Klaus Peter Follak

12.30pm-2.00pm **Prayer and Lunch Break**

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**PARALLEL WORK SESSIONS: Rooms 102, 103, 104, 105, 106**

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2.00pm-3.30pm **Session 21: Miscellaneous Arabic Papers**  
**Room 102**

إدارة المخاطر في البنوك الإسلامية  
خديجة خالدي

البنوك الإسلامية و النظم و المعايير الاحترازية الجديدة: واقع و آفاق تطبيق لمقررات بازل (3)  
محمد بن بوزيان و عبد الحق بن عمر

انعكاسات تطبيق اتفاقية تريبس على حماية المستهلك في الوطن العربي، و قصور التشريعات على محاربة ظاهرة  
التقليد - الجزائر أنموذجاً  
عمار طهرات و بلقاسم أمحمد

دور المؤسسات الزكوية في معالجة الفقر وفق برنامج التنمية الاقتصادية مؤسسة الزكاة بولاية سلانجور بماليزيا  
نموذجاً  
عزمان بن عبدالرحمن و محمد عز الدين عبد العزيز

برامج التمويل الإسلامي في مؤسسات التعليم العالي: الواقع والآفاق  
عبدالرزاق بلعباس و أحمد بلوفاي

**Session 22: Economic Development and Sustainability II**

**Room 103**

“Islamic Law and Development: A Response to Kuran’s “The Long Divergence””  
Adeel Malik

“Poverty and Macroeconomic Development in Algeria: What is the Contribution of Oil Revenues?”  
Mohamed Benbouziane & Abderrezak Benhabib

“Impact of Interaction of Formal and Informal Institutions on Economic Growth and Development in the Framework of Islamic Economics”

Toseef Azid

“Islamic Finance for Sustainable Development: Its Historical Background and Potentialities in the Modern World”

Nagaoka Shinsuke

“Locating the Sources of Social and Developmental Failure of Islamic Banking and Finance: An Empirical and Discursive Attempt”

Mehmet Asutay

“Carbon Trading Market: Viability For Islamic Financial Industry”

Naila Nazir

### **Session 23: Business Ethics and Values**

#### **Room 104**

“Spirituality, Religiosity and Economic Performances of Muslim Micro Entrepreneurs”

Amy Mardhatillah & Ronald Rulindo

“Religiosity and Work Values Orientation of Malaysian Business People”

Othman Mohd. Yunus Nur Hamizah Hamzah Mohd Afandi Abu Bakar

“The Determinants of Islamic Spirituality in Business Organizations: The Case of Malaysia”

Naail Mohammed Kamil

“Islamic Business Ethics and Finance: An Exploratory Study of Islamic Banks in Malaysia”

Adli Musa

### **Session 24: Governance and Social Responsibility I**

#### **Room 104**

“Corporate Governance of Islamic Financial Institutions in Malaysia”

Maliah Sulaiman, Norakma Abd Majid & Noraini Mohd Ariffin

“Developing a Corporate Governance Disclosure Index for Islamic Financial Institutions”

Norakma Abd Majid, Maliah Sulaiman & Noraini Mohd Ariffin

“Does Corporate Governance Model of Interest-Free Banks Provide Better Protection Against Financial Crisis? Empirical Investigation on Corporate Governance Perspectives of the Interest-Free Banks Globally”

Sabur Mollah

“Islamic Corporate Social Responsibility in Islamic Banking; Toward Poverty Alleviation”

Muhammad Yasir Yusuf & Zakaria bin Bahari

### **Session 25: Design of Islamic Contracts and Legal Framework III**

#### **Room 106**

“Use of W‘ad and Tawarruq for Swaps in the Framework of Islamic Finance”

Muhammad Ayub

“On a Tolerable Threshold of Moral Hazard in Debt and Equity Financing”

A.J. Aisha Nuddin & A.K.M. Azhar

“Charging Fee for Guarantee (Al-Kafalah bi Ajr) and its Application by Deposit Insurance Cooperation Malaysia”

Azman Mohdnoor

“In Search of a Theory of Corporate Financing and Islamic Financial Instruments”

Nazam Dzolkarnaini & Marizah Minhat

**3.30pm-4.00pm Prayer and Coffee Break**

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**PARALLEL WORK SESSIONS: Rooms 102, 103, 104, 105, 106**

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**4.00pm-5.00pm Session 26: Economic Development and Sustainability III**

**Room 103**

“Relevance of Islamic Economic Measures in Achieving Inclusive Growth In Muslim Minority Countries”

P. Ibrahim & V. Nirmala

“Trade and Human Development in OIC Countries: A Panel Data Analysis”

Zarinah Hamid & Ruzita Mohd Amin

“A Multi-Criteria Crop Planning Approach Based on the "Resistive Economy" Characterizing the Situation in Gaza Strip”

Salah R. Agha

**Session 27: Governance and Social Responsibility II**

**Room 104**

“Corporate Social Responsibility: The Perception of Muslim Consumers”

Ruhaya Atan & Nurul Akmal Abdul Halim

“Re-Considering CSR and Sustainability Identity of Islamic Banks in Malaysia: An Empirical Analysis”

Shifa Mohd Nor & Mehmet Asutay

“Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks”

Sutan Emir Hidayat & Suliman Abdulrahman Alhur

**Session 28: Education and Training in Islamic Economics**

**Room 105**

“The Effectiveness of an Integrated Curriculum: The Case of the International Islamic University Malaysia”

Ruzita M. Amin, Selamah A. Yusof, M. Aslam Haneef

“Human Capital Development: Education and Training in Islamic Economics and Finance”

Abdulwahab Yusuf Simpah

**5.15pm-6.15pm International Association of Islamic Economics - General Assembly Conference Hall**

**6.15pm-7.00pm Closing Speeches, Conference Hall**

## Program Description

### Access to Financial Services: Inclusion and Empowerment

#### **The Role of Islamic Finance in Enhancing Financial Inclusion in OIC Countries**

**Mahmoud Mohieldin, Zamir Iqbal, and Ahmed Rostom**

*Mahmoud Mohieldin is a World Bank Managing Director.*

*Zamir Iqbal is Lead Investment Officer with the Treasury of the World Bank.*

*Ahmed Rostom is a Consultant with the World Bank.*

The core principles of Islam lay great emphasis on social justice, inclusion, and sharing of resources between haves and have-nots. Islamic finance addresses the issue of “financial inclusion” or “access to finance” from two directions—one through promoting risk-sharing contracts which provide a viable alternative to conventional debt-based financing, and the other through specific instruments of redistribution of the wealth among the society. Use of risk-sharing financing instruments can offer to *Shariah*-compliant Microfinance, SME financing, and micro-insurance to enhance the access to finance. And redistributive instruments such as *Zakat*, *Sadaqat*, *waqf*, and *qard-al-hassan* complement risk-sharing instruments to target poor sector of the society to offer a comprehensive approach to eradicating poverty and to build a healthy and vibrant economy. Instruments offered by Islam have strong historical roots and have been applied throughout the history in various Muslim communities. The paper identifies gaps currently existing in *Shariah*-compliant Microfinance and SME financing. The paper concludes that Islam offers rich set of instruments and unconventional approaches if implemented in true spirits can lead to reduced poverty and inequality in Muslim countries plagued by massive poverty. Therefore, the policy makers in Muslim countries who are serious about enhancing the access to finance or “financial inclusion” should exploit the potential of Islamic instruments to achieve this goal.

#### **A Measurement Model of the Determinants of Financial Exclusion Among Micro-Entrepreneurs in Ilorin, Nigeria**

**Dr. Abideen Adeyemi Adewale**

*Dr. Adewale is an Assistant Professor at the International Islamic University Malaysia.*

This study investigated the various factors that impede both the access to and use of the requisite financial resources for entrepreneurial development in Nigeria. Data was collected via a survey questionnaire administered on micro-entrepreneurs in Ilorin, Kwara State, Nigeria. A measurement model using the structural equation modeling approach was adopted. The paper concluded that both the voluntary and involuntary financial exclusion factors significantly account for financial exclusion in Nigeria. However, voluntary exclusion signals more problems. This is because it is a reflection of lack of use, rather than lack of access to financial services by the poor.

#### **Case Study of the Role of the Islamic Sector in Increasing Access to Financial Services: the United Kingdom**

**Dr. Elaine Housby**

*Dr. Elaine is an independent researcher and author of the book “Islamic Financial Services in the United Kingdom” (published by Edinburgh University Press).*

The paper outlines the economic profile of the British Muslim community, with particular reference to the housing situation. It considers whether the greater availability of religiously compliant home purchase finance has actually made it easier for British Muslims to obtain good quality housing. There is little evidence that it has, and some indication that the encouragement of home purchase by government has worsened the position of tenants of social housing. The paper describes some British financial practices which are not technically acceptable Islamically, since they involve interest, but which are rooted in a desire to help the disadvantaged. The British tradition of mutualism has some similarity with Islamic ideals, particularly with the concept of mutual assurance which underlies *takaful*, and could perhaps be developed in a *riba*-free form. Both Islamic and non-Islamic economic thinking can go back to basics and make real progress in promoting financial inclusion.

#### **Why is Growth of Islamic Microfinance Lower than Conventional?**

**Dian Masyita & Dr. Habib Ahmed**

*Dian Masyita is a PhD Candidate, Islamic Finance, Durham University, UK.*

*Habib Ahmed is Professor at Durham University.*

Whereas Indonesia has the largest Muslim population in the world: with 88% of 237 million Muslims, the growth of Islamic microfinance institutions (MFIs) has been sluggish and far behind their conventional counterparts. Islamic MFIs are struggling to survive amid the fierce competition in the provision of microfinance services, from both the conventional and Islamic. This paper examines the factors determining the demand for microfinance services by reporting results from a survey of the perceptions and preferences of 581 MFI’s borrowers from four MFIs—two Islamic and two conventional in Indonesia. The survey identifies the gaps that Islamic MFIs face to fulfill their positive role and to reduce unemployment and poverty. As the MFIs clients prefer Islamic MFI compared to conventional, the demand for Islamic microfinance can be enhanced if the level of their economic and non-economic factors can be brought to the levels of conventional MFIs.

## **Role of Islamic Cooperatives in Financing Micro and Small Scale Entrepreneurs in Indonesia: Case Study of KOSPIN Jasa Syariah Pekalongan**

**Dr Irfan Syauqi Beik & Indah Purnamasari**

*Irfan is head of department of Islamic economics at Bogor Agricultural University, Indonesia.*

*Indah Purnamasari is a Researcher at Bogor Agricultural University in Indonesia.*

One of the major problems faced by micro and small scale entrepreneurs (MSE) is lack of financial access. The presence of Islamic microfinancing institution (IMI) is extremely important as it offers simpler administrative and requirement procedures as compared to the commercial banks. This paper attempts to observe empirical role of Islamic cooperatives in the country by taking a case study of Kospin Jasa Syariah in Pekalongan city, Central Java. The study aims at analyzing effectiveness level of financing given to the MSI and factors affecting the financing amount taken by these MSE. It was found that financing procedures and financing impact on the entrepreneurs were effective. Administrative cost and education level are also found to be the most significant factors affecting financing amount proposed by the MSE. On the other hand, the study concluded that business income, profit earned and household consumption, had significant impact on post-financing income level of the MSE.

## **A Comparative Review of Islamic Versus Conventional Microfinance in Bangladesh**

**Dewan Alamgir, Kabir Hassan & Hisham Dewan**

*Dr. Kabir Hassan is Associate Professor at University of New Orleans.*

*Dr. Dewan Alamgir is an independent consultant based in Bangladesh.*

*H. Dewan is based at the University of Dhaka.*

This paper presents a comparative review of Rural Development Scheme (RDS), i.e. microfinance operations, of Islami Bank Bangladesh Limited (IBBL) and financial services offered by traditional microfinance institutions (MFIs) in Bangladesh. The review was undertaken in July-August 2010. The major topics discussed in this paper are: evolution and structure of microfinance sector in Bangladesh including regulatory regime, management system of microfinance institutions and RDS, outreach of microfinance services, market segments and products of MFIs and RDS, financing of microfinance institutions, comparison of financial performance of some major MFIs and RDS, and impacts of microfinance on poverty.

## **Cooperative Microfinance - Myth or Reality: An Economic Analysis of the Welfare of Marginalized Segments**

**Zahoor Khan, Hafiz Muhammad Yasin & Asmatullah**

*Dr. Zahoor is Lecturer at the University of Peshawar, Pakistan.*

The present study was conducted to investigate the impact of the Cooperative (Islamic) Microfinance program on the standard of life of the poor and marginalized segments in the areas under study. Islamic microfinance program of Islamic

Relief-Pakistan was taken as a model of cooperative microfinance. Primary, cross sectional data about 400 respondents (300 clients and 100 non-clients) has been collected through a detailed questionnaire, from the urban slums of Rawalpindi i.e. Naseerabad, Qasimabad and Dhok Mustaqim. The socio-economic impact of the said programs on the poor marginalized groups was evaluated by Mean Difference Model (MDM) and Binary logistic models. The models were used to investigate the welfare of the respondents in terms of Income and consumption. The first model had been used to investigate the impact of Islamic Microfinance program of Islamic Relief (Pak) on the respondents' income and consumption (Income and consumption are rottenly used as a proxy of welfare). The later models had been used for evaluation of respondents' perception regarding the overall welfare and by using standardized consumption expenditure, as a proxy of welfare in quantitative term. Findings of the study suggest that there is statically significant difference between the income and consumption of Clients (Islamic Relief Pak.) and non-clients. Furthermore, the Cooperative microfinance program has a positive impact on the overall welfare of the clients. This is also reflected in the empirical investigation which reveals that standardized consumption expenditure as a proxy of well-being (welfare) of the clients represents a more appropriate picture as compared to the welfare model based on respondent perceptions only. The results suggest that the respondents who avail the facility of the cooperative microfinance are approximately 10 times more likely to increase their welfare as compared to non-clients. We propose that by expanding the facility of the cooperative microfinance by sensitizing the poor and marginalized segments regarding this facility can effectively alleviate the absolute level of poverty, and also has the required potential to increase the social well being of the people of intervention area as well.

## **Integrating Zakat and Awqaf with Microfinance Practices to Poverty Alleviation in Indonesia**

**Aimatul Yumna and Michael Clarke**

*Aimatul Yumna is a PhD candidate at Deakin University Australia.*

*Matthew Clarke is the Head of School International and Political Studies in Deakin University.*

Religious belief is a common human characteristic that is largely neglected within mainstream development practice and theory. Religious principles and social teaching however, can positively contribute to poverty alleviation. This paper explores examples of how Islamic principles of charity and finance can strengthen microfinance as a poverty alleviation strategy. Islamic microfinance might take the advantages of the availability of *zakat* and various Islamic charities to increase the capital base in providing non-financial supporting services for the extremely poor. This paper investigates the importance of the integration of *zakat* and Islamic charities as well as microfinance initiative in the purpose of poverty alleviation in Indonesia. This study provides theoretical analysis of microfinance as a poverty alleviation tools aligns with poverty alleviation as understood within Islamic religious teaching. It also introduces an integrated model of *zakat* and

Islamic charities as well as microfinance to better achieve its dual objectives and evaluate two existence programs of Baitul Maal Muamalat and BAZNAS in Indonesia. The study shows although they have utilized *zakat* and Islamic charities as microfinance's source of fund, they only targeted low income people with some skills in income generating activities. Therefore, it is suggested that by integrating *zakat* and Islamic charities as well as microfinance, the program might offer both commercial and social services for both extremely and economically active poor segment.

#### **Efficiency of Islamic Finance Contracts: Microfinance Experiments**

**Dr. Mohamed El-Komi & Dr. Rachel Croson**

*Dr Mohamed El-Komi is Assistant Professor at Durham University.*

Microfinance has been identified as an important tool in increasing the productivity of the poor and in aiding economic development. However, a large proportion of the poor are practicing Muslims, and are thus unable to take advantage of traditional microfinance contracts which involve the payment of interest. This paper describes and experimentally tests Islamic-compliant microfinance products in the context of moral hazard. We find significantly higher compliance rates for the Islamic-compliant contracts (profit-sharing and joint venture) than for the traditional contract (interest-based). We believe that there is great promise for these types of loans in the microfinance context, for both Muslims and non-Muslims.

#### **Does contract type influence the Zakat, Infaq and Shadaqah donation of Islamic Microfinance customers? Ebi Jinaidi & Putri Dini Rizkiyah**

*Ebi Junaidi is Lecturer at University of Indonesia.*

*Putri Dini Rizkiyah is a small & medium enterprise owner in Jakarta.*

This paper investigates the factors that determine the *zakat*, *infaq* and *shadaqah* payment through the Islamic financial and charity institution by their customers. More specifically, this paper examines whether type of contracts of mode of financing has significantly affect the amount of *zakat*, *infaq* and *shadaqah* donation.

## **Fiscal and Monetary Policies**

#### **Public Sector Funding and Debt Management: A Case for GDP-Linked Sukuk**

**Abdou Diaw, Obiyathulla Ismath Bacha, Ahcene Lahsasna**

*Abdou Diaw is a consultant and lecturer of Islamic Finance in Senegal.*

*Obiyathulla Ismath Bacha is Professor at INCEIF.*

*Ahcene Lahsasna is a Lecturer at INCEIF.*

The paper examines the potential benefits and obstacles of the GDP-Linked Sukuk (GLS) model, which is based on Forward Ijārah, as well as its risk-return profile. Furthermore, a framework for pricing GLS is put forth. Based on a sample of countries from five regions of the Muslim world, the

theoretical properties of the GLS are validated through backtesting method. The model is shown to be a new asset class between the traditional debt and equity instruments and offers interesting diversification opportunities. Besides its theoretical contribution, the model proposed in this paper addresses in an effective way the issue of debt management, in an interest-free context, and the issue of benchmarking sovereign Sukuk against the interest rate.

