

Index

- AAOIFI 64, 218
Abdullah, M.F. 62
Abrahamic religions 155–67
 see also Christianity, Islam and
 Judaism
Adalah (social justice) 52
Adverse Selection 12, 16–18, 21, 23–4,
 25, 26, 28, 32, 37, 59, 301
Afghans in Adelaide 272
Agents 17, 20, 90
Ahmad, R. 308
Ahmed, H. 46, 65, 66, 68
Ahmed, S. 34, 129, 137, 164
Al Baraka Islamic Bank 216
Al Rajhi Bank 181
Al Tijarah 108, 110
Alchian, A.A. 15
al-Ghazali, A.H. 46
Al-Harran, S.A.S. 31
Al-Hassani, B. 110
Al-Qaradawi 44
Allen, F. 60, 123
Aalgibi, G. 310
Anderson, J. 208
Arab Bank of Australia 275
Arabia 116, 122, 130
Ariff, M. 94, 212
Ariya 164
Arrow, K.J. 16, 114
Asian Financial Crisis 231
Askari, H. 125
Asset quality 235, 241
asymmetric information 48, 56, 102,
 113, 114, 131
Auda 45, 49
Australia 7, 272, 273, 276, 278, 310

Bahrain 5, 64, 139, 185
Bai Al Ajjal 145
Bai Bithaman Ajjal (BBA) 188, 259,
 270

Balance sheets of Islamic banks 13,
 64–6, 75
Bank of England 301, 308
Bank Islam Act 136
Bank Mellat 179
Bank Melli 179
Bank Negara Malaysia (BNM) 129,
 130, 131, 135
Bank Saderat 179
Banking products (Islamic) 5, 73–97,
 188–205
Banking structure 13, 64–6, 232
Bankruptcy risk 21, 22, 25–6, 60
Banks 20, 29, 33, 130, 204
 Design of contracts 21–6, 33, 120,
 264, 301, 305
 Dual Banking system 185, 287
 see also Islamic banking
BankScope 179
Barnes, R.A. 208
Basel III 150
Bay al-salam 84
Beck, T. 234
Beikos, A. 239
Benchmarking of rates 63, 284, 303
Benevolent loan *see Qard hasan*
Berger, R. 161
Bills of exchange (acceptances) 202
Bishop, M. 214, 217
Black, Fischer 212
Black Monday 191, 210
Bond Pricing Agency, Malaysia 168
BOT (Build, Operate, Transfer) 86
Braithwaite, T. 216
Brav, A. 121
Brouwer, M. 110
Broyde, M.J. 157
Buy-back 82

CAMEL rating system 242
Capital adequacy 247, 249

- Cassidy, J. 217
 Casson, M. 19
 CDOs (Collateralized Debt Obligations) 173, 206, 212
 Chaddock, C.R. 208
 Chapra, M.U. 51
 Choudhry, N.N. 118
 Christianity 155, 156, 158–9, 163
 Citibank 211
 Cizakca, M. 64, 160
 Cleland, B. 272
 CMO (Collateralized Mortgage Obligation) 212
 Collateral for lending 24
Commenda 158, 159, 160
 Commodity *murabahah* 65, 68, 136, 142, 146
 Compounding formula 254, 255, 259, 260
 Concentration ratio 232
 Constant amortization 266
 Conventional banking 1, 11, 130
 Cost structure 71, 307
 Crash of 1929 209–11
 Credit card 197
 Credit Guarantee Corporation Malaysia Berhad 134
 Credit risk and rating 227, 242, 243
 Currency derivatives 297
 Currency risk 199, 295
 Current accounts 191, 192

 Debt-based calculation 244
 Deferred payments 62
 Delegated monitoring 17, 19, 20, 21, 29
 Costly verification of 22
 Demirgüç-Kunt, A. 234
 Demsetz, H. 15
 Depositors' risk 29, 33
 Diamond, D. 17, 208
 Doctrines of
 General Permission 95
 Maximum Human Welfare 99
 Principle of Ease 99
 Removal of Harm 100
 Dodd-Frank Wall Street Reform Act 2010 215
 Dotcom bubble 231
 Dow Jones Industrial Average 218

 Dowd, K. 23, 26, 37
 Dubai 130, 135
 Dubai Islamic Bank 55, 129
 Dunbar, N. 213, 214
 Duration gap 286
 Dybvig, P. 29