#### **Fiscal and Monetary Policies from the Islamic Economics Perspective**

**Sayyid Tahir**

*Professor at the International Islamic University, Malaysia (IIUM)*

This paper summarizes main points in the existing Islamic economics literature on the subject of fiscal and monetary policies. It outlines institutional framework for these policies from the Islamic economics perspective. Some fresh points on the nature and role of government in the light of the Shari'ah principles, are also noted. The general goals for macroeconomic policies are discussed along with the goals for each of the two policies. The argument is capped with a look at practical considerations in the actual working of both the policies. The following are the main points in the paper: (1) Fiscal policy is seen as the policy that works through government budget, and monetary policy as the policy aimed at monetary management. (2) Goals for both policies are to be seen in the context of overall objectives at the state level. Thus both policies may complement each other. (3) Thrust of both policies would be different from that presently recognized, due to institutional factors. (4) Fiscal policy is not assigned a proactive role. The main recommendation is: government's role should be limited to prudent governance, and greater attention be paid to monetary management.

#### **The transmission of monetary policy through conventional and Islamic banks**

**Sajjad Zaheer, Steven Ongena, Sweder J.G. van Wijnbergen**

*Dr. Sweder van Wijnbergen is Professor at the University of Amsterdam*

*Dr. Steven Ongena is Professor at Tilburg University*

*Sajjad Zaheer is a PhD student at the University of Amsterdam.*

The authors investigate the differences in banks' responses to monetary policy shocks across bank size, liquidity, and type, i.e., conventional versus Islamic, in Pakistan between 2002:III to 2010:I. They find that following a monetary contraction, small banks with liquid balance sheets cut their lending less than other small banks. In contrast large banks maintain their lending irrespective of their liquidity positions. Islamic banks, though similar in size to small banks, respond to monetary policy shocks as large banks. Hence *ceteris paribus* the credit channel of monetary policy may weaken when Islamic banking grows in relative importance. However, if there are (1) *sukuk* (Islamic bonds) issuance, that can be used as a monetary policy indicator for Islamic banks, (2) more investment opportunities available for Islamic banks, (3) an

efficient Islamic interbank market, and (4) a competitive Islamic banking industry then the credit channel through Islamic banks may start gaining in potency, though the extent that Islamic banks remain small and hence facing funding constraints.

### **Interest Rate in the Open Market Operation Mechanism: Is It Also Subject to Prohibition by Shariah?**

**H. Kiaee & K. Nadri**

*PhD candidate at Tehran University.*

According to the principles of Islamic jurisprudence, lending money to an individual with the condition that guarantees receiving some additional benefit is known as Riba. But, unlike commercial banks that act as an economic enterprise, the central bank in all countries works as a government agency that seeks only to create monetary equilibrium condition in the business space without any profitability intention. Therefore, it can be concluded that using open market operation is a new phenomenon and it should be examined whether it is also subject to prohibition the same as the well known Riba. For this, we must first notice that none of the philosophies about Riba prohibition, expressed in Quran, apply to this matter. Secondly, this kind of interest is related to the role of money in the macroeconomic management that did not exist in the early period of Islam. In other word, lending and borrowing money by central bank in monetary policy mechanism has completely different goals and processes comparing with the traditional Qard contract that is subject to Riba.

### **The Importance of Islamic Banks in the Monetary Transmission Mechanism in Malaysia**

**Zamrah Hasin & M. Shabri Abd. Majid**

*M. Shabri is Associate Professor at Syiah Kuala University, Banda Aceh, Indonesia*

Monetary policy influences the real economy through various channels including the bank lending. Currently, Malaysia is operating under dual banking systems; conventional and Islamic banking. The latter has distinctive feature of interest-free. Hence, this study aims to empirically explore the relevance of Islamic banks' financing in channeling the monetary policy effects to the real economy. To achieve this objective, the study relies on an autoregressive distributed lag (ARDL) bound testing approach and innovation accounting approach, and uses quarterly data spanning from 1991:Q1 to 2010:Q4. The study documents that Islamic financing channel for monetary transmission exists in Malaysia. Islamic financing is unequally distributed to economic sectors in response to monetary policy shock. Furthermore, the findings also reflect that Islamic banking as operating in dual banking system, is not spared from the interest rate and monetary conditions of the country. This clearly shows the behavior of Islamic banking which cannot shun away from the interest rate while its operation delinks from the interest rates. In designing monetary policy, the central bank should consider Islamic financing as an alternative or complement channel for monetary transmission since this channel is just as active as conventional lending channel.

### **Monetary Economics for Stakeholders? A Second Look on Causes of Inflation and Monetary Underpinnings**

**Mohammad Mubashir Mukhtar**

*Researcher at the University of Karachi.*

Conventional analysis explores the reasons of inflation in the Quantity Theory of Money, which describes the relation between Money and Prices. However, beside the QTM, there is another phenomenon which is responsible for high inflation i.e. the Inherent Gap. When a bank gives loan to a borrower, the borrower has to pay the principal amount plus interest rate, but the existing stock do not have enough money to pay back. This is because the banks create only the principal amount they don't create the interest amount. Any amount of money coming into economy will be again through the banks in shape of debt, which will increase the gap between amount present in the economy and amount to be repaid by the borrowers. This shortfall of money is the Inherent Gap, leaving borrower in very fragile situation, of facing undue pressure – including social pressures – or in extreme conditions faces default/bankruptcy. It leads towards the most prominent, ever know notion, 'By God this is the least price which I can bear' i.e. increase in prices – inflation. Role of Inherent Gap as a determinant of inflation is analyzed using the time series data. Sophisticated econometric techniques have been applied on Pakistan Monetary Statistics to get the reliable estimates of relation between inflation and Inherent Gap. Evidences strongly support that inherent gap is also one of the key determinant of inflation. This paper highlights the fact and the urgent need for the Islamic alternative to the conventional monetary system – away from fiat debt based monetary system or money creation.

### **Economic Sectors Sensitivity to Islamic and Conventional Monetary Instrument: Case Study in Indonesia**

**Raditya Sukmana**

*Lecturer at Airlangga University, Indonesia.*

The purpose of the monetary policy is to affect the economic activity through various channel of monetary transmission. One of the transmission channels is via Islamic bank through financing to various sector of the economy. The change of monetary instruments certainly affects economic sectors differently. Given the dual monetary system (Islamic and conventional) in Indonesia, it is interesting to see how those rates influence each of the economic sectors. This is important for the government in designing the future economic programs by determining the specific sectors which has to be prioritized. This paper aims to investigate the sensitivity of the economic sectors in response to the change in the Islamic and conventional monetary rate. The paper relies on unit root test, the co-integration test, and impulse response functions, focusing on the period from May 2006 to February 2011. The data needed is monthly economic sectors for Islamic and conventional system, Islamic monetary rate, and conventional monetary rate. The results show that Islamic banks play important roles in the monetary transmission process in the Indonesian economy. In particular, specific economic sector

react differently to both Islamic monetary instrument as well as conventional monetary instrument.

### **Economic and Financial Crises in Fifteenth-Century**

#### **Egypt: Lessons from History**

**Dr. Abdul Azim Islahi**

*Professor at King Abdulaziz University, Jeddah.*

The present paper attempts to study the economic and financial crises of fifteenth-century Egypt, which was ruled by Mamluk dynasty. During the fifteenth century, especially in its first half, Egypt faced horrible economic crisis caused sometimes by rulers' ill-governance and corruptions and sometimes by natural catastrophe such as over flooding of Nile or its drying up, outbreak of epidemics, crop diseases, etc. In many cases two or more factors simultaneously existed. Financial crisis mainly emanated from monetary mismanagement. Two social thinkers of the time – al-Maqrizi at the beginning of the century and al-Asadi at the middle – addressed the situation. They analyzed the problem, pointed out the causes, and suggested remedies. For al-Maqrizi, the deterioration of Egypt's monetary system was the single most important cause of its economic and financial difficulties. As a panacea, he prescribed a return to gold and silver standard and restricting copper coinage to petty transactions. Al-Maqrizi did not realize that the reason for wide spread of copper money was Egypt's dependence on import of precious metals, especially silver, from Europe which was adversely affected in the fifteenth century known as "silver famine". Al-Asadi divided the factors responsible for economic and financial crises of his time into two main categories – socio-economic factor and monetary factor. In the former category he included neglect of agriculture, disturbances of bedouins, oppression of farmers, and sales of government positions. As far the monetary factor is concerned, he dealt it separately and held the bad currency system as the reason behind the high prices which disturbed the whole economy. Al-Asadi did not confine his analysis to monetary problem only. He advocated for an overall reform and strict management of the whole economy, monetary aspect being one of them. He did not restrict money to gold and silver. To him precious metals and copper, all have their utility as money and all can be used at the same time. However, issue of money and minting of coins should be in such a way structured that the counterfeiting and debasement is checked. The main financial problem, in his opinion, was debasement of currency leading to unrestricted supply of money, not the dominance of copper coins. The paper concludes with an appraisal of their diagnosis of the problem, the solution suggested by them and the lessons learned from them.

### **Financial Stability and Risk Management**

#### **Does Islamic Finance Make the World Economically and Financially Safer?**

**Dr Mehmet Asutay & Dr Ercument Aksak**

*Dr Aksak is a Teaching Fellow in Finance at the School of Government and International Affairs, Durham University.*

*Dr Mehmet Asutay is a Senior Lecturer at Durham University, UK.*

The continuous growth of Islamic Finance industry has had two main influences in the global financial system. First; the development of Islamic finance has added new and novel veins supporting the global financial markets, increasing the potential pool supporting the system. Second; investors and entrepreneurs with solid business ideas and innovations, but also with the moral and ethical concerns have gained an opportunity to provide and maintain a financing resource for their businesses. This inevitably suggests additional support for the real economies. This paper investigates the realization of these two potential impacts of Islamic finance; on financial markets and economies. Our analysis provide evidence of an impressive performance, but at the same time relatively small impact on global financial markets and economies; which indicate there is still a much higher potential to develop into for Islamic finance.

#### **Resilience of Islamic Finance During Credit Crunch – Empirical Evidence from European Market**

**Dr. Nafis Alam**

*Associate Professor at the University of Nottingham, Malaysia.*

Islamic Finance is based on the Islamic Jurisprudence as prescribed by the Shariah, and it has witnessed significant growth and development in the recent decades. During the period of economic slowdown and following Financial Crisis during FY 2007-2009, it was claimed that that financial system seemed to be better in coping with such economic slowdowns. The paper analyses whether Shariah compliant equities perform better in the market as compared to general markets. This paper also highlights the significance of Islamic finance to withstand turbulent financial crisis.

#### **Post-Crisis Global Financial Landscape and Implications For Islamic Financial Services Industry**

**Zamir Iqbal**

*Lead Investment Officer with the Quantitative Strategies, Risk and Analytics department in the Treasury of the World Bank in Washington, D.C.*

The sub-prime financial crisis was not simply the result of excessive leverage and inadequate capital but it was brewing for some time as a result of a gradual deterioration of business leadership, of lapses in governance and in the regulatory framework (particularly in derivatives markets), and of an ineffective risk-management framework. There is consensus among researchers that the regulatory and supervisory framework was not adequate to the task of forecasting and preventing the crisis. However, the crisis has highlighted several regulatory and governance related issues: the market-discipline mechanism proved to be too weak; the decision-making of corporate leaders was overly driven by short-term goals; trust in corporate leadership declined; corporate boards were slack in their oversight and risk control; business ethics and values were compromised; risk management and supervision failed due to narrow view; the quality of bank supervision was compromised; and finally, the corporate incentive and remuneration system was questioned. The

consequences of the crisis on the way financial intermediation and markets operate will be felt for many years to come and it may re-shape the business in drastic manner. This impact will not only for conventional financial institutions but for Islamic financial institutions as well. Before we could examine the impact on Islamic financial services industry, let's review the core issues shaping the future of regulatory and supervisory framework for the financial industry.

### **Is Shariah-Compliant Investment Universally Sustainable** **Dr. Mehdi Sadeghi**

*Senior Lecturer and Postgraduate Coordinator in Finance at Macquarie University, Sydney, Australia.*

Current paper reports the outcome investigating the sustainability and efficiency of Shariah –complaint investment from the global and cross-country perspectives. Our findings, thus far, suggest that global Shariah compliant sustainable shares performed slightly better than global sustainable shares in general, during 2006-2011, and Shariah compliant shares performed substantially better than global market during the same period. The superior performances of Islamic Market indexes suggest that Shariah compliant investment is more resilient and sustainable compare to their counterparts in the long term. Further evidence from our cross country study suggests that, Shariah compliant investment perform better than the market a whole in Muslim countries, and worse than the market in predominately non Muslim countries. These findings have important implications for investors, regulators, customers, and Islamic financial institutions.

### **Towards Developing a Template for Islamic Financial Sector Assessment Programme (iFSAP)** **Consultant Report: Islamic Research and Training Institute (IRTI)**

Periodic assessments of the developmental needs and stability concerns of Islamic financial sector are important for devising supportive policies for its growth in the world. A study entitled "Towards Developing a Template to Assess Islamic Financial Services Industry in the World Bank - IMF Financial Sector Assessment Program (FSAP)" was recently commissioned by the Islamic Development Bank to see how, within the current design of FSAP methodology, a template for assessment of Islamic Financial Services Industry can be developed and what are the challenges and gaps in doing so. In this session, the main results of the study will be presented, which is part of ongoing efforts by the Islamic Development Bank Group to widen the role and enhance the resilience of Islamic finance.

### **Banking Crises and Economic Downturns: A Comparison Between Islamic and Conventional Banks** **Meriem Djennas, Mohamed Benbouziane & Mustapha Djennas**

*Meriem Djennas is a PhD student at the University of Picardie Jules Verne, France.*

*Dr. Benbouziane is Professor of Finance at the University of Tlemcen, Algeria.*

*Dr. Mustapha Djennas is Associate Professor at Tlemcen University, Algeria.*

This paper examines the effects of currency and banking crises on economic downturns in North Africa and GCC countries based on a Financial Stress Index (FSI). The paper identifies episodes of financial turmoil according to FSI values, and proposes an analytical framework to assess the impact of financial stress - in particular the effect of Islamic banks distress and conventional banks distress - on the economic downturn. It concludes that financial turmoil characterized by banking distress is more likely to be associated with severe and protracted downturns than stress mainly in securities or foreign exchange markets. Furthermore, the contribution of Islamic banks in the FSI is -against all odds- no less important compared to conventional banks in the financial system mainly during the last world financial crisis.

### **Measurement of Financial Development: A Fresh Approach**

**Noureen Adnan**

*PhD student at the University of Surrey, United Kingdom.*

A strong financial system offers risk diversification and effective capital allocation. The greater the financial development, the higher would be the mobilization of savings and its allocation to high return projects. Financial development can be measured by a number of factors including the depth, size, access, and soundness of financial system. It is observed that the higher the degree of financial development in a country, the wider will be the availability of financial services. A developed financial system offers higher returns with less risk. In this paper it is attempted to collect main components of financial development including Banks, Stock markets, insurance companies and bond markets for 41 economies during the period of 1988 to 2009. The method of principal component is utilized to extract a single financial development index out of them.

### **The Stability Comparison between Islamic Banks and Conventional Banks: Evidence in Indonesia** **Gamaginta and Rofikoh Rokhim**

*Gamaginta is postgraduate student at University of Indonesia. Rofikoh Rokhim is a lecturer University of Indonesia.*

This study aims to determine the stability of Islamic banking and its comparison with conventional banking in Indonesia. In this case, the level of bank stability is measured individually using one of accounting-based bank soundness measurement called the Z-score indicator. Using the parametric statistical t-test, the study shows that the level of stability comparison between Islamic banks and conventional banks are significantly different. This research uses the sample data of 12 Islamic banks and 71 conventional banks in Indonesia during the period of 2004-2009. The results show that the Islamic banks in general have a lower degree of stability compared to the conventional ones. Some exclusion includes the tendency that small Islamic banks relatively have the same degree of stability with small conventional banks. During the crisis period of 2008-2009, Islamic banks and conventional

banks tended to have the same relative degree of stability. Interestingly, the stability of full-fledged Islamic banks (BUS) is lower than Islamic business units (UUS).

### **Prospects and Problems of Islamic Banking from Bankers' Perspective**

**Dr. Muhammad Z Mamun**

*Professor at the University of Dhaka, Bangladesh.*

This paper focuses on the performance and growth potentials of Islamic banks in Bangladesh as perceived by Islamic and conventional bankers of Bangladesh. Islamic banking financial system is fundamentally aimed to fulfill the teachings of the Shariah based law, as opposed to reaping maximum returns on financial assets. The study showed that there is a high demand for Islamic services from a segment of people in Bangladesh who have a strong desire to abide by the rules and principals set by the Holy Quran.

### **The Impact of Subprime Crisis on Asia-Pacific Islamic Stock Markets**

**Dr. Zarinah Hamid and Zhang Hengchao**

*Dr. Zarinah is an Associate Professor at the IIUM.*

*Zhang is a postgraduate student at IIUM.*

The objective of this study is to examine the impact of Subprime Crisis on the long-term and short-term dynamic relationships between selected Asia-Pacific Islamic Stock Markets and leading conventional stock markets. The co-movement among the United States, Japan, China, Malaysia, Indonesia stock markets, both Islamic and Conventional, is examined from February 1, 2006 to December 31, 2010. This study applies rigorous empirical testing, including Vector Autoregression (VAR) method to examine the long-run and short-run dynamics, and Vector Error Correction Model (VECM) to explore the dynamic co-movement. To extend the previous study, firstly, China's Islamic Stock Market is included in the test; secondly, the performance of the conventional stock markets from these five countries is also taken into account. The study reveals that at the pre-crisis period, investors find that there are diversification benefits of diversifying their portfolio in the Asia-Pacific Islamic Stock Markets and conventional Stock Markets. However, during the crisis period these stock market share a long-run equilibrium relationship, which implies that they are integrated and hence provide diversification benefits for the investor.

### **Investment Deposits, Risk-taking and Capital Decisions in Islamic Banks**

**Dr. Hichem Hamza & Dr. Zied Saadaoui**

*Dr. Hichem Hamza is Assistant Professor at the University of Manouba, Tunisia.*

*Dr. Zied Saadaoui is an Assistant Professor at the University of Sfax, Tunisia.*

This paper examines the relationship between the volume of investment deposits (profit sharing investment accounts – PSIA) and capitalization of Islamic commercial banks in a context of asymmetric information. Unlike current accounts holders, investment accounts holders may support part or all

of the losses on assets value, which could be a source of moral hazard among bank managers and shareholders. To test these assumptions, we use the system generalized method of moments (System GMM) on a dynamic panel of 59 Islamic banks observed during the period 2005-2009, the results show a significant negative relationship between PSIA and regulatory capital ratio. This behavior is likely to threaten the solvency of Islamic banks and shows that there may exist some deficiencies in their risk management and governance system. Therefore the paper suggests some recommendations to better implement the principle of profit and loss sharing and to curb excessive risk-taking in Islamic banks.

### **Risk Management Practices and Financial Performance of Islamic Banks: Malaysian Evidence**

**Dr. Noraini Mohd Ariffin and Salina Hj. Kassim**

*Assistant Professor at IIUM.*

This study aims to analyze the relationship between risk management practices and financial performance in the Islamic banks in Malaysia. In achieving this objective, the study assesses the current risk management practices of the Islamic banks and links them with the banks' financial performance. The study uses both the primary (survey questionnaires) and secondary data (annual reports). The results of the study shed some lights on the current risk management practices of the Islamic banks in Malaysia. By assessing their current risk management practices and linking them with financial performance, the study hopes to contribute in terms of recommending strategies to strengthen the risk management practices of the Islamic banks so as to increase the overall competitiveness in the Islamic banking industry.

### **Leverage Risk, Financial Crisis, and Stock Returns: A Comparison Among Islamic, Conventional, and Socially Responsible Stocks**

**Dr. Vaishnavi Bhatt & Dr. Jahangir Sultan**

*Dr. Sultan is Professor of Finance and Founding Director at Bentley University.*

According to the financial press, firms with low leverage have lower distress risk due to their reduced exposure to the credit market, especially during credit crises. Compared to their conventional and socially responsible (SRI) counterparts, sharia compliant (SC) stocks are low-leverage stocks. Our hypothesis is that SC firms would be less sensitive to leverage risk and thus would be ideal for wealth preservation during declining market environment. We find that the leverage risk factor performs consistently across various categories of firms and its impact is more pronounced during the recent financial crisis. However, we also find that compared to the conventional stocks, SC stocks are also quite sensitive to the leverage factor. In contrast, the SRI class of stocks has the least sensitivity to leverage risk factor, suggesting they can be attractive for wealth preservation during credit crises.

## **Financial Risks and Profitability: Islamic Vs Conventional Banks in Malaysia**

**Dr. Rashidah Abdul Rahman, Fauziah Hanim Tafri, & Normah Omar**

*Dr. Rashidah Abdul Rahman is Professor and the Deputy Director at the Accounting Research Institute, Universiti Teknologi MARA.*

The aim of the paper is to gain an insight into the impact of financial risks, GPD growth, the off balance sheet activities, bank capital and bank size on the bank's profitability measures of the Malaysian commercial banks (Islamic and Conventional). An unbalanced panel data set of 331 observations provided the basis for the econometric analysis. The study employs secondary data collected from the banks' annual reports for the period 1996-2005. It was found that credit risk has a significant impact on ROA and ROE for the conventional as well as the Islamic banks, indicating that higher risks result in a lower margin. The interest rate risks of the conventional banks significantly affect the ROA positively and ROE negatively. Although Islamic banking does not deal with interest-based transactions, the banks are also exposed to interest rate risk. However, interest rate risks have no significant impact on the profitability of the Islamic banking.

## **Comparative Study of Assessment of Capital Adequacy Ratio (CAR) for Islamic Banks in Pakistan Under Basel II and IFSB Formulae for Capital Adequacy**

**Dr. Zohra Jabeen and Sajid Khan**

*Dr. Zohra is Assistant Professor at Institute of Management Sciences, Peshawar, Pakistan.*

This research paper analyzes the implications of implementation of Basel-II Capital Adequacy Requirements and IFSB Standards to Islamic Banks, and recommends proposals for developing a Capital Adequacy framework that better account for their activities. The data frame for the study is the Islamic Banks of Pakistan. The comparison reveals that CARs worked out under IFSB Standard Formula are relatively higher than CARs under Basel-II of each bank. This industry needs relaxation under the supervisory discretionary formula as this is an emerging industry, growing at a rapid speed of YoY growth of 30% (SBP-2011), this will enhance its capacity to penetrate its branch network in all over the country; it will also help to get the economy of scale to better serve the people of Pakistan on the basis of equity, justice and transparency. The study will provide a foundation for further research in the field of determination of regulatory capital requirements and more prudent regulations for Islamic banks which will enhance the resilience of the industry and ensure soundness and stability of the overall economy.

## **Islamic Economics in Theory and Practice**

### **Methodology of Islamic Economics: Typology of Current Practices, Evaluation and Way Forward**

**Dr. Mohammed Aslam Haneef & Hafas Furqani**

*Hafas Furqani is a Ph.D Candidate at IIUM.*

*Mohammed Aslam Haneef is a Professor of Economics at IIUM.*

The sustainable development of Islamic economics as a discipline depends also on methodological development that provides a clear direction on how to appraise economic theories and provide evidence of its reliability. This paper attempts to study the methodology of Islamic economics in two ways: (1) by examining the works by scholars, and (2) by observing the writings on Islamic economics, banking and finance to see how Islamic economists develop their discipline.

## **Crisis in Islamic Economics: Diagnosis and Prescriptions**

**Dr. Asad Zaman**

*Professor at the International Islamic University of Islamabad.*

There is substantial evidence that the development of the discipline of Islamic Economics is currently in crisis. In this article we argue that the main reason for this is that most Muslim economists have accepted too many of the ideas of Western economists uncritically. The methodological framework, and underlying assumptions are wrong, and in conflict with Islamic views. This conflict has not been recognized, and the attempt to combine contradictory bodies of knowledge has failed. We also present alternative foundations on which a genuine Islamic economic theory could be constructed.

## **Islamic Economics: Still in Search of an Identity**

**Abdulkader Cassim Mahomedy**

*Lecturer and PhD Candidate at the University of KwaZulu-Natal, South Africa.*

The last few decades have seen a phenomenal growth of the emerging discipline of Islamic Economics and Finance. In this paper I trace the origins and birth of this nascent science, examining the various factors that gave impetus to its emergence and development. I contrast the different characterisations of the discipline as it has developed within the broader socio-political context and the reasons thereof. Despite the concerted efforts of the proponents of Islamic economics to shape for their discipline a distinctive paradigm they have had little success in doing so beyond arguing that it is underpinned by a strong moral ethic. By and large, its epistemological roots have remained firmly within the framework of Rationalism and methodological individualism and consequently, it has not been able to shed itself of its neoclassical moorings, the very paradigm it originally set out to replace. I illustrate several of the contradictions apparent in the discipline as hitherto enunciated, and I critically analyse the reasons for some of these shortcomings. Finally, I conclude by arguing that if Islamic economics is to fulfil its *raison d'être*, its proponents must resolve its theoretical and practical difficulties by clearly expounding on its *weltanschauung* and develop its content and form appropriate to this worldview.

## **Homo Economicus and Homo Islamicus Revisited: Islamic Finance and the Limits of Economic Reason**

**Dr. Daromir Rudnyckyj**

*Assistant Professor at the University of Victoria, Canada.*

This paper examines some characteristics of efforts to make Islam compatible with capitalism. It asks what limits, if any, exist on the extension of economic rationality that is characteristic of conventional finance and neoliberalism more generally? In so doing, I argue that a contrast between homo economicus and homo Islamicus is useful insofar as it draws attention to the different approaches to the problem of the extension of economic rationality as it pertains to both conventional and Islamic finance. To highlight this distinction the paper draws on two ethnographic research projects I have undertaken to compare efforts to reconcile Islam and economic action. The first is an attempt to inculcate Islamic values among corporate employees under the presumption that such values are conducive to economic productivity and efficiency. The second is the attempt to create a viable system of Islamic finance that adheres to religious limits on economic action as an explicit alternative to conventional finance. I conclude that one of the chief obstacles faced by Islamic finance is the fact that it is in competition with conventional finance which is governed to a greater degree by considerations of efficiency and economic rationalization.

## **Islamic Economics Revisited: Re-Contemplating Unresolved Structure and Assumptions**

**Dr. Muhammad Syukri Salleh**

*Professor of Development Planning & Director, Centre for Islamic Development Management Studies, Universiti Sains Malaysia.*

After decades of its birth, Islamic economics has undoubtedly gained its strength. However, it could not be regarded as yet, inevitably, as being a zero-defect discipline. Although the debate on Islamic economics seems to be almost rather settled, but a revisit to it is still indispensable. This is exactly what this paper intends to do. It attempts to revisit the mainstream Islamic economics and explore two unresolved concerns that are observed to have prevailed in it, so as efforts to overcome them could entail with a more proper development of the discipline. The two unresolved concerns are the untransformed structure of and the remaining of the conventional economics assumptions within the Islamic economics itself. This effort comes with awareness that these two unresolved concerns are not the only unresolved concerns still lingering around the Islamic economics. There are at least five more, viz. an absence of the redefinition of operating concepts, inaccurate ultimate aim, pseudo-Islamic operational mechanisms, erroneous research methodology, and knowledge-practice dichotomy of the Islamic economists themselves. However, due to space limitation, these five unresolved concerns will have to be dealt with elsewhere. The concentration of this paper therefore would only be on the untransformed structure and the remaining of the conventional economics assumptions of the mainstream Islamic economics.

## **Efficiency of Islamic Banks, Institutions, and Markets**

### **The Nexus between Economic Freedom and Islamic Bank Performance: Empirical Evidence from the MENA Banking Sectors**

**Fadzlan Sufian and Muhamed Z. Abdul Majid**

*Fadzlan Sufian is an Assistant Vice President in Khazanah Research.*

*Dr. Muhamed Zulkhibri Abdul Majid is an Economist at the Islamic Development Bank.*

The present study provides new empirical evidence on the impact of economic freedom on Islamic banks' performance. The empirical analysis focuses on Islamic banks operating in the MENA banking sectors during the period 2000-2008. We find that the larger, more diversified, and better capitalized Islamic banks tend to be relatively more profitable, while credit risk and expense preference behaviour seem to exert negative impact. The findings suggest that greater financial freedom positively influence the profitability of Islamic banks operating in the MENA banking sectors. Interestingly, the impact of monetary freedom is negative implying that higher (lower) monetary policy independence reduces (increases) Islamic banks' profitability, providing support to the benefits of government interventions.

### **Efficiency and Stock Market Performance of Islamic Banks in GCC Countries**

**Dr. Samir Srairi, Imen Kouki & Nizar Harrathi**

*Dr. Samir is Associate Professor at the Faculty of Law, Economics and Management, University of Jendouba, Tunisia.*

Using data envelopment analysis (DEA), this paper estimates the efficiency of 25 Islamic banks operating in Gulf Cooperation Council (GCC) countries during the period 2003-2009. It also examines the relationship between the efficiency of Islamic banks and the performance of their stock. The results suggest that efficiency measures, particularly technical and pure technical efficiency, have increased over the period of study but remain low as compared to conventional banks. The inefficiency of Islamic banks can be attributed to pure technical inefficiency rather than to scale inefficiency. We also find that large and small banks are more efficient than medium banks in terms of overall technical efficiency. Furthermore, the empirical findings show that both technical and pure technical efficiency changes are positively related to share returns, while changes in scale efficiency have no impact on stock performance. Finally, the regression also indicates a significant and positive association between market return and the book-to-market equity ratio with share prices.

## **Islamic Banking with a Closer Look at Bosnia and Herzegovina: Knowledge, Perceptions and Decisive Factors for Choosing Islamic Banking**

**Dr. Ugur Ergun & Irfan Djedovic**

*Faculty of Economics, International Burch University, Bosnia and Herzegovina.*

This study investigates the knowledge, perceptions and decisive factors for choosing Islamic banking in Bosnia and Herzegovina. In-depth and usual survey methods are used to identify the factors which influence the success of Islamic banking applications based on the result from factor analysis. The sample is selected randomly among the users and non-users of the Islamic banking. The analysis' result indicates that general knowledge about Islamic banking is low. The perceptions of Islamic banking are not positive. Also, the results indicate that the religion is the most influential decisive factor for choosing the Islamic banking.

## **Investor Protection and Financial Performance of Islamic Banks: An Econometric Analysis**

**Yongqiang Li, Abdi Hassan, Esse Abdirashid, Bruno Zeller**

*Yongqiang Li is a PhD candidate at Victoria University, Australia.*

*Abdi Hassan, Lecturer, School of Accounting and Finance, Victoria University*

*Esse Abdirashid, Sessional Lecturer, School of Accounting and Finance, Victoria University*

*Bruno Zeller, Associate Professor, Victoria Law School, Victoria University*

This study empirically examines the impact of investor protection on financial performance of Islamic banks based on an unbalanced panel data collected from 91 Islamic banks and financial institutions worldwide across 1991-2010. Econometric techniques are adopted to specify the models. The instrument variable model (IV) using General Method of Moments (GMM) is selected as the most appropriate model by passing a number of tests by model corrections, covering instrument relevance, instrument exogeneity, multicollinearity, heteroskedasticity, autocorrelation, under-identification, weak-identification and over-identification tests. Results show that stronger investor protection results in better financial performance in the Islamic banking and financial institutions. The paper concludes with acknowledging the limitations and discussion of future research directions.

## **Factors of Competitiveness of Islamic Banks in the New Financial Order**

**Jean-Michel Sahut, Mehdi Mili & Maroua Ben Krir**

*University of Poitiers, France*

This paper studies the factor of competitive conditions of conventional and Islamic banks operating in the same market in the MENA region. We determine the level of competitiveness between the two types of banks by using the PR-H statistic of Panzar and Ross (1987) and the Lerner index. Our estimations show that banking sectors in MENA

operate under monopolistic competition. Our results confirm that Islamic banks are significantly more competitive than conventional banks and they express a higher degree of market power. We show also that profitability significantly increases with market power, but this does not warrant higher profitability levels for Islamic banks.

## **Testing Efficiency of Pakistani Islamic Banking System** **Nazima Ellahi, Naveed Azim Khattak, Kashif-ur-Rehman & Neelofar Jamil**

*Nazima Ellahi is In-charge of the Department of Economics at the Foundation University Islamabad, Pakistan and is a Ph.D. scholar.*

Financial sector is considered to be one of the most influential and rapidly growing sectors of the world. As the concept of the conventional banking is introduced, people experience changes their way of leaving, their concept of savings, investments, and the different banking system that were introduced for the benefit of a human being by them. Now in this study we have tried to evaluate the technical and cost efficiency of the Islamic and conventional banking system in the Pakistan financial market. For this purpose we adopted DEAP (data envelopment analysis program), also we applied ANOVA in order to confirm our desired null hypothesis as there is significance difference between the TE and CE of different type of banking system, and finally we get that the type of banking system has an impact on the efficiency of the banking system.

## **Financial Performance of Islamic and Conventional Banks in Pakistan: A Comparative Study**

**Sanaullah Ansari & Atiqah Rehman**

*Sanaullah Ansari is a lecturer and PhD scholar at Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST), Islamabad, Pakistan.*

This study was conducted to compare the financial performance of Islamic and Conventional banks to facilitate depositors, bank managers, shareholders, investors and regulators by providing true picture of financial position of Islamic and Conventional banks in Pakistan. Financial ratios were estimated from annual reports and financial statement i.e. Income statement and Balance sheet for the period of 2006 to 2009. Eighteen financial ratios were estimated to measure these performances in term of profitability, liquidity, risk and solvency, capital adequacy, deployment and operational efficiency. Independent sample t-test and ANOVA was used to determine the significance of mean differences of these ratios between and among banks. The study concluded that Islamic banks proved to be more liquid, less risky and operationally efficient than conventional banks.

## **Islamic Banks Efficiency in Western Conventional Economies**

**Velid Efendic**

*Faculty of Economics Sarajevo (EFSA).*

The main aim of this research is to investigate how efficient is the only existing Islamic bank in Bosnia and Herzegovina (B-

H) related to average efficiency of other banks from our sample. The analysis has been conducted on the sample of 18 conventional and one Islamic bank from data published by Banking Agency of Federation of B-H for 2009. The banking and economic environment of B-H as European, post-communist and transition country is of conventional type, and it has not been analyzed in this sense ever before. B-H has not made any regulatory or economic adoption in banking sector for developing of Islamic banking, so Islamic bank is treated as a conventional one. This research is conducted by using of nonparametric technique DEA (Data Envelopment Analysis) as a mostly used tool for analysis of efficiency in banking. We have used two output and three input analysis according to input oriented approach. According to majority of indicators, Islamic bank has lower efficiency comparing to their conventional counterparts. Also, we have done comparison and within the classes of banks that Islamic bank belongs to. In the class of foreign banks, and banks with assets up to quarter of billion of EUR, Islamic bank is again less efficient than their conventional counterparts. According to all efficiency indicators, there are a significant potential for efficiency improvements.

#### **Performance of Islamic Mutual Funds in Saudi Arabia Hesham Merdad & M. Kabir Hassan**

*Dr. Kabir Hassan is Associate Professor and Associate Chair of the College of Business Administration at University of New Orleans (UNO).*

To critically investigate whether adhering to the Shariah law does, indeed, have any effect on the risk-return profile of mutual funds, this paper will carry out the investigation to a country that possesses the largest amount of Shariah compliant fund assets in the world - Saudi Arabia. In general, because Islamic funds suffer from smaller investment universe, limited asset selection, and restricted investment practices when compared with conventional funds, it is expected that Saudi Islamic funds will underperform or perform as good as the Saudi conventional funds. Furthermore, because Shariah law requires investors to avoid excessive risk and share instead of shift risk to other parties, it is expected that Saudi Islamic funds will be either less or as risky as Saudi conventional funds. To our knowledge, this is the first paper that comprehensively examines the Islamic mutual fund issue in the context of Saudi Arabia.