 Earnings quality 247
 East Asia 61
 Eggen, D. 208
 Einzig, P. 162
 Ekelund, R.B. Jr 162
 El Qorchi, M. 59
 El-Gamal, M. 164
 Encyclopedia Judaica 158
 Environmental, Sustainability, Governance (ESG) 275, 304
 Equity-based system 30, 154, 155
 Erbas, N. 117
 Ernst & Young 307
 Errico, L. 31
 Ethical banking 3, 303
 Europe 158
 Ex gratia payments 60
 Exchange traded funds (ETFs) 123
 'Existence' question of financial intermediation 15, 16
 Export credit financing 203

 Faheem, A. 238
 Farahbaksh, M. 31
 FDIC (Federal Deposit Insurance Corporation) 212, 216
 Federal Reserve System 209, 212
 Financial Companies Institutional Committee 215
 Financial crisis 55, 206
 Financial deepening 228
 Financial engineering 62, 207, 212
 Financial Sector Master Plan for Malaysia 134, 228
 Financial Services Council, Australia 277
 Financial Services Modernization Act 1999 (US) 206, 211
 Financial systems, Anglo-Saxon vs market based 14, 18
 Fischel, W. 110
 Fixed return scheme (FRS) 33–4, 60

- Forex *wa'ad* option 297
Fuquha 51, 76, 89, 298
- Gale, D. 22, 60, 123
 GazetteNET 208
 GCC 139
 GDP 67, 129, 176
Gemasa 161
 Germany 97
Gharar 2, 51, 62, 76, 96
 Glass-Steagall Act 206, 210
 Goitein, S.D. 72, 110
 Government Investment Issue Act,
 Malaysia 132
 Great Depression 206, 210
 Greece 216
 Green, M. 211, 214
 Grossman, S.S. 34
- Habachy, S. 113
Hadith 58, 95, 96, 97
Hajj 305, 310, 311
Halal vs haram 67, 98
 Hamid, I.S. 116, 117
 Harper, C. 216
 Harris, M. 60
 Hart, O.P. 34, 113
 Hasan, Z. 269
 Hassan, M.K. 60, 276
 Hedge Funds 213
 Hellwig, M. 22
 Henry VII 161
Hetter iskah 158
Hifazal-mal (wealth protection) 46, 47
 Hinduism 157
 Hire purchase 194
see also Leasing
Hiyal (legal fiction) 66, 96
 Holmstrom, B. 113
 Holy Scriptures 155, 156, 165
 Home financing 196
see also Mortgages
 Hoover, President Herbert 210
 House of Representatives (US) 214
 Huberman, G. 107, 124
 Huff-Hannon, J. 208
 Hybrid contracts 94
- IFI (Islamic Financial Institutions) 71,
 72, 107, 120, 130, 134
- Ijara see* Leasing
Ijma 84
Ijtihad 61
 Incentive compatibility 22, 26, 28
 India 272
 Indonesia 235, 280
 Information, role of 12, 14–19, 21–3,
 26, 31, 32, 33, 37, 38, 72, 113
 Innes, R. 23
 Institute of Banking and Finance 131
 Inter-bank investment 133
 Interest rate 72
 Conventional 291
 Interest-on-interest 255
 Intermediation 12, 43, 51, 72
 Theories of 11, 15
 International Currency Business Unit
 (ICBU) 136
 International Financial Reporting
 Standards (IFRS) 251
 International Labour Organization
 (ILO) 174
 International Monetary Fund (IMF) x,
 67, 129, 216
 Investment banking 197
 Investment Risk Reserve (IRR) 36, 38
 Iqbal, M. 72, 98, 103
 Iqbal, Zafar 67, 68
 Iqbal, Zamir 38, 49
 Iran 130, 182
Iskah (partnership) *see Hetter Iskah* 158
 Islam 58, 155, 160, 162
 Islamic banking 31, 55, 56, 57, 64, 65,
 67, 72, 73, 86, 93, 129, 227, 273
 Ideal systems 107, 108
 Islamic Banking Scheme 227, 301
 Theory and practice 56–8, 60–63
 Three models 65–6, 268
 Islamic Banking and Finance (IBF)
 218–19, 283–4, 290, 298–9
 Islamic Banking Guarantee Scheme,
 Malaysia 134
 Islamic bonds (*sukuk*) 63, 168–78
 Islamic capital markets 1, 135
 Islamic ethics (*Akhlaq*) 43
 Islamic finance system 55, 71, 75, 135
 Islamic Financial Services Board
 (IFSB) 218
 Islamic *Fiqh* Academy of Jeddah 93
 Islamic Forex Forward 297