#### **What Motivates Malaysian Banks to Go International? A Case of Islamic Banking Products**

**Ismail Abd Rahman & Melati Ahmad Anuar**

*Ismail a senior lecturer and PhD scholar at University Teknologi Malaysia (UTM) International Business School.*

The internationalization theories of banking emerged from the internationalization of services. The extension of the theories to explain the internationalization process was done on the basis that the services do not implicitly differ from the manufacturing firms. The study of internationalization of banks was done previously in various parts of the world including Europe, Asia, South America and Australia. Researchers use the case study approach and in depth

interviews in order to capture and observe the internationalisation phenomenon from the perspective of the respective banks. The findings show that the current internationalization of Malaysian banks and their Islamic banking products as compared to motivation and location choice follow their perspectives in any internationalization theories.

#### **The Efficiency of Bank's Performance in Gulf Region Before, During and After Crisis (Financial and Political) Abdel Latif Anouze**

*Assistant professor at the American University of Beirut, and visiting professor at Qatar University.*

Two different evaluation methods are computed to measure bank performance; data envelopment analysis (DEA) and classification and regression tree (CART). The overall result shows that Conventional banks perform well during political crisis, whereas, Islamic banks perform better during the financial crisis. However, this differences is not statistical significant, which means that GCC commercial banks can be equally competitive when it comes to technical efficiency. Also, there is no statistically significant relationship between bank geographical location and it is efficiency score. Moreover, the results confirm that large and small size GCC commercial banks are more efficient than the medium size. Out of the 24 environmental factors included in the study to investigate the relationship between environmental factors (internal and external) and bank performance; only 15 factors are considered to be important in predicating the fully efficient banks.

### **Economic Development and Sustainability**

#### **Relevance of Islamic Economic Measures in Achieving Inclusive Growth in Muslim Minority Countries**

**P. Ibrahim & V. Nirmala**

*Dr. Ibrahim is Professor of Economics at Pondicherry (Central) University, India.*

*Nirmala is a lecturer and researcher at Pondicherry, India.*

The study examined the performance of interest-free financial institutions and Zakah committees in Kerala, India; and assessed its role in achieving inclusive growth among its beneficiaries in the state, using both secondary and primary data collected from 25 IFFI and Zakah committees each and random samples of their 100 beneficiaries each during May-July 2011. The findings revealed distinct methods of raising funds under the two systems. Zakah units provided non-refundable financial assistance with no collaterals attached, while the IFFI demanded different types of collaterals to ensure repayment for further distribution of the same. This led to financial inclusion of a larger number of the poorest and needy in the society under the two interest-free systems. The two beneficiaries' background revealed it to be male dominated. Given its funding principles, the Zakah catered to more socially and economically backward individuals compared to the IFFI. The major problems confronted in obtaining funds by the IFFI beneficiaries were insistence of security and processing delays. On the other hand, the

problems reported by Zakah beneficiaries were inadequate identification of target beneficiaries, long processing delays and non-availability of regular officials. These problems need to be immediately addressed for greater effectiveness of the two systems. A comparison of annual income of the two categories of beneficiaries before and after the financial assistance showed that both the systems contributed to improved living standards of the respective respondent households. Thus, the two funding systems not only led to financial inclusion of the poorest, but also contributed to their sustainable development through self employment.

#### **Trade and human development in OIC countries: A panel data analysis**

**Dr. Zarinah Hamid, Ruzita Mohd Amin**

*Dr. Zarinah is Associate Professor at IIUM.*

*Dr. Ruzita Mohd. Amin is Professor at IIUM.*

This study examines the impact of trade on the OIC countries' social developments as measured by the Human Development Index (HDI) using the generalized method of moments (GMM) procedure in a panel data distributed lag model for the years 1980 to 2005, with a five-year increments as well as annual data from 2000 to 2009. It addresses two questions: (i) whether trade has a positive impact on human development as reflected by longevity, educational attainment and income in the HDI measurement, and (ii) if the positive relationship between trade and human development still exists, when the income component of the HDI is excluded. Comparisons are made across OIC countries based on three World Bank Classifications by Income, namely, high income, middle income and low income countries. Trade is found to have a significant positive effect on HDI for all income categories, but insignificant effect on non-income HDI. The finding indicates that trade affects human development only through income channels, and it does not affect other components, such as longevity, literacy level and educational attainment. More of appropriate and effective public policies need to be formulated and implemented so as to achieve the desired outcomes of multi-dimensional human development in the true sense of the word.

#### **A Multi-Criteria Crop Planning Approach Based on the "Resistive Economy" Characterizing the Situation in Gaza Strip**

**Dr. Salah R. Agha**

*Founder and professor at the school of Industrial Engineering in the Islamic University Gaza.*

Since 2006, Gaza Strip has been under siege that resulted in exceptional conditions where both imports and exports are not allowed. The way to deal with this situation is to focus on locally available resources to meet the needs of the population while making sure that scarce resources do not deteriorate especially in the agricultural sector. Therefore; the Palestinian government found itself in a position to plant agricultural crops in governmental lands (known as settlements before Israelis withdrew from Gaza), to sustainably meet the needs of the population. This paper uses Analytic Hierarchy Process (AHP) as a multi criteria decision making tool to draft a

cropping plan for Gaza Strip given the constraints imposed by the occupation under the present conditions. Thus, the term "resistive economy" was coined. Criteria and sub criteria governing the concept of resistive economy are first identified, then, crops are ranked based on how closely they achieve the different goals set by the government and ministry of agriculture. The findings of the study ranked which crops to plant in the governmental lands. These findings could also be used as a decision aid to decision makers in the agricultural sector.

#### **Islamic Law and Development: A Response to Kuran's 'The Long Divergence'**

**Dr. Adeel Malik**

*Lecturer at the University of Oxford.*

One of the staple questions of economic history and development relates to why Europe was the first to achieve industrialization and stable growth. Much ink has been spelt on identifying sources of divergence between Europe and Asia. In his well acclaimed book, "The Long Divergence: How Islamic Law Held Back the Middle East", famous economist Timur Kuran traces the causes of divergence between Europe and the Muslim Middle East. But Kuran's focus is opposite: the "fall of Middle East" rather than the rise of Europe. In thinking about divergence, Kuran has fallen back on a refined and modified version of the much trumpeted cultural argument that Islam is inimical to development. In Kuran's view it is not Islam per se that prevents development, but certain aspects of Islamic law that govern commercial and economic relations that are unfavourable for long run economic development. In this present paper, Dr. Adeel Malik reviews Dr. Kuran's work, and refutes some of the arguments that Dr. Kuran presents in his book.

#### **Poverty and Macroeconomic Development in Algeria:**

##### **What is the contribution of Oil Revenues?**

**Dr. Mohamed Benbouziane, Dr. Abderrezak Benhabib & Abdelhak Benameur**

*Dr. Benbouziane is Professor at the University of Tlemcen (Algeria).*

*Dr. Benhabib is Professor at Tlemcen School of Economics.*

The objective of the research is to analyze the relationship between macroeconomic growth and poverty reduction. Indeed, macroeconomic growth has long been viewed as one of the most effective ways to reduce poverty. Historically, the rising tide of labor market opportunities that accompanies an economic expansion has helped the poor more than the rich, leading to a narrowing of the income distribution and a fall in poverty.

## **Impact of Interaction of Formal and Informal Institutions on Economic Growth and Development in the Framework of Islamic Economics**

**Dr. Toseef Azid**

*Professor of Economics at Taibah University, Madinah, Saudi Arabia.*

In this real world formal and informal institutions are working simultaneously. The construction of the social, economic and political models is generally based on the interaction of these two institutions, i.e., formal and informal. It is a well known phenomenon that the ingredients and features of informal institutions are traditions, language, customs, moral values, beliefs, accumulated wisdom of the past and current set of values. Every society has its own particular informal institutions. However, the main and major ingredient is the belief of the society. Historically, it has been observed that different groups of people with the same characteristics except religion behaved extremely in the different dimensions. On the other side formal rules are constitutions, statutes, common law, and other governmental regulations. They determine the political system (i.e., the governance structure and individual rights), the economic system (i.e., property rights and contracts), and the enforcement system (i.e., the judiciary and the police). Governmental authorities enforce formal rules by means of sanctions such as fines, imprisonment, and execution. In this present study, the author analyzes whether these two institutions are conflicting with each other or are cooperative in the Islamic framework. The author also examines that these two institutions are able to develop their own economic incentives and transaction costs and the possibility to change formal and informal rules in the periphery of Shari'ah.

## **Islamic Finance for Sustainable Development: Its Historical Background and Potentialities in the Modern World**

**Shinsuke Nagaoka**

*Associate Professor at Kyoto University, Japan, and a visiting researcher at Durham University, UK.*

This paper primarily examines the distinctive feature of Islamic finance over conventional finance by analyzing the structure of Islamic financial products which are legitimized by Shari'a scholars. In the paper, it can be said that the distinctive feature of Islamic finance is described as the "embedded" system of the monetary domain of the economy into the real domain. On the basis of the above analysis, this paper clarifies the historical significance of Islamic finance. In the existing mainstream literature, nobody has doubted the proposition that the interest-based financial system is regarded as the universal financial system. However, if we revert to the history of the pre-modern Islamic world and the medieval Mediterranean world, it is clear that such a financial system had not been necessarily prevailing; instead, the "embedded" financial systems were found to exist with sustainable systems in many regions in the pre-modern world, particularly in the pre-modern Islamic world that was one of the global centers during that period. From such a historical framework, it can be concluded that Islamic finance stays on the genealogy of such

a universal financial system with modern configuration, and can offer us an ideal financial system for sustainable development in the modern economy and the Islamic world.

## **Locating the Sources of Social and Developmental Failure of Islamic Banking and Finance: An Empirical and Discursive Attempt**

**Dr. Mehmet Asutay**

*Senior Lecturer at Durham University.*

The theoretical base of Islamic banking and finance is provided by Islamic moral/political economy, which aims at developing a social economy within the authentic parameters and foundational axioms, and philosophical principles of Islam. Such a process is expected to deliver human centred economic development. Within such a systemic paradigm, financing is considered to pool the resources together to generate development. Thus, rather than financialisation, Islamic banks and financial institutions are considered to finance the economic activity to pave the way for development. This aims to develop a real economy embedded financing, as opposed to 'financialisation'. Islamic banking and finance, however, is structured through commercial banking model since 1970s, and therefore they have failed to endogenise the expectations of Islamic moral economy in their operations, as evidenced from their social performance. Therefore, a growing divergence is observed between the aspirations of Islamic moral economy and the realities of Islamic banking and finance, while Islamic banking and finance was expected to articulate and operate itself within the worldview of Islamic moral economy. This paper, hence, aims at locating the sources of this observed divergence between the realities and aspirations by making direct reference to the operational nature of Islamic banks and financial institutions, but also Islamic moral economy's theoretical base in relation to the operation of Islamic banking and finance in demonstrating the perceived developmentalist and social failure. In addition, rational legalistic and mechanistic approach of Shari'ah scholarship is also considered resulting in the perceived developmentalist and social failure in the operation of Islamic banks and financial institutions. Such a legal approach has failed to endogenise the requirements of moral economy to produce a socially as well as financially optimal outcome in the process by ignoring the consequentialist approach. Furthermore, the 'intellectual pragmatism' of 'halalising the modern institutions', namely 'bank' is also considered as one of the main source of this perceived failure. Lastly, this paper also suggests that maqasid framework should also be revised to develop a dynamic and policy oriented maqasid as opposed static and 'safeguarding oriented maqasid' through which the observed divergence between individual oriented financial proposition can be transformed into socially acceptable financing method.

## **Carbon Trading Market: Viability for Islamic Financial Industry**

**Dr. Naila Nazir**

*Assistant Professor, University of Peshawar.*

The following study has given a critical review of the trading system based on western economic system, and highlighted the idea of introducing the Islamic financial instruments in the market of emission trading. There is a great scope for Islamic banks and financial industry to invest in carbon allowances, issue Sukuk bonds against the value of projects designed for Clean Development Mechanism, start Ijarah for abatement equipment and Musharika in Joint Implementation Projects. The study emphasized the need for an initiative for a carbon market based on Shariah compliant financial instruments and suggested a big push to launch the program to its fullest.

## **Post-Crisis Economic Recovery in OIC Member States: Is It Sustainable?**

**Dr. Zafar Iqbal**

*Lead Economist, Country Department, Islamic Development Bank.*

This paper describes the key external and domestic factors affecting the post-crisis economic recovery in the 57 OIC member states (as a group). Since the post-crisis economic recovery remained uneven across the regions, the analysis also distinguishes four regions of OIC member states namely Middle East and North Africa (MENA), Asia, Sub-Saharan Africa (SSA), and Countries in Transition (CIT).

## **State of MDGs in the OIC Region**

**Dr. Abdullateef Bello**

*Chief of Data Resource Center, Islamic Development Bank.*

As we move closer to the deadline of 2015 for achieving the MDG targets, it is imperative to examine how the OIC member countries have fared so far in their journey towards meeting the MDG targets. This paper is prepared to do just that. In addition, it studies the potential implications of the 2008-2009 global downturn on MDGs in member countries and estimated the resource requirements for achieving the MDGs in member countries.

## **Global Food Security & Opportunities in OIC Markets**

**Rafi-uddin Shikoh**

*CEO of DinarStandard, a specialized research, advisory and business media firm empowering Emerging Muslim Markets for growth and global impact.*

In this paper, the author presents the state of food security across the 57 member OIC countries. Given the author's focus on the business sector, he looks primarily at business and investment opportunities that also address and solve OIC food security needs. The author presents here a unique OIC-wide food and agriculture cluster approach that identifies opportunities for sustainable growth and investments.

## **Islamic Finance as a Strategic Mechanism for Bolstering Food Security in the Middle East**

**Dr. Hdeel Abdelhady**

*Attorney at MassPoint Legal and Strategy Advisory PLLC. Washington DC.*

Middle Eastern states have an opportunity to promote sustainable food security, further Millennium Development Goals, and advance the objectives of Shari'ah (maqāṣid al-Shari'ah) by adopting strategies employing Islamic financing and investment structures to build regional food production capacity. The global food supply is fragile, owing to increasing demand, unbalanced stock-to-use ratios, poor stock management, and other factors. Middle Eastern states have attempted to secure food supplies through overseas land acquisitions fraught with legal and political uncertainty, and by other means. But these states have yet to employ the full complement of mechanisms available to address food insecurity. Islamic Finance is a mechanism through which Muslim-majority countries generally, and Middle Eastern states specifically, can bolster food security through Shari'ah-derived domestic and cross-border strategies that facilitate investment and regional production capacity building. This paper discusses the compatibility of maqāṣid al-Shari'ah with the principles of sustainable food security and proposes the utilization of Islamic principles and financing and investment mechanisms to bolster regional food security in the Middle East.

## **Reversing Entropy to Sustainability: The Moral Dimension**

**Dr. Masudul Alam Choudhury**

*Professor of Economics and Finance at Sultan Qaboos University, Oman.*

Sustainability and entropy are concepts more than simply relating to environment and physical systems of energy dissipation, respectively. In the moral, social and co-integrated socio-scientific planes of human experience sustainability is essentially the positive action and response between the episteme of unity of knowledge and its social reconstruction of the unified world-system. Such a praxis of knowledge and experience lies at the core of the moral law of unity. It involves learning and process in the light of the complementary and participatory nature of unity of knowledge as the episteme of action, response and dynamics in relation to the ecological problem under study. In the Qur'an sustainability as precept is equated with the fundamental objective of creation and life. Since knowledge has ever-increasing potential, so does the possibility of entropy to return back to sustainability, even after a regime ecological decadence. This kind of reversal of entropy is tantamount to mankind's possibility to return to the moral law by self-actualization and redemption. The moral, ethical and worldly issues embedded in such a treatment of ecology, sustainability and reversal of entropy are of deep import for epistemological formalism, institutionalism and empirical and policy applications at large. This paper expounds that worldview by developing a general-system understanding of ecology, sustainability, reversal of entropy and the population

interrelationships embedded in the moral domain. The Qur'anic worldview is highlighted on this theme due to its singular centrality on the monotheistic episteme (unity of knowledge) and the unified world-system (i.e. ecology, sustainability and reversal from entropy).

### **A New Approach to Studying Poverty in the Islamic World Dr. Tariqullah Khan**

*Professor at Faculty of Islamic Studies, Qatar Foundation*

Poverty persistently prevails in the Muslim countries and communities. We propose a new approach for studying this perennial phenomenon. We argue that if public policies are averse to faith and religious beliefs, for example, financial sector policies that promote interest-based services and educational policies that are inconsistent with faith, such policies will cause exclusion of a large segment of the public from these vital services whether provided by the public sector or through the markets. Over time, the excluded segment of the population will inevitably fall into the poverty trap. There are strong evidences for such exclusion in the literature. However, such facts rarely constitute as a relevant theme in the numerous poverty related policy studies and in the global development dialogue. In the Islamic world, to make the fight against poverty effective, policies should incorporate faith and religious beliefs as necessary guidelines. Such policies shall facilitate markets in catering to the preferences of the different segments of the population in an inclusive manner.

## **Governance and Social Responsibility**

### **Corporate governance of Islamic Financial Institutions in Malaysia**

#### **Dr. Maliah Sulaiman, Norakma Abd Majid & Noraini Mohd Ariffin**

*Dr. Maliah Sulaiman is Professor at IIUM.*

*Norakma Abdul-Majid is a postgraduate student at IIUM.*

*Dr. Noraini Mohd Ariffin is Assistant Professor at IIUM.*

Given the phenomenal increase in Islamic banking activities globally, it is important that there exists good governance practices of Islamic financial institutions (IFIs). This is primarily to ensure its sustainability in the long run, and in order to control fraud, exploitation, and un-Islamic behaviour. There are two stages to the study. A disclosure index is first developed using the guidelines issued by the Central Bank of Malaysia (CBM), the standard on CG promulgated by the Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI) and the framework introduced by the Islamic Financial Services Board (IFSB). The index developed in the first stage is then used to assess the annual reports of all 16 IFIs operating in Malaysia. This paper reports on the second stage of the study. On a scale of 0 to 100, the CG disclosure index ranges from a low of 40.83 to a high of 68.33, with the average score hovering around 50.62. The implications of the results, the limitations of the study and suggestions for future research are also discussed.

### **Developing a Corporate Governance Disclosure Index for Islamic Financial Institutions**

#### **Maliah Sulaiman, Norakma Abd Majid & Noraini Mohd Ariffin**

*Dr. Maliah Sulaiman is Professor at IIUM.*

*Norakma Abdul-Majid is a postgraduate student at IIUM.*

*Dr. Noraini Mohd Ariffin is Assistant Professor at IIUM.*

Despite the heightened discussion on the importance of good governance in the development of Islamic Financial Institutions (IFIs), the usefulness of governance indicators applied for IFIs has rarely being discussed. The need to measure the quality of corporate governance (CG) using a disclosure index is undeniably pertinent. This study attempts to develop a CG disclosure index from a stewardship perspective for IFIs using the guidelines issued by the Central Bank of Malaysia (BNM), the standards on CG promulgated by the Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI) and the framework introduced by the Islamic Financial Services Board (IFSB). The comprehensive index developed in this study highlights a "best practice" model of CG disclosure for IFIs.

### **Does Corporate Governance Model of Interest-free Banks Provide better Protection against Financial Crisis?**

#### **Dr. Sabur Mollah & Dr. Wares Karim**

*Dr. Sabur Mollah is Associate Professor of Finance at Stockholm University, Sweden.*

The purpose of this study to test whether a multi-layer corporate governance model instituted by the interest-free banking system and the supposed adherence to ethical behavior which is, at least theoretically, the cornerstone of Interest-free banking offer a protection against its fallibility to financial crises like the one in 2008-10. Using a sample of 42 interest-free banks from Bangladesh, Bahrain, Malaysia, and United Arab Emirates over the period of 2006-2009, we tested two hypotheses in this research. This study contributes to determine whether a multi-layer corporate governance model, and the interest-free banking system based on moral values rather than greed and fear can be appeared as an effectual economic authority in tackling the future financial crises.

### **Islamic Corporate Social Responsibility in Islamic Banking: Towards Poverty Alleviation**

#### **Muhammad Yasir Yusuf & Zakaria bin Bahari**

*Muhammad Yasir Yusuf is PhD Candidate at the Universiti Sains in Malaysia.*

*Zakaria bin Bahari is a lecturer in the Universiti Sains in Malaysia.*

One of the goals of Islamic banking operations is to increase the economic growth towards a better and just society. This study aims at examining the criteria and Islamic instrument of corporate social responsibility towards the creation of a sustainable economic development. Specifically, the study analyses the various approaches to improve the quality of life and alleviate poverty and the methods of applying Islamic instruments to corporate social responsibility programs in

Islamic banking. Application of Islamic corporate social responsibility in the society should be guided by two Islamic principles. First, the application of *maslahah* (the public good) which provides a better framework that managers can use when faced with potential conflicts arising from diverse expectations and interests of any corporation's stakeholders. Second, corporate social responsibility program should pay more attention to the importance of social capital in the society. The corporate social responsibility practices in Islamic banking should not only be based on responsibility *al kifayah* (obligatory upon community) but can also be deemed as a method to alleviate poverty and achieve the true economic goals of Islam.

### **Corporate Social Responsibility: The Perception of Muslim Consumers**

**Dr. Ruhaya Atan and Nurul Akmal Abdul Halim**

*Dr. Ruhaya is Associate Professor at Universiti Teknologi MARA, Malaysia.*

Understanding stakeholders' perception towards corporate social responsibility (CSR) is useful when entering the market particularly when serving the needs of particular stakeholders. This study examines the perception of Muslim consumers towards CSR. This study extends Carroll's pyramid of four CSR dimensions; economic, legal, ethical, and philanthropic, by incorporating Islamic value as another dimension. Using structured questionnaires, a survey was conducted via emails to 700 consumers which is proxied by universities staff as the sample and received a response rate of 21%. The findings of this research suggest that these stakeholders perceived legal responsibility to be the most important CSR dimension. This implies that they are law abiding people as they are most concerned with whether companies are complying with the laws, rules and regulations. Though the survey was particularly targeted at the Muslim stakeholders, Islamic value was not perceived as the most important dimension of CSR. This study contributes to the literature and is perhaps one of the first to address Muslim consumers' perception towards corporate social responsibility, particularly in Malaysia, which is a multi-racial Islamic country.

### **Re-Considering CSR and Sustainability Identity of Islamic Banks in Malaysia: An Empirical Analysis**

**Shifa Mohd Nor & Mehmet Asutay**

*Shifa Nor is a Ph.D. researcher at Durham University.*

*Dr. Mehmet Asutay is a Senior Lecturer at Durham University.*

This study aims at evaluating the perceptions and the expectations of the IBF customers in relation to their opinions of the Malaysian IBFs' CSR and sustainable compliancy and performance. The initial results of the empirical research indicate that while there is a great stress and expectations of CSR and sustainable development related objectives from the IBFs by the customers, the opinions related to the actualities of IBFs in terms of fulfilling such objectives is rather discouraging. Thus, this study provides micro level evidence for the (under)performance of Malaysian IBF industry in relation to CSR practices and sustainability contributions.

This paper, hence, suggests that 'going back to the basics' of Islamic moral economy is the only solution for creating social development oriented financial institutions.

### **Public Awareness on Corporate Social Responsibilities of Saudi Islamic Banks**

**Sutan Emir Hidayat & Suliman Abdulrahman Alhur**

*Sutan Emir is a Senior Lecturer at University College of Bahrain and a PhD scholar at IIUM.*

The purpose of this study is to evaluate public awareness on the corporate social responsibilities (CSR) of 11 Islamic retail banks in Saudi Arabia (3 full-pledge Islamic banks and 8 Islamic windows). A survey was conducted using a questionnaire administered to 100 Islamic bank depositors to determine the level of their awareness with regard to the pursuit of the corporate social responsibilities of the banks in terms of various issues. The questionnaire and its components were developed based on the Accounting and Auditing Organization for Islamic Financial Institution's (AAOIFI) Governance Standard No. 7: Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions. The level of public awareness of the banks' pursuit of corporate social responsibility is found to be limited in the light of the small number of questionnaire items which the respondents agreed to or of which they had adequate knowledge. The level of public awareness of the pursuit of corporate social responsibilities between the sample banks also varies significantly as shown by the differences of the respondents' answers to the questionnaire when grouped according to their respective banks, age, and educational attainment. The findings of this study are expected to benefit the Islamic banks in general in the sense that they should intensify their efforts to make their clients more aware of the programs and activities undertaken by them in pursuit of their corporate social responsibility.

### **Faith and Development**

#### **Harnessing Faith: A Productive Approach to Development Action and Policy**

**Dr. Simon Fass & Abdourahmane Mohamed Elmoctar**

*Dr. Simon Fass is Associate Professor of Public Policy at the University of Texas at Dallas.*

Research that connects religion with low demand for public schooling, credit or other "modern" services usually attributes fault to the consumer's faith, not to the service of interest. Accordingly, supposing that the service is inherently good, the argument is made that the object of policy should be the recalcitrant parent or borrower, because there cannot be anything wrong with the (unmarketable) service. This kind of reasoning, more or less sidestepping the idea of consumer rationality and sovereignty, emanates to a considerable extent from adoption of imprecise concepts, absence of robust causal theory, and overreliance on data that are too inappropriate or insufficient to provide useful insight on religion-service interactions. Providing clearer insights are empirical instances demonstrating that religion does not act as a barrier to modernization. One such experience is an education

experiment in Chad that originated from an understanding of religion's causal function in schooling. Implemented by the Swiss Development Cooperation agency, the project, ascribing fault to the school rather than faith, tested the hypothesis that schools emphasizing improvement in religious knowledge and practice could elicit positive responses from rural parents. In the event, demand for schooling girls and boys exploded. Outcomes of the experiment suggest at least two things. One is that religion has power to both block and facilitate progress through its influence on consumer demand. There is much to gain from harnessing this power by adapting the product to the consumer rather than the reverse. This applies as readily to financial services as it does to education. The second thing is that more thoughtful, not more research is required to improve understanding of relationships between religion and modern services and the policy recommendations that flow from this understanding.

### **Madrasas as Partners in Education Provision: the South Asian Experience**

**Dr. Masooda Bano**

*Research Fellow at the University of Oxford.*

The low literacy rate in many Muslim countries remains one of the central challenges to economic growth. The governments in many of these countries lack resources to meet the educational needs of the society. Madrasas (Islamic schools) are prominent non-state education providers in South Asia, especially for hard-to-reach children in Muslim communities. This paper presents an analysis of the contribution of the madrasa education system in ensuring access to education, especially to children from lower-income groups, in Pakistan, India and Bangladesh. The paper argues that madrasas can be important partners to advance Education for All (EFA) targets. The paper however notes that forging of a partnership between the state and the madrasas to meet EFA targets is, however, contingent on the state making a serious financial commitment to the reform programme and building a trusting relationship with the religious elite.

### **The influence of Islamic values in the enhancement of households' wellbeing: A study of poverty alleviation in the Malaysian state of Kelantan**

**Senadjki Abdelhak, Jamalludin Sulaiman, Saidatulakmal Mohd**

*Senadjki Abdelhak is PhD scholar at the Universiti Sains Malaysia.*

*Jamalludin Sulaiman is a Professor at Universiti Sains Malaysia.*

*Saidatulakmal Mohd is a Senior Lecturer Universiti Sains Malaysia*

Poverty is a multi-faceted phenomenon. Many have studied the concept in diverse prisms and employed a variety of theories to understand it. Previous Islamic studies found Islam a viable system of philosophy that can respond to poverty through its socioeconomic, cultural and political mechanisms and principles. These attempts remain marginal as the key interest of these studies relied on the role of Islamic policies and institutions that could eliminate poverty. The role of

Islamic values and principles are well documented theoretically but not empirically. This paper will attempt to shed some light on underlying gap between Islamic values and principles that substantially could enhance people's wellbeing and alleviate their vulnerability to poverty. Using a structured socio-economic questionnaire instrument, 150 households randomly selected from state of Kelantan in Malaysia. Data analysed and tested is hoped to answering the following questions: (i) What is the level of religiosity in determining households decision-making, thus reducing their poverty? (2) How do the Islamic values and principles contribute to improvement of people's wellbeing? And, (3) Do these values and principles help positively or otherwise in avoiding households into the poverty traps?

### **The Role of Morality in Defining Ethics in Islamic Finance: Looking Beyond Legality**

**Dr. Habib Ahmed**

*Professor at Durham University.*

Whereas there is some discussion on the relationship between Islamic law on ethics, there is no research (to the best of the author's knowledge) linking ethics of Islamic banking practice to moral issues. This paper attempts to fill this gap by providing a framework of ethics for of Islamic finance by linking it to morality. The author argues that to arrive at an appropriate Islamic stance on the ethics for Islamic banking there is a need to go beyond the legalistic arguments and examine the moral principles derived from Islamic teachings. To have the discussion in some perspective, the paper examines the ethical issues arising from debt, a key instrument used by the banking sector. Whereas the ideal model of Islamic banking envisaged a two-tier mudarabah model, Islamic finance turned out to be one that is dominated by debt-based instruments. Although debt will be an integral part of an Islamic financial system, its magnitude and impact on individuals and society may have certain moral implications. However, the moral consequences of debt have been ignored in the Islamic finance practice and discourse. This is apparent from the indifference shown by some practitioners, Shari'ah scholars and Islamic economists towards larger share of debt in the economy, both at the individual and national levels. The lack of concern towards increasing debt levels stems mainly from adopting a legalistic approach that asserts that as long as debt is created by Shari'ah compliant means, its level is not considered a problem. The author argues that this legalistic approach can lead to unethical practice as it ignores the broader issues related to moral teachings of Islam.

### **Islamic Development in Egypt**

**Dr. Mona Atia**

*Assistant Professor at George Washington University.*

Hundreds of verses of the Quran deal with the spending of money, trade, social class, charity and other forms of economic transactions. While ideals and debates about the role of Islamic economics in the development process abound, this paper presents a case study of the role of Islamic economic practices in the development process in Egypt. Islamic economic practices are diverse and have distinct roles to play

in society when aligned with requisite institutions. Based on one year of qualitative fieldwork in Egypt, I discuss the administration and regulation over Islamic economic entities in Egypt and then analyze the role played by Islamic practices of *zakat*, *sadaqa*, *el qurd al hassan*, and *waqf* in poverty alleviation and the project of development.

**A Geneology of the Islamic Development Discourse:  
Underlying Assumptions and Policy Implications from a  
Development Studies Perspective**  
**Mohammed Ralf Kroessin**

*PhD scholar at the University of Birmingham.*

This paper is concerned with analysing the procedures, practices, apparatuses and institutions involved in the production of the Islamic development discourse in order to identify what its main assumptions and policy implications are. The analysis will be offered in form of a Foucauldian genealogy, the main building blocks for which is an archive of the key concepts and theories that have been formulated in the fields of Islamic social theory and particularly Islamic economics, including some contemporary key institutional models and articulation of practices akin to development. Despite the considerable body of literature on Islamic social theory, there is no specific tradition or discipline that has historically dealt with what could be classified as 'development'. A concern for development appears to have been triggered by a perceived retardation in comparison to the 'West' which is primarily located in the concept of Islamic revival, taking a range of social, political and economic forms. In the post-colonial era, Islamic economics is readily identified as the body of knowledge within the Islamic discourse that seeks to address issues of the management of economic growth, although 'development' does not feature prominently. This disharmony between ethics and articulations of practice presents something of a discontinuity in the Islamic discourse in the Foucauldian sense. To date most Islamic economic thinking remains either utopian or adapting Western economic theory. The discourse, moreover, has taken a turn and began to focus since the late 1980s onto commercial applications around Islamic finance. Some Islamic economists have since concluded that Islamic economics has failed, either epistemologically, methodically or in its primary objective of promoting socio-economic justice and needs to be geared up to meet the challenge of poverty and development.

**Design of Islamic Contracts and Legal  
Framework**

**Enhancing the Structure of Islamic Banking by Lessening  
the Asymmetric Information Pertaining to Profit and Loss  
Sharing Instruments**

**Z. Hafsa Orhan Astrom**

*Zeyneb Hafsa is lecturer and PhD scholar at the International University of Sarajevo, Bosnia*

The structure of Islamic banking is built upon two basic pillars; the abolition of interest and the use of profit and loss sharing mechanism. Today, Islamic banks put effort to keep the first pillar strong whereas the second pillar is abandoned to

its fate. Our hypothesis is that one of the basic reasons of the poor performance regarding to profit and loss sharing mechanism is asymmetric information problem. In that regard, the aim of this paper is to develop problem solving approaches lessening the asymmetric information pertaining to profit and loss sharing instruments. Out of the two problem solving approaches developed in the paper, the first one is based on a negative incentive scheme and the second one is to check the validity of dividend signaling hypothesis for Islamic banking. A detailed literature review and quantitative analysis accompanied to the aim of this paper.

**Risk-Conscious Valuation and Design of Contracts for  
Islamic Principles and Sustainable Development: A  
Mathematical Framework for Islamic Financial  
Engineering**

**Nadi Serhan Aydin & Martin Rainer**

*Nadi Aydin (FRM) is a PhD Candidate at Middle East Technical University, and a researcher at SESRIC.*

The authors argue that Islamic principles, in particular the avoidance of *ribā* and *gharar* should be applied to real economic value in the first place, and not a priori to a monetary value in terms of conventional currency. In order to reconcile monetary value with economic value, we propose a reference currency linked to an appropriate commodity basket, reflecting the common economic realities and needs of the respective monetary union. Based on this currency real economic value can be computed in analogy with conventional financial engineering methods. Referring to the recent financial crisis of the European Union, we argue that apart from the common economic realities and needs within a given socio-political union, such as the OIC countries, the different realities and needs should also be honoured appropriately. We propose a 3-level construction of reference currencies, reflecting the economic realities and needs globally, for each region, and for each country. We compare conventional financial engineering, based on zero bond numéraires computed from fixed income forward contracts, with Islamic financial engineering based on numéraires computed from *bay' u l-salam* or/and forward contracts on the basis of the reference currencies relevant for the counter-parties of the contract. We propose that contract valuation and risk management should be performed on the basis of Islamic financial engineering rooted on the reference currencies reflecting the economic realities and needs relevant for the counter parties. Considering the benefits of such a risk management for social economy, particularly when the Organization of Islamic Cooperation (OIC) countries are considered, we argue that an implementation of the described Islamic financial engineering, enables Islamic risk management making transparent expected return and risks, and enables their fair distribution between the counter-parties.

## **The Standardization Debate in Islamic Finance: A Case Study**

**Dr. Wafica Ali Ghoul**

*Professor at Lebanese International University.*

This paper discusses the standardization debate in Islamic finance. 'Islamic' structured products particularly Wa'd-based total return swaps are used as a case study to discuss the importance of standardization. The growth of the Islamic finance industry has been hampered by the lack of consensus (ijma') among the Shari'ah scholars' who belong to diverse sects or schools of thought (madahib). This diversity has resulted in disagreements about the acceptability of specific features of Islamic financial products. Standardization means establishing universal Shari'ah standards which would eliminate the need for individual decisions by Shari'ah scholars, thus reducing the problems of scholar shortage and the divergence of Shari'ah interpretation. The call for standardization has had proponents as well as opponents. The ongoing standardization efforts by AAOIFI, IFSB, and International Islamic Financial Market (IIFM), among others, are examined. The benefits to the Islamic finance industry are discussed, including stability, transparency, cost efficiencies, as well as lower Shari'ah risk and systemic risk, all of which are vital for making Shari'ah-compliant financial products more competitive globally. The role played by Shari'ah scholars is discussed.

## **Murabaha Mortgage Backed Securities, A New Financial Instrument for Islamic Banking**

**Seyyed Abbas Mousavian & Balal Vosough**

*Dr. Mousavian is Secretary of Shariah Committee at the Board Securities & Exchange Organization in Tehran.*

*Balal Vosough is Financing Adviser of OMID Investment Bank.*

The authors discuss a new financial instrument in the Islamic banking. The paper consists of two parts, at first they take a look at the history of securitization in conventional banks and the process of securitization with its risks, and then in the second part they introduce a new designed financial instrument to securitize bank's assets. This paper assesses the compatibility of Murabaha mortgage-backed security from the perspective of jurisprudences and financial market.