- Islamic law (*fiqh mualamat*) 44
 Islamic prime rate 130
 Islamic principles 35, 71, 118, 119
 Islamic profit rate swaps 287
 Islamic regulatory bodies 176
 Ismail, R. 142
 Israel 208
Istisna 86

 Janahi, A.L. 57
 Jensen, M.C. 34, 113
 Johnson, S. 209
Jualah 93
 Judaism 155, 156, 157, 160, 164
 Justice-in-exchange 67

 Kaleem, A. 6, 164
 Kandel, S. 108, 124
 Kearney, A.T. 307
 Keefer, P. 114
 Keynes, J.M. 110
 Khan, M.A. 32
 Khan, M.S. 30, 31
 Khan, W.M. 30, 33–5, 60
 Khiyar, K.A. 131
 Kister, M.J. 116, 117
 Klir, G.J. 117
 Knack, S. 114
 Knickbroker Trust Company 209
 Krasicka, O. 55
 Kuran, Timur 165
 Kuwait 130, 135, 310
 Kwak, J. 209, 214

Laissez-faire capitalism 207
 Laldin, M.A. 51
 Leasing 61, 63
 Financial and operating lease 89
 Ijara (leasing) 62, 63, 87, 88
 Lebanon 179
 Legal schools (*madhhab*) 306
 Letter of credit 200
 Leveraged Buy Outs (LBOs) 123
 Levine, D.P. 117
 Levine, R. 228
 Lewis, M.K. 6, 21, 32, 67, 158, 162,
 164, 304, 307
 LIBOR 62, 63, 64
 Lieber, A.E. 110
 Liquidity 71, 124, 139, 145, 243

 Llewellyn, D.T. 37, 72
 Loan portfolio 289
 Lorenz, E. 114
 Loss probability 80, 109, 246
 Luxembourg 97

 Magill, M. 121
 Malaysia 93, 122, 125, 129, 135, 168,
 185, 218, 232, 280, 310
Maqasid 44–6, 48–52
 Mark-up financing 64–5, 68, 80–83, 94,
 97, 142, 261, 263
Maysir 51, 57, 67
 McKinnon, R.I. 228
 McMillen, M.J.T. 63
 Mecca 116
 Meckling, W. 34, 113
 Medinah 115
 Meera, A.K. 254
 Meysam, S. 170
 Milbrath, L.W. 208
 Mirakhor, A. 5, 30, 48, 93, 116, 117,
 125
 Money market 191
 Monitoring 12, 13, 15, 18, 23, 25, 26,
 27, 31–4, 36, 60, 114, 210, 214,
 238, 243
 Delegated 2, 3, 17, 19–22, 56
 Moody's 171
 Moore, M.J. 216
 Moral hazard 18, 20, 26
 Mortgages 14, 49, 133, 164, 195, 206,
 211–12, 256, 261–4, 274, 277, 287,
 303
Mudabah 11, 36, 59, 60, 61, 74–6, 160
 Characteristics of 26, 27
Mudarib 59, 74, 75
Mufawada 160
 Mullins, B. 208, 216
Murabaha 62, 81, 145, 188, 193
 Murabaha contract 36, 59
 Murphy, T.P. 208
 Musa, M.Y. 113
Musharakah 34, 76, 142, 160
 Musharaka contract 36, 59
 Diminishing *Musharaka* 76–7
 Muslim Community Co-operative
 Association (MCCA) 273, 276,
 277–8
 Muslim countries 129, 155, 218