## **Dispute Resolution in Islamic Finance: A Case Analysis of Malaysia**

**Dr. Abu Umar Faruq Ahmad**

*Assistant Professor at Hamdan Bin Mohammed e-University.*

The paper aims to study the feasibility of effective dispute resolution mechanisms for the resolution of disputes for Islamic banks (IBs) and institutions offering Islamic financial services (IIFS). This is investigated to determine whether the Shari'ah framework for the enforcement of financial contracts and dispute resolution is a legal risk or appropriate alternative mechanism to the world as a whole, individual countries, the business environment, organisations and individuals. The research methodology employed in this study is an amalgamation of direct observation from legal and regulatory

perspectives and case analysis of some landmark cases of the English and Malaysian courts. However, the Islamic legal framework remains the only hypothetical basis of the study. Through examining the above, the paper proposes to complement the civil court scheme with a hybrid feature of expert determination whereby the court would refer all issues pertaining to Islamic law to a recognised body of Shari'ah experts for an opinion which would bind the court. Such body should be an independent arbitral tribunal, which may or may not be court-annexed, composed of Islamic finance experts whose decision is final. This will complement the work of the Financial Mediation Bureau which has been handling small claims in banker-customer relationship.

## **Legal Adjustment: A Strategical Step for boosting Sustainable Development of Islamic Banking (A Comparative Overview Towards Malaysia, Indonesia and Singapore)**

**Dr. Agus Triyanta**

*Lecturer at Universitas Islam in Indonesia.*

This paper seeks to analyze the legal adjustment which has been made to response the development of Islamic banking in three countries, namely, Malaysia, Singapore and Indonesia. How far reengineering legal framework has facilitated the emergence of Islamic banking will be also systematically discussed. Starting by identification of the legal system adopted by these countries, this paper then will move to the legal aspect of the particularities of Islamic banking practice. Further step of this paper will deal to how legal engineering then was made to accommodate such particularities so that Islamic banking can run smoothly free from any legal barriers. Finally, it will be found how the legal adjustment correlates with the speed of the development of Islamic banking. These three countries are selected since the each is different from others in the legal situation, Malaysia is an Islamic state by constitution, Indonesia is a Muslim country, and Singapore is a totally secular country, and here the development of Islamic banking is also dissimilar. By virtue of these, it is of a particular interesting to discover these three different countries in the way they undertake in responding the development of Islamic banking in their respective countries from legal perspective.

## **Overcoming the Divergence Gap Between Applicable State Law and Sharia Principles and Enhancing Clarity, Predictability and Enforceability in Islamic Finance Transactions Within Secular Jurisdictions**

**Osman Sacarcelik**

*Research Associate and Ph.D. candidate at the University of Münster, Germany.*

With the emergence of Islamic finance, legal precepts of Islam gained momentum through voluntary adherence by market participants. Transactions are not governed by Islamic law as such but they are structured in a way that is coherent with it. In absence of a legal institution deciding on the Sharia conformity of a commercial transaction, individual Sharia scholars fill this gap. They interpret Islamic legal principles and exercise oversight of the products and operations of the

Islamic finance industry. Often there is a dichotomy between Sharia perceptions underlying contractual agreements and the de jure effect given to them in secular jurisdictions. This paper investigates the divergence gap between Sharia precepts and the contractual design of Sukuk transactions. In this context the status of Sukuk holders and their ownership rights will be examined. Particular reference will be made to civil law jurisdictions not recognizing beneficial ownership. The disengagement of Sukuk transactions from their underlying originating assets leads to a “defective” risk allocation between the Sukuk issuer and the investor. This is not only problematic from a Sharia perspective but may also trigger legal liability issues.

### **Ijtihad in the Information Age: Applying the “Law Matters” Thesis to Islamic Economics**

**Tayyab M. Ahmed**

*PhD Candidate at INCEIF.*

Islamic finance faces an unprecedented existentialist threat from the exponential explosion of knowledge in the current Information Age. Excessively legalistic current practices such as Shari’a arbitrage, fatwa shopping, and the use of legal ruses have collectively exacerbated a pre-existing deficit of trust with ordinary Muslims. The pervasive spread of information overload today highlights this present trust deficit and compounds it with additional unique complications for the future development of Islamic finance. The independent reasoning (ijtihad) exercised by Islamic scholars to these present and potential problems may well determine the extent to which such present and potential problems are successfully overcome. Yet contemporary Islamic finance ijtihad is both a victim and perpetrator: scarred by its own loss of both contextual focus and practical finesse, Islamic finance ijtihad is also actively hastening Islamic finance’s possible demise by creating conditions for wider disillusionment with the industry amongst lay Muslims. Even though some of these conceptual concerns are already known to industry practitioners at the operational level, this article argues that a meaningful exploration of the relationship between the changing nature of information and the role of ijtihad is still lacking at the strategic level. Hence, this paper constructively sets forth some possible embryonic macrocosmic solutions to help reduce the debilitating effects of information overload upon Islamic finance’s overall feasibility.

### **The Legal Reform on Dispute Resolution Mechanism in Islamic Banking and Finance in Indonesia: Issues and Challenges**

**Dr. Sonny Zuhuda & Abdul Rasyid**

*Dr. Sonny Zuhuda is Assistant Professor at IIUM.*

*Abdul Rasyid is a Ph.D scholar at IIUM.*

This paper surveys and outlines different aspects of the legal infrastructure and regulatory framework development for Islamic financial industry in Indonesia.

### **Regulatory and Financial Implications of Sukuk’s Legal Challenges for Sustainable Sukuk Development in Islamic Capital Market**

**Jhordy Kashoogie Nazar**

*Product Development & Strategy Analyst at Maybank Syariah, Indonesia.*

This discursive research paper is appraising issues pertaining to legal compatibility of sukuk in the heart of Islamic finance. Sukuk serve a powerful tool for Islamic financial institutions to mobilise funds from the Islamic capital market, and to extend financing through Islamic capital market operations. In Shari’a values, sukuk have to represent the ownership of either underlying assets or usufructs or services of the business entity based on asset securitisation concepts, where the return is justified by risk taking coupled with risk mitigation principles. Nevertheless, the present state of sukuk practises is detached from its ideal values because to some extent a western legal framework is not supportive enough for sukuk operations in the Islamic capital market to comply with Shari’a values. As a result, the structure of sukuk is heavily influenced by conventional bonds practises governed by the western legal framework. Due to that fact, in this research, sukuk structures are scrutinised to examine legal impediments inherent in sukuk contract. This research portrays that western legal system is not supportive enough for sukuk to protect the rights of sukuk holders in the event of sukuk defaults. Regulatory and financial implications are suggested as anticipations to any future sukuk defaults. The objective of this research paper is to sustain sukuk development in the Islamic capital market, where Shari’a and western legal framework can be in a harmony to govern sukuk operations.

### **Enhancing the effectiveness of legal Infrastructure: A Study on Legal Issues and other challenges of Islamic Banking and Finance in Malaysia**

**Mustafa Afifi Abd El-Halim**

*Lecturer at Universiti Sains Islam Malaysia.*

One of the strategies in the Financial Sector Master plan of Malaysia is to set the country as a global Islamic financial hub by 2010. Malaysian banking industry is expected to constitute 20 percent of overall global banking and insurance market in terms of assets, financing and deposits. To achieve the Islamic financial hub status internationally, issues and challenges faced by the Islamic financial institutions should be highlighted and gives serious attention. In becoming global financial hub, domestic financial institutions need to enhance their capacity and capability so that they will be able to compete with global players in the industry in terms of product offerings and innovations, corporate governance and human capital. Does the legal infrastructure i.e. statutes is effective in supporting Islamic banking and finance in Malaysia? Thus, the objective of this paper is to discuss legal infrastructure issue on Islamic banking in Malaysia such as legislation, civil court jurisdiction and also lack of expertise to hear Islamic Banking cases in the courts and also to see the possibility to enhance its effectiveness as a legal infrastructure and at the same time to promote Islamic banking as a mechanism to increase the economic value of the country. The

methodology used relies on referring to the statutes and cases which has been decided by Malaysian court pertaining to Islamic banking and finance issue. Other than that, the paper find out the possible solution and recommendation in solving and minimising the issues and challenges face by Islamic Banking and finance institution in relation to the effectiveness of legal infrastructure.

### **Property Finance Based on Sukuk and Conventional Covered Bonds – Requirements for Establishing a Liquid Market: a Comparative Study**

**Dr. Klaus-Peter Follak**

*Director at Deutsche Pfandbriefbank AG as well as independent legal counsel.*

There is an urgent need for funding affordable housing in MENA countries and Asia, preferably long-term and maturity-matching. This requirement can be met particularly well by Sukuk and Covered Bonds. The resilience of Covered Bonds and Sukuk depends on the quality of cover assets, strictness of regulatory requirements, soundness of governing jurisdictions, and the certainty of property rights. Following the example of successfully established Covered Bonds frameworks, the following pre-conditions for establishing a liquid market can be identified: stringent requirements re. underlying assets, mandatory regulation of insolvency remoteness of cover pools, independent government supervision, and effective trading platforms. The aftermath of the credit crisis might well be an era of collateralized funding on the basis of good quality assets, of which Sukuk deserve to have their share. It might be advisable to start the development of the necessary Sukuk framework as soon as possible to benefit from the new wave. Apart from Asian and traditional Muslim countries, several EU countries are trying to accommodate Sukuk.

### **Use of W'ad and Tawarruq for Swaps in the Framework of Islamic Finance**

**Muhammad Ayub**

*Director Research at Riphah International University, Islamabad.*

This paper tries to analyse the use of *w'ad* (promise) and *tawarruq* for derivative products of swaps and its implications for Islamic finance. After briefly discussing the essential principles of Islamic finance and the evolution of derivatives in the conventional finance, the paper analyzes the *sharī'ah* status of *w'ad* and *muwa'adah* and how these are different from *'aqd* (contract). Paper also discusses few famous swaps and hedging products based on *w'ad* with or without *tawarruq* and examines them specifically from the *sharī'ah* point of view. *Sharī'ah* view regarding *tawarruq* practices and *Fatwa* of OIC Islamic Fiqh Council have been discussed briefly.

### **On a Tolerable Threshold of Moral Hazard in Debt and Equity Financing**

**A.J. Aisha Nuddin & Dr. A.K.M. Azhar**

*A.K.M. Azhar is an Associate Professor in the Graduate School of Management, Universiti Putra Malaysia.*

The authors comment on the validity of some of the assumptions that underlie previous models discussing the practices of Islamic banks. The authors construct a simple equity financing model setting the probability of default due to moral hazard in the second period equal to the level of the entrepreneur's moral consciousness. They proceed to demonstrate the necessary and sufficient conditions for all *murabahah* and *mudarabah* contracts to be optimal, in particular the investment cut off level or threshold of moral hazard for both contracts, and the subsequent positive gains to both investor and borrower in the use of equity contracts.

### **A Review of al-Kafalah bi al-Ajr (Charging Fee for a Guarantee) and its Application by Malaysian Deposit Insurance Cooperation (PIDM) to Protect Islamic Financial Institutions**

**Dr. Azman Mohd Noor and Muhamad Nasir Haron**

*Both authors are Professors at IIUM.*

Deposit insurance is a system that provides explicit protection to depositors against the loss of insured deposits placed with member institutions in the unlikely event that a member institution is unable to meet its financial obligations. The main objective of a deposit insurance system is to protect depositors from the loss of their deposits when banks fail or the participants of *takaful* or insurance in the event of the failure of the operators. This definitely will promote and contribute to the stability of a country's financial system. This initial study will investigate the validity of an applied Shariah instrument of charging a fee for a guarantee and possible viable alternative in compliance to Shariah principles. Any criticisms and suggestions in this paper are part of academic exercises for the positive improvement of Islamic finance industry.

### **In Search of a Theory of Corporate Financing and Islamic Financial Instruments**

**Dr. Nazam Dzolkarnaini & Dr. Marizah Minhat**

*Dr Nazam Dzolkarnaini is a Lecturer in Accounting & Finance at the University of Salford, Manchester, UK. Marizah Minhat is a Lecturer in Finance at School of Accounting, Economics and Statistics, Edinburgh Napier University, Scotland.*

The authors examine the use of Islamic financial instruments in the capital structure of non-financial firms from 16 Islamic countries. Contrary to various bold claims of tremendous growth of Islamic finance over the time, a preliminary analysis reveals relatively low penetration of Islamic financial instruments in the firms' capital structure mix. This poses a concern on the sustainability of Islamic finance growth. The authors argue that the Islamic financial instruments are less attractive to some corporations and further research will be undertaken to explore some of the plausible reasons

## Zakah and Waqf

### Measuring Performance of Zakah Institutions in Malaysia Dr. Abd Halim Mohd Noor, Shawal Kaslam

*Abd Halim is Associate Professor at Universiti Teknologi MARA, Malaysia.*

*Shawal Kaslam is Associate Professor at University Teknologi MARA, Malaysia.*

Performance measurements have attracted interest in ascertaining that institutions achieved their organizational objectives. Apparent in many industries, such measurement tools play a vital role in guiding their operations. Implementation of a performance measurement system provides a framework in creating an efficient organization. With the exception of the Islamic banking sector, such zeal for monitoring performance however is not evident in zakah institutions. Zakah literally means purification, however it also denotes transfer of wealth ownership from individuals to other individuals who are entitled to receive it in accordance with shari'ah. Zakah acts as mechanism for distribution of wealth in the Islamic society. In Malaysia, zakah falls under the purview of the 14 states governments. Those eligible are by law have to fulfill their obligation and zakah institutions are obliged to disburse all collections; payments and distributions of zakah have yet to reach its full potential. Data on zakah collection and distribution in all states suggests that despite its increase, it is yet to be fully utilized. More so for distribution of zakah fund, some argued that zakah were not effectively distributed. As such, an objective measurement of performance is necessary if zakah is to fulfill its objectives. For this purpose a survey was conducted in 2009 of five selected states in Malaysia; each state had their own independent zakah organization. Seven hundred and sixty-nine respondents consisting of various asnaf and staff of zakah institutions participated in the survey. This paper utilizes a measurement model which uses four aspects namely input, process, output and outcome to measure the performance of zakah institutions. This paper presented a measurement model in a way that facilitates its use in examining performance issues in zakah institutions.

### Localization of Zakah Distribution, Religiosity, Quality of Life and Attitude Change: Perceptions of Zakah Recipients in Malaysia

**Hairunnizam Wahid, Radiah Abdul Kader, Senep Ahmad**  
*Hairunnizam Wahid is lecturer at The National University of Malaysia, and PhD scholar at the University of Malaya, Malaysia.*

This study attempts to examine the relationship between proposed localization of zakah distribution, the quality of life of the poor (zakah recipients) and their attitude towards becoming zakah payers. This study starts on the premise that localization of zakah distribution adds efficiency and hence helps alleviate poverty. It is also hypothesized that to achieve sustained poverty eradication the zakah recipients should have a change in attitude to become zakah payers in the long run. Two factors that can facilitate this change is improvement in

their quality of life and positive thinking nurtured by religiosity. Based on this framework, this study attempts to test the relationship among variables involved. Structural Equation Modeling (SEM) is employed using survey data on a sample of poor and needy zakat recipients in Peninsular Malaysia. The study finds that zakat recipients have very good faith in their religion and majority has the desire to change and move up to a higher socio economic status. Positive relationship is also found between perceived zakat localization and improvement in the quality of life of the zakat recipients.

### Efficiency of Zakat Institutions and Its Determinants Norazlina Abd. Wahab and Abdul Rahim Abdul Rahman *Norazlina Abd Wahab is a PhD scholar at IIUM.*

The purpose of this paper is to analyze the efficiency of zakat institutions in Malaysia. This study uses Data Envelopment Analysis (DEA) method to estimate zakat efficiency and Tobit model to determine the efficiency of zakat institutions in Malaysia. We use three different types of DEA model which are technical efficiency (TE), pure technical efficiency (PTE) and scale efficiency (SE) Model. The data consist of a panel of fourteen State Islamic Religious Councils (SIRCs) in Malaysia during the period of 2003 to 2007. Further, Tobit Analysis is utilized in the second stage to determine factors that influence the efficiency of zakat institutions in Malaysia. During the study period, our results suggest that pure technical inefficiency rather than scale inefficiency has resulted in the zakat institutions inefficiency. This could be due to inability of the institutions in using the technology available to collect more zakat collection and distribute it to the recipients. Examination of the return to scale revealed that more than half of zakat institutions in Malaysia were scale inefficient (operating at DRS or IRS). The empirical findings suggest that zakat payment system, computerized zakat system, board size, audit committee and decentralization significantly affect efficiency of zakat institutions in Malaysia.

### Changes in Management Accounting System of Zakat Institution: Is It Successful? Sharifah Norzehan Syed Yusuf, Nor Azam & Ghafarullahuddin

*Sharifah is Postgraduate Coordinator at the Faculty of Accountancy Universiti Teknologi MARA.*

This study investigates the nature and extent of changes in management accounting practices in Zakat institutions; the budgeting practices and finding out why some changes work and some not. Qualitative single case study research method is used to understand the phenomena of changes in a zakat institution situated in Malaysia, the Lembaga Zakat Selangor (LZS). In enhancing their zakat management system, LZS has also made several changes to their budgeting practices. The use of Burns and Scapens' Framework (2000) explains the nature and extent of changes in LZS budgeting practices made by LZS. The theory too, assists in explaining why some changes in LZS budgeting practices were ceremonial and lead to regressive change rather than progressive change.

### **Poverty Alleviation of Projects of Zakat Distribution: The Role of Organizational Learning in Ensuring Project Success**

**Dr. Jamaliah Said & Sharifah Norzehan Syed Yusuf**

*Dr Jamaliah Said is a lecturer at UiTM Shah Alam in the Faculty of Accountancy.*

As an Islamic institution, zakat organization should portray the image of emphasizing the importance of knowledge in their organizational system so that they will be able to respond to any environmental change. For zakat organization, learning should not be confined to zakat managers only but to the whole organizational system including zakat recipients and payers. This study investigates how successful zakat organization has been in reducing zakat recipients' dependency on zakat assistance via their zakat assistance package. The finding of this study reveals that the lack of knowledge and attitude of zakat recipients contributes significantly to the success and failure of zakat assistance package. Some zakat recipients are now zakat payers but most are still zakat dependence.

### **Zakat and Human Development: An Empirical Analysis on Poverty Alleviation in Indonesia**

**Mohamad Soleh Nurzaman**

*PhD scholar at IIUM and lecturer at the University of Indonesia.*

This study aims to look at the impact of productive-based Zakat effectiveness in improving the welfare of Zakat recipient (mustahiq). Indicator of welfare is not only measured by the economic indicator, but it is also including education and health which are summarized in the Human Development Index (HDI). HDI value is then compared with the average value of regional and national level, and tested whether Zakat affect the value of HDI and its components.

### **The Impacts of Zakat and Knowledge on Poverty Alleviation in Sudan: An Empirical Investigation (1990-2009)**

**Dr. Mutasim Ahmed Abdelmawla**

*Associate Professor of Economics at the University of Gezira in Sudan.*

Poverty, ignorance, and sickness constitute the three threats to development in the Less Developed Countries (LDCs). In spite of the efforts exerted to reduce poverty and inequality, poverty is still widespread in Sudan. This study aims at examining, from an empirical point of view, the roles of zakat and knowledge in reducing poverty in Sudan during the period (1990-2009). The importance of the study stems from the fact that poverty reduction is one of the main objectives of development policies in the LDCs. In particular, poverty alleviation is the first goal of the Millennium Development Goals (MDGs). Zakat, which is one of the five pillars of Islam, can play a role in policies of redistribution of assets and opportunities, capacity building and wealth creation, and extending income support. On the other hand, knowledge is considered as a crucial input for development, a prerequisite

for employability and an instrument for fighting social exclusion.

### **The Impact of Zakat in Alleviating Rural Poverty: A Case Study of MACCA in Bangladesh**

**Kazi Tanvir Mahmud, M. Kabir Hassan, Kazi Sohag & Md. Ferdous Alam**

*Dr. Kabir Hassan is Associate Professor at University of New Orleans.*

MACCA provided zakat to the rural poor in order to improve their living standard through accelerating income generating activities. The prime objective of the study was to assess the impact of zakat on the living standard of poor in terms of total household income, expenditure and saving. Primary data was collected from the households of Manikganj District of Bangladesh that received Zakat under Hasana Program of MACCA. Using simple random sampling technique 179 households were selected as sample for this study. Weighted Least Square (WLS) technique was used for accessing the influence of zakat fund on the total income, total expenditure and total saving of the household. The study showed that amount of zakat received by the beneficiaries did not have any significant influence in improving their income, expenditure and saving.

### **Role of Waqf in Enhancing Muslim Small and Medium Enterprises (SMEs) in Singapore**

**Shabana Hasan**

*Associate Researcher at ISRA*

The research aims to develop a waqf-based model for application to Muslim small medium enterprises (SMEs) in Singapore, which benefits the general society and the Muslim community in particular. At the outset, the research will show how the present Islamic Financial Institutions in Singapore are deficient in their social attributes. The research will then elaborate on how the proposed waqf-based model is able to plug this social gap. The research will also consider the project management of conventional SMEs in Singapore and point out the obstacles and factors that cause the Muslims to shy away from these projects. This research will also highlight the previous two Muslim co-operatives in Singapore namely Amanah Saham Mendaki (Mendaki Growth Fund) and Ufuk Mendaki which had failed and the lessons to be learnt in applying the waqf-based model. In particular, considerations like transparency, reputation, accountability, credibility, good collaboration, productivity, risk management and Shari'ah-compliant will be crucial for the sustained success of the proposed waqf-based model. It is therefore important in view of the research that the waqf-based model is established under the auspices of MUIS (Islamic Religious Council of Singapore), which is one of the most reputable and respected Muslim organizations in Singapore.

## Business Ethics and Values

### **Spirituality, Religiosity and Economic Performances of Muslim Micro-Entrepreneurs**

**Amy Mardhatillah, Ronald Rulindo, Zakiul Fuady**

*Amy Mardhatillah is a PhD candidate at IIUM.*

*Ronald Rulindo works at the Islamic Financial Services Board (IFSB), and is a PhD Candidate at IIUM.*

This study assessed the impact of spirituality and religiosity on economic performance of micro-entrepreneurs. The authors distributed surveys to 400 Muslim micro-entrepreneurs. Spirituality is measured by using Islamic version of Spiritual Well Being (SWB) Scale while religiosity is measured by using Religiosity of Islam (RoI) Scale. This study found that micro-entrepreneurs who own higher spirituality level in general are wealthier than those who have lower spirituality level. However, it is religiosity that play significant role in enhancing micro entrepreneurs economic performance. These findings indicate that both variables can be utilized as materials of capacity building provided to micro-entrepreneurs in order to assist them to improve their business performance.

### **Religiosity and Work Values Orientation of Malaysian Malay Businesspersons**

**Othman M. Yunus, Nur H. Hamzah, Mohd A. Abu Bakar**

*Othman is a senior lecturer in Universiti Teknologi MARA.*

This paper seeks to study religiosity and work values orientation of Malay businesspersons. Literature shows that religion plays a significant role in shaping values. Success in business is an outcome of values a businessperson placed in achieving desired social status, attitudes towards earnings, upward striving, activity preference, job involvement, and pride in work. This study uses Wollack et al's Work Values Survey to gauge the Malay businesspersons work values orientation. A total of 191 businesspersons responded to the questionnaires. The results showed respondents scored high on religiosity scale but moderate in most dimensions of work values scale. The correlations between religiosity and dimensions of work values were also discussed.

### **The Determinants of Islamic Spirituality in Business Organizations: The Case of Malaysia**

**Naail Mohammed Kamil**

*PhD candidate at IIUM.*

Although the phenomenon of spirituality in the workplace has received enormous attention from other religious faiths, the construct of Islamic spirituality has not been much explored. This empirical study attempts to enrich the understanding of the spirituality in the workplace phenomenon from Islamic management perspective. The surveyed data used for this empirical research was drawn from 405 Muslim employees in business organizations in Malaysia. After yielding an instrument to measure Islamic spirituality, exploratory and confirmatory factor analyses were conducted. The major finding of the research was that Islamic spirituality in the organizational context is explained by four determinants; Rituals (Ibadat), Forgiveness/Repentance (Al a'fw), Belief

(Iman) and Remembrance of Allah (Dhikrullah). The incorporation of these determinants in contemporary organizations may lead to several benefits for organizations towards improving profitability.

### **Islamic Business Ethics and Finance: An Exploratory Study of Islamic Banks in Malaysia**

**Muhammad Adli Musa**

*PhD Scholar at the University of Melbourne.*

This paper attempts to investigate the consistencies or, if any, inconsistencies and explore the relationship between the Islamic business ethical norms and the practices of Islamic banks in Malaysia. In doing so it tries to address the current imbalance of emphasis and the lack of a comprehensive discussion on business ethics from a wider cultural and religious perspective with reference to Islam, particularly focussing on selected Islamic banks in Malaysia. The main research question of this study is: How do the current practices in Malaysian IFIs mirror the Islamic ethical norms in business? The findings in this paper would potentially assist in the improvement of practices among IFIs to conform with the ethical norms established by Islam.

## Education and Training in Islamic Economics

### **The Effectiveness of an Integrated Curriculum: The Case of the International Islamic University Malaysia**

**Dr. Ruzita Mohd. Amin, Dr. Selamah Abdullah Yusof and Dr. Mohamed Aslam Haneef**

*Dr. Ruzita Mohd. Amin is a Professor at IIUM.*

*Dr. Selamah Abdullah Yusof is Associate Professor at IIUM.*

*Dr. M. Aslam Haneef is a Professor at IIUM.*

This study investigates the performance of International Islamic University Malaysia graduates in terms of: (i) how well they are accepted by the market, (ii) whether the students possess the job-related values that are highly regarded in the market, and (iii) how these values relate to their job performance. The results show that the integrated curriculum has managed to produce graduates and manpower with the right values and qualities without compromising their job skills and marketability. This makes a case for a review of the content of higher education throughout the Muslim world to ensure that its objective of enhancing the development of the intellectual, spiritual and skills capacity of man is achieved.

### **Education and Training in Islamic Finance: Stakeholders and Institutions – An Overview**

**Abdulwahab Yusuf Simpah**

*Student at the Faculty of Islamic Studies, Qatar Foundation.*

The researcher undertakes a comprehensive stock taking of existing Islamic Economics and Finance education and human capital development programs at macro, meso and micro level. In addition, the role of human capital development in the economic development and innovation is examined.

التمويل النقدي والسيولة المالية في المجال الصناعي والحرفي  
كبدل عن الإقراض  
البنكي الربوي الذي هو عماد الأوعية الادخارية البنكية.

نحو معيار اقتصادي: لتمييز التمويل بالمداينات الشرعية عن  
التمويل الربوي

محمد أنس بن مصطفى الزرقا

استاذ جا معي سابق في جامعة الملك عبد العزيز- مركز أبحاث  
الاقتصاد الإسلامي

بيع الدين في المصرفية الإسلامية أسبابه وأحكامه الفقهية  
عافه محمد سعيد عثمان

باحث مساعد ورئيس قسم الفقه وأصول الفقه

هدف هذا البحث هو استنتاج نظرية تفسر تفسيراً موحداً أهم  
الأحكام في نظام التمويل الإسلامي، من محرمات، ومباحات،  
وواجبات، تفسيراً يظهر حكمتها في الحياة الاقتصادية والتكامل  
الوظيفي بين تلك الأحكام. كل ذلك بخطاب يسهل فهمه على  
اقتصادي لا يعرف الشريعة.

مخاطر التمويل بصيغة السلم

بدرالدين براحلية و فاطمة

استاذ مساعد في جامعة عنابا- الجزائر

تهدف هذه الدراسة إلى معالجة مسألة الدين التي تطورت طرقها  
وتعددت أسبابها وأساليبها مع تقدم الحضارة البشرية، وأصبح  
مواطنوا بعض الدول الإسلامية حبيسي الديون، ولأهميتها أوردها  
المولى سبحانه وتعالى في أطول آية قرآنية تولت دقائق توثيقها  
وتدوينها، وذلك حتى لا تكون مطية للمخاضات والنزاعات بين  
البشرية، وغدت الديون البوابة السهلة التي يلجأ إليها ذوي الدخل  
المحدود خاصة، وقد اعتبرتها بعض المصارف الإسلامية ضرورة  
تعالج بها إشكاليات تعثر الأفراد، وبقيّة فئات المجتمع عامة، تلبية  
لالتزاماتهم الشخصية أو التجارية.

وستعطي الدراسة اهتماماً خاصاً للتطبيقات الماليزية في ضوء  
الشريعة الإسلامية، ودوافعها الحقيقية في النجاح، ويعدّ الدين من أهم  
القضايا الاقتصادية العالمية التي كشفت سوءات النظام الرأسمالي  
الربوي، وستعتمد الدراسة على المنهج الاستقرائي الوصفي، لجمع  
المادة العلمية، وكذا المنهج التحليلي النقدي، معتمداً على منهج الفقه  
المقارن.

يدخل هذا البحث في إطار ما يعرف حديثاً بالهندسة المالية الإسلامية  
، وهي علم يجمع بين علوم الشريعة والقانون والاقتصاد، غير أنه  
ونظراً لطابع التخصص فستركز في هذا البحث على الجانب  
القانوني دون إهمال الجوانب الأخرى.

عقود الخيارات وإدارة المخاطر في أسواق السلع

ابراهيم احمد اونر

استاذ جامعي في جامعة الخرطوم- السودان

الصكوك الوقفية ودورها في التنمية الاقتصادية من خلال تمويل  
برامج التأهيل وأصحاب المهنة والحرف

محمد إبراهيم نقاسي

محاضر في كلية الشريعة والقانون - جامعة العلوم الإسلامية

بماليزيا.

تركز هذه الدراسة على أهمية الصكوك الوقفية كأهم أدوات تعبئة  
الموارد في الوقت الحاضر، فهي تُلبّي الحاجات التمويلية  
للمشروعات الضخمة التي تقيمها المؤسسات الحكومية من أجل  
تحقيق النفع العام مثل بناء المستشفيات والطرق والجسور وغيرها  
من المرافق العامة، كما تُلبّي أيضاً الحاجات التمويلية للمؤسسات  
الخاصة من أجل إنشاء المشروعات المنتجة للسلع والخدمات التي  
تدرّ أرباحاً وعائدات لأصحابها ويمكن أن تُوظف الصكوك لتمويل  
برامج التأهيل والتدريب على المهنة والحرف كالنجارة وصيانة  
الأجهزة الإلكترونية، والمشروعات الصغرى التي تعمل على حلّ  
مشكلة البطالة التي تعاني منها المجتمعات الإسلامية بسبب قلة  
برامج التأهيل والتدريب على الحرف والمهنة.

تهدف هذا البحث إلى توضيح كيفية استخدام الخيارات في إدارة  
المخاطر المالية، بجانب البحث في امكانية استخدامها ضمن أدوات  
التمويل الإسلامي في أسواق السلع. المقصود من إدارة المخاطر  
التحوط من خسائر غير مقبولة والتأكد من مراقبة الأخطار خاصة  
عندما تتجاوز هذه الأخطار سقف معينة ليتم تحديد السياسات المالية  
اللازمة مستوى لتخفيضها إلى أدنى مستوى ممكن

عقد الاستصناع كأحد البدائل الشرعية للأوعية الادخارية البنكية

حسام الدين خليل

باحث بمركز القرضاءوي للوسطية الإسلامية والتجديد-كلية  
الدراسات الإسلامية. مؤسسة قطر

عني هذا البحث بإبراز وتقديم أحد هذه النظم الإسلامية والبدائل  
الشرعية للأوعية الادخارية البنكية المحرمة، ألا وهو عقد  
الاستصناع في الفقه الإسلامي. والبحث مكون من تمهيد وثلاثة  
أبواب وخاتمة أما التمهيد فقد عني ببيان أهمية الصناعة والدور  
البارز والفعال لعقد الاستصناع في اجتذاب رؤوس الأموال وتوفير

تقويم تجربة التمويل الأصغر الإسلامي في السودان خلال الفترة  
2000-2010م  
عبد المنعم محمد الطيب  
رئيس قسم الإقتصاد وأستاذ مساعد في أكاديمية السودان للعلوم  
المصرفية والمالية

يحاول البحث الإجابة على بعض التساؤلات التي تمثلت في الآتي:  
هل قامت الدولة باتباع سياسات أدت الي تخفيف حدة الفقر في  
السودان؟ وهل قامت مؤسسات الدولة الرسمية بالإشراف والمساهمة  
في الوصول إلى الشرائح المستهدفة؟ وما هو دور بنك السودان  
المركزي في إصدار سياسات تعني بالتمويل الأصغر؟ وما مدى  
استجابة المصارف لتطبيق سياسات التمويل الأصغر؟. وقد اعتمد  
البحث على المنهج التاريخي ومنهج دراسة الحالة والمنهج التحليلي.

البناء الشرعي الأسلم للتأمين الإسلامي (تكافل)  
عبد العظيم أبوزيد  
مدرب في البنك الإسلامي الإماراتي

يسعى هذا البحث إلى استعراض المسائل الشرعية العالقة في  
صندوق التأمين وشركة التأمين الوقف، والتي قد تنقض أصل  
شرعيتها . ويهدف البحث لوضع نموذج جديد تُظن سلامته عن تلك  
المحاذير.

التمويل الإسلامي بالمغرب ، تمويل بديل  
عبدالرزاق المزيان  
أستاذ مساعد في جامعة محمد الخامس أكدال- المغرب

تعترزم هذه الورقة تقديم المنتجات المالية البديلة التي تبناها البنك  
المركز المغربي وذلك عن طريق وضعها في سياق الاستراتيجية  
المالية الوطنية التي تهدف إلى جعل المغرب مركزا ماليا هاما  
بمنطقة الشرق الأوسط وشمال افريقيا.  
الورقة تنتقد أيضا مفارقات هذه الاستراتيجية مع وجود الموقف  
الغير المفهوم للبنك المركزي المغربي من هذه المنتجات وكذا رفضه  
السماح بتأسيس بنوك إسلامية بالبلد رغم إقدام كل دول المنطقة على  
ذلك.

تقدم الورقة، في الأخير، مقترحات من شأنها تشجيع التمويل  
الإسلامي في المغرب بجعله رافعة حقيقية للتنمية الاقتصادية  
المستدامة.

قياس الاستقرار المالي للبنوك الإسلامية والتقليدية في السعودية  
حسن بلقاسم غصان و عبد الكريم أحمد قندوز  
عبد الكريم أحمد قندوز: محاضر بقسم المالية (كلية إدارة  
الأعمال)جامعة الملك فيصل (السعودية)

يهدف هذا البحث إلى قياس مدى استقرار البنوك السعودية بما فيها  
البنوك الإسلامية والبنوك التقليدية، وذلك خلال معطيات ربع  
السنوية التي تمتد من سنة 2005 إلى 2009. وقد شهدت هذه الفترة  
حدوث صدمات الأزمة المالية العالمية (2007-2008)، مما يعطي  
لهذا البحث أهمية خاصة.