- Muslim Pilgrims Savings Corporation (Malaysia) 132
 Mutual fund 14, 29, 170, 304
 Mutual fund banking 29
- Nasir, A.H.M. 130
 National Australia Bank (NAB) 274
 Negotiable certificate of deposit 204
 New South Wales Cooperatives Act 273
 No Interest Loans Scheme (NILS) 274
 Non-performing loans (NPL) 235–7, 240, 244
 North Africa 61
 Nowak, S. 55
- Obiyathulla, I.B. 285, 286, 291
 OIC Fiqh Academy 90
 Old and New Testament 156, 163
 Originate-to-distribute securitized model of intermediation 4, 13–14, 63, 206, 309
 Over-the-counter contracts (OTC) 177, 298
 Ownership structure 264
- Pakistan 130, 135, 272
 Parashar, S.P. 144
 Partnership 79, 157
 Patterson, S. 207, 208, 214
 Pearson, D. 208
 Philippines 99, 230, 231, 234
 Pollard, J. 130
 Pope Alexander III 161
 Portfolio transactions 14, 243
 Price-to-earnings (P/E) ratio 309
 Principal-agent theory 23, 28, 37
 Principle of Ease 99
 Product development 73–4, 186–205, 302, 303
 Profit-and-loss-sharing (PLS) 28–30, 33, 56, 57, 60, 67, 107, 245, 280
 Profit equalization 76, 248
 Prohibitions 57, 101–2, 156
 Property-related transactions 244
 Property rights 111
 Prophet Muhammad 6, 56, 57, 164, 304, 307
 Pujo Committee, 1912 209
- Qard hasan* 60, 120, 164, 189
Qiyas 99
 Quinzii, M. 121
 Qur'an 47–8, 50, 56–7, 93, 108, 110, 113, 114, 117, 118, 119, 254–5
- Rabb al-mal* 59, 74, 75
 RAM Ratings 168, 240, 250
 Rauf, A. 45
 Raviv, A. 23, 60
 Rayner, S.E. 113
 Regulatory standards 214, 301, 306
 Reithmuller, A. 276
 Religion and finance 57, 155–7, 163
 Residual value 62
 Resnicoff, S.H. 157, 158
 Return on assets (ROA) 71, 309
 Return on equity (ROE) 71, 309
Riba 33, 51, 55, 109, 112, 123, 161, 254
 Richlbaum, A. 208
 Risk 109, 117, 227, 289
 Risk management 253, 284–6
 Risk sharing 33, 107, 118, 122, 284
 Risk-weighted capital 238
 Russia 99, 179, 182
- Sale of debt 92
 Samers, M. 130
 Sandhu, S.K. 130
 Savings account 190
 Scholes, M. 212
 Securities Exchange Commission (SEC) 4, 135, 172, 212
 Shadow banking *see* Originate-to-distribute securitized model of intermediation
Shari'ah 43, 44, 47, 57, 71
 Shari'ah compatibility 65, 97–103, 107
 Shari'ah compliance 241, 303
 Shari'ah scholars 35, 107
Shari'ah Islamic Advisory Council (Malaysia) 134
 Shaw, E.S. 228
 Sheng, A. 114, 115, 121
 Siddiqi, M.N. 44, 107
 Singapore 235
Skim Perbankan Islam 133
 Skully, M.T. 219
 Smithson, M. 117

- Societas see Commenda*
- Sorkin, A.R. 214
- Soros, George 213
- South Asia 62
- South Korea 231
- Spain 216
- Special Purpose Vehicle (SPV) 64, 207
- Standard & Poor's (S&P) 6
- Stiglitz, J.E. 17, 34, 37
- Stock markets 121, 124
- Stubing, D. 239
- Sub-prime 176, 206, 284
- Sub-Saharan Africa 61
- Sudan 141, 183
- Suftaja* (bill of exchange) 162
- Sukuk* 61, 62, 71, 94, 149, 168
Sukuk debt 304
 Swap, *sukuk* portfolio 289
- Synthetic vs genuine transactions 94
- Tabong Haji* 132
see also Muslim Pilgrims Savings Corporation
- Tag El-Din 62
- Taiwan 232
- Takaful* Act (Malaysia) 136
- Talmud *see* Judaism
- Tangible assets 244
- Tawarruq* 64, 65, 68, 71, 91, 98, 145
- Technical bubble 211
- Term financing 198
- Thailand 231
- Torah 6, 164
- Treasury bill 30
- Trott, S.H. 208
- Trust security 201
- Tuckett, D. 214
- Turkey 179
- UAE 179, 185, 310
- Udovitch, A.L. 110, 158, 162, 163
- UI-Haque 35, 36
- Uncertainty 109, 116, 117
see also Gharar
- UNESCO 280
- United States 176, 207, 213, 218
- Uslaner, E.M. 114
- Usmani, T. 92, 93, 267
- Utrero-Gonzalez, N. 131
- Valuation 5, 171
- Variable return scheme (VRS) 34, 35
- Volatility 214
- Wa'ad*-based systems 283, 297
- Wadia* 145
- Wakalah* (agency) 90
- Wall Street 209, 213
- Waqf* 304, 310
- Warde, I. 62
- Wealth 57, 108, 112–13, 120, 155–6, 207, 291
- Wealth management 303, 304
- Weiss, A. 17
- Weiss, W.M. 