وتتكون العينة المستخدمة في هذا البحث من ستة بنوك منها أربعة  
تقليدية (بنك الرياض، البنك السعودي للاستثمار، البنك السعودي  
البريطاني والبنك السعودي الأمريكي) وبنكان إسلامية (بنك  
الراجحي، وبنك البلاد). وتغطي هذه العينة جزءا هاما من القطاع  
المصرفي السعودي ويبلغ نحو 64% من البنوك التي يتم تداول  
أسهمها في سوق المال السعودي. ينصب البحث على ثلاثة أنواع من  
المتغيرات، البنكية والمرتبطة بالنظام المصرفي كمؤشر  
Herfindahl، والأساسية في الاقتصاد الكلي. ويعتمد البحث على  
أدوات التحليل الإحصائي الأولي ل لوحة البيانات (Panel Data)  
مثل اختبار لوحة جذر الوحدة (Panel unit root)

## التنمية الإقتصادية ودور الدولة

الفقر وتوزيع الدخل من منظور الاقتصاد الإسلامي: دراسة تطبيقية  
على مملكة البحرين  
هشام حنضل عبد الباقي  
أستاذ مشارك في قسم الإقتصاد-كلية التجارة- جامعة المنصورة

يهدف البحث الحالي إلى الإجابة على سؤالين هامين أولهما هل يقدم  
الاقتصاد الإسلامي إطارا متكاملًا يضمن تطبيقه انتقاء الفقر وعدم  
عدالة توزيع الدخل والثروة في المجتمع المسلم؟ والثاني: ما مدى  
توافق السياسات والإجراءات التي تتخذها الحكومة في البحرين  
للقضاء على الفقر ولتضييق الفجوة الدخلية مع المنهاج الإسلامي؟  
ولتحقيق ذلك يقوم الباحث بدراسة مستفيضة للفقر وتوزيع الدخل في  
مملكة البحرين

فجوة التوقعات بين الواقع والمأمول لدور المصارف الإسلامية في  
تحقيق التنمية  
سفيان عيسى حريز  
أستاذ جامعي في جامعة آل البيت- المفرق- الأردن

تهدف الدراسة إلى تحليل دور المصارف الإسلامية في تحقيق  
التنمية إقتصاديا واجتماعيا من خلال التركيز على التحليل الكمي

والإحصائي والذي من دوره قياس حجم هذا الدور وتحديد اتجاهاته حيث يتم الإعتماد مدخل تحليل الفجوة بين الواقع الفعلي والمتوقع من المصاريف الإسلامية قياسا بما يجب أن يكون.

**محددات الفقر في الدول العربية**

**خالد عبد الوهاب البنداري الباجوري**

*أستاذ جامعي بكلية الاقتصاد - جامعة مصر للعلوم والتكنولوجيا*

تعتمد هذه الدراسة على المنهج التحليلي الواقعي في التعرف على طبيعة والفقر في الدول العربية، بجانب أنه سوف يتم استخدام الاقتصاد القياسي في قياس العلاقة من خلال استخدام Panel data، واستخدام برنامج Eviews للحصول على النتائج، بجانب انه سوف يتم الاعتماد على مصادر بيانات عن المتغيرات محل الدراسة من صندوق النقد العربي وكذلك البنك الدولي (التقارير السنوية).

**دور الحكم الراشد في تحقيق التنمية الاقتصادية حالة الدول العربية**

**يختار عبد القادر وعبدالقادر بن كروم**

*استاذ جامعي- جامعة أوران*

يركز هذا البحث على الدور الذي يمكن أن يلعبه الحكم الراشد في تحقيق التنمية الاقتصادية ، وقد أختار البحث الدول العربية كدراسة الحالة.

**أثر المبادئ الإسلامية في قوانين الضرائب العراقية**

**احمد خلف حسين الدخيل**

*استاذ مساعد في جامعة تكريت- العراق*

تأتي هذه الدراسة كمحاولة لولوج أسرار اثر المبادئ الإسلامية في قوانين الضرائب العراقية من خلال تقسيم الموضوع على ثلاثة مباحث نتحدث في الأول عن المبادئ الإسلامية كمصدر تاريخي لقوانين الضرائب العراقية بالاستعاضة وفي الثاني عن الإحالة الضمنية إلى المبادئ الإسلامية في قوانين الضرائب العراقية وفي الثالث عن تحديات الاستعانة بالمبادئ الإسلامية في قوانين الضرائب العراقية لنتتهي بخاتمة نحدد فيها أهم الاستنتاجات والتوصيات

**جاهزية الدول العربية للاندماج في اقتصاد المعرفة - دراسة نظرية تحليلية-**

**مراد علة**

*أستاذ جامعي- جامعة الحلفة-الجزائر*

تلقي هذه الدراسة الضوء على مدى جاهزية الدول العربية للاندماج في اقتصاد المعرفة من خلال دراسة نظرية تحليلية

**كفاءة وإستقرار مؤسسات التمويل الإسلامي**

**معدل الفائدة ودورية الأزمات في الاقتصاد الرأسمالي**

**سدي علي و شريط عابد**

*سدي علي : أستاذ مساعد بقسم العلوم التجارية، جامعة ابن خلدون - تيارات- الجزائر*

يحاول هذا العمل التطرق لعدة أفكار وآراء ذات علاقة بمعدل الفائدة ومختلف النظريات التي تطرقت له وحاولت تبريره وكذا مختلف الانتقادات والمآخذ على هذه النظريات، بالإضافة إلى تناول أهم الأزمات المالية والاقتصادية التي تعرض لها الاقتصاد العالمي وبعض أكبر الاقتصاديات الرأسمالية في العالم، لنصل إلى محاولة الربط بين معدل الفائدة ودورية هذه الأزمات في الاقتصاد الرأسمالي من خلال عرض فرضية "منسكي" (Minsky 1982)

**تقييم الكفاءة التشغيلية للمصارف الإسلامية: دراسة تطبيقية مقارنة**

**شوقي بورقبة**

*أستاذ مساعد في كلية الإقتصاد والإدارة بجامعة ستيف بالجزائر*

تناقش هذه الورقة الكفاءة التشغيلية للبنوك الإسلامية والبنوك التقليدية في منطقة الشرق الأوسط خلال الفترة 2000-2008، وذلك باستخدام طريقة تحليل الحدود العشوائي(SFA)، ولقد توصلت الدراسة إلى مجموعة من النتائج أهمها: أن المصارف التقليدية أكثر كفاءة من المصارف الإسلامية سواء في استغلال الموارد المتاحة أو في المزج بين هذه الموارد بشكل أمثل ومن ثم في التحكم في التكاليف، وأن المصارف التقليدية والمصارف الإسلامية أكثر كفاءة في استغلال الموارد المتاحة للوصول إلى المخرجات من استعمال المزيج الأمثل لهذ الموارد.

النموذج البنكي الإسلامي في ظل الأزمة المالية دراسة قياسية  
لحالة البنوك الخليجية ما بين 1998-2009 م  
زواوي الحبيب و رديف مصطفى

زواوي الحبيب: استاذ جامعي بجامعة مركز رليزان  
Center of Relizan

يدور هذا البحث حول دراسة الاستقرار المالي عند البنوك الإسلامية في ظل الأزمة المالية كشرط أساسي لمواصلة نشاطها التمويلي ، ويظهر جليا أن النموذج البنكي الإسلامي الأقل تضررا من الآثار السلبية لهذه الأزمة، مما يؤهله أن يكون بديلا حقيقيا في الساحة المالية العالمية اليوم.

موضوعات غير مصنفة

أهم الانتقادات الموجهة لسعر الفائدة كسعر إستراتيجي في النظام  
الاقتصادي المعاصر  
مخولفي عبد السلام و العرابي مصطفى  
أستاذ جامعي بجامعة بشار

إدارة المخاطر في البنوك الإسلامية  
خديجة خالدي

أستاذ مساعد في جامعة الإمام محمد بن سعود الإسلامية

يحاول هذا البحث التعرض إلى الدراسات المقارنة لمخاطر الصيغ الإسلامية بالغلة الأهمية. ذلك أنه يساعد على الفهم الصحيح من الناحية الفنية لجوانب من العمل المصرفي الإسلامي تحتاج إليها الجهات الرقابية. كما أنه يزيل تهمة كثيراً ما تردت في الدوائر المصرفية، وهي أن: "الصيغ الإسلامية أعلى مخاطرة من الإقراض بالفائدة".

يتعرض هذا البحث بالتحليل لبعض الحجج التي تبرر سعر الفائدة وأهم الانتقادات الموجهة لها، ويستخلص عدم وجود مبررات حقيقية لاعتماد سعر الفائدة كمكافأة مضمونة لرأس المال كعنصر إنتاج، أو كجزء للمخاطرة أو كقيمة للزمن. كما يتناول بالنقد الدعاوى الاقتصادية في منافع آلية سعر الفائدة ليصل إلى أن هذه الآلية أداة رديئة ومضللة في تخصيص الموارد، ولا تعبر الناحية الاجتماعية أي اهتمام، فتحرم المجتمع من مشروعات ضرورية وتعيق حركة التنمية فيه وتشكل السبب الأساس لأهم المشاكل الاقتصادية في العصر الحديث. ويختتم هذا البحث بالتعرض لجدوى آلية الربح كبديل للفائدة في إدارة النشاط الاقتصادي.

البنوك الإسلامية و النظم و المعايير الاحترازية الجديدة: واقع و  
أفاق تطبيق لمقررات بازل (3)

محمد بن بوزيان و عبد الحق بن عمر

أستاذ جامعي في كلية الاقتصاد بجامعة تلمسن - الجزائر.

إن الهدف الرئيسي لهذه المقالة يقع ضمن أحد أهم محاور المؤتمر العالمي الثامن للاقتصاد و التمويل الإسلامي، و بالأخص: "أثر بازل الثالث". و عليه سوف تحاول من خلال هذه الورقة البحثية على سؤالين مهمين: هل يجب تكيف المعايير الاحترازية الجديدة لبازل 3 مع المتطلبات التنظيمية و المراقبة للبنوك الإسلامية؟ و ما هو أثر تطبيق معايير بازل 3 على أداء الخدمات المصرفية الإسلامية؟

تقييم اداء صناديق الاستثمار الاسلامية و التقليدية باستخدام  
نموذجي تسعير الاصول الراسمالية CAPM و نظرية تسعير  
المراجعة APT بالتطبيق علي دول مجلس التعاون الخليجي  
السيد الصيفي

أستاذ مشارك بكلية الدراسات الإسلامية- مؤسسة قطر

تمثل هدف هذا البحث في تقييم أداء الصناديق الاستثمار الإسلامية والتقليدية بالتطبيق على الأسواق المالية لدول مجلس التعاون وذلك باستخدام نموذج تسعير الاصول الراسمالية CAPM و نظرية تسعير المراجعة APT. وذلك خلال الفترة ما بين 2005/4/30 م - 2010/3/31 م. وقد شمل مجتمع البحث 380 صندوق من صناديق الاستثمار من بينها 199 صندوق اسلامي و 181 صندوق تقليدي. وتحليل نتائج الدراسة وجد أن أداء صناديق الاستثمار الإسلامية

انعكاسات تطبيق اتفاقية تريبس "TRIPS" على حماية المستهلك في الوطن العربي، و قصور التشريعات على محاربة ظاهرة التقليد-الجزائر أنموذجا  
عمار طهرات و بلقاسم أمحمد  
عمار طهرات: أستاذ جامعي في جامعة حاصبة بن بوعلي- الجزائر  
بلقاسم أمحمد/أستاذ جامعي في جامعة عبد الحميد بن باديس  
بمستغانم/الجزائر .

تهدف هذا البحث إلى تبيان وضعية حقوق الملكية الفكرية في الجزائر بهدف حماية المستهلك، مع الإشارة إلى حالة بعض الدول العربية في محاربة هذه الظاهرة، مركزين على تبيان التزامات اتفاقية تريبس مقارنة بالتشريعات الجزائرية في مجال حماية حقوق الملكية الفكرية، و الأخير سنعطي بعض التوصيات العامة قصد الاستفادة منها.

دور المؤسسات الزكوية في معالجة الفقر وفق برنامج التنمية الاقتصادية. مؤسسة الزكاة بولاية سلانجور بماليزيا نموذجا  
عزمان بن عبدالرحمن ومحمد عزالدين عبد العزيز  
عزمان بن عبد الرحمن: استاذ جامعي بكلية الشريعة والقانون-  
جامعة العلوم الإسلامية بماليزيا

تحاول هذه الورقة دراسة إدارة المؤسسة الزكوية بماليزيا، من خلال التركيز على إحدى الولايات وهي ولاية سلانجور وذلك بدراسة نظامها وقوانينها التي شرعت لغرض الحفاظ على مصالح المستحقين من الأصناف والأنشطة التي تضطلع بها هذه المؤسسة وفق برنامجها المعروف بـ "التنمية الاقتصادية للأصناف"، كما سنتناول هذه الدراسة بعون الله دورها كأحدى المؤسسات الزكوية الماليزية في معالجة الفقر بماليزيا، لا سيما بعد تحقيقها لنجاحات عظيمة في التقليل من نسبة الفقر في ماليزيا عموما وولاية سلانجور خصوصا

برامج التمويل الإسلامي في مؤسسات التعليم العالي: الواقع والأفاق

د. عبدالرزاق بلعباس و د. أحمد بلوافي  
باحث بمركز أبحاث الاقتصاد الإسلامي بجامعة الملك عبد العزيز  
بجدة.

ترصد هذه الورقة ثلاثا وتسعين برنامجا للتمويل الإسلامي التي تطرحها اثنتان وستون مؤسسة من مؤسسات التعليم العالي في خمس وعشرين دولة عبر العالم وباللغات الثلاث؛ العربية، والإنجليزية، والفرنسية من أجل تحديد الملامح والاتجاهات العامة لهذه البرامج مع تحليل محتويات بعضها للوقوف على العوامل المؤثرة في تصميمها من حيث الهوية المعرفية والاستراتيجية التنافسية، ثم التعرف على أهم التحديات والصعوبات التي تواجه طرح هذا النوع من البرامج. كما تناولت الورقة بعض المبادرات للتغلب على

تلك الصعاب عبر تجربة لجنة المناهج بمركز أبحاث الاقتصاد الإسلامي. و توصلت الدراسة إلى عدد من النتائج والتوصيات وأشارت إلى أنه ينبغي للجنة المناهج بالمركز أن تتوجه إلى الانتقال من المقاربة الخطية القائمة على إصدار منتج واحد في المدى القصير إلى مقاربة متفرعة قائمة على التخطيط لاستصدار عدد من المنتجات على المديين القريب والمتوسط.

Level 3

Level 2

Level 1

Ground Level

Conference Hall (Level 3)

Conference Hall

Auditorium 3

Theatre

Ground Floor Exhibition Space

Auditorium 3 (Accessible from Level 2)

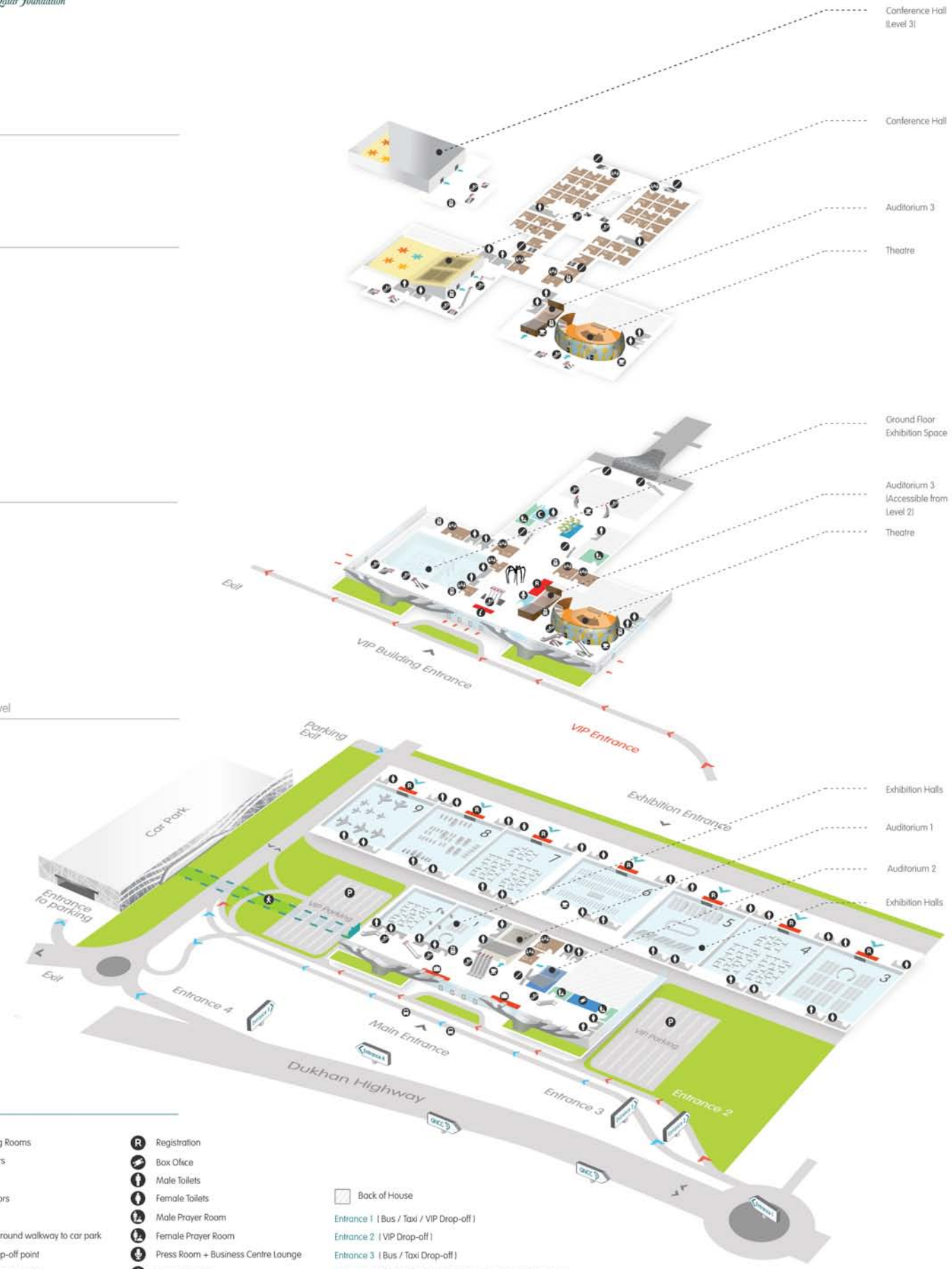
Theatre

Exhibition Halls

Auditorium 1

Auditorium 2

Exhibition Halls



Directory

- Meeting Rooms
- Elevators
- Stairs
- Escalators
- Cafe
- Underground walkway to car park
- Bus drop-off point
- Baggage drop-off

- Registration
- Box Office
- Male Toilets
- Female Toilets
- Male Prayer Room
- Female Prayer Room
- Press Room + Business Centre Lounge
- Medical Centre

Back of House

Entrance 1 ( Bus / Taxi / VIP Drop-off )

Entrance 2 ( VIP Drop-off )

Entrance 3 ( Bus / Taxi Drop-off )

Entrance 4 ( Visitor Car Park, Exhibition Centre, Loading Dock )

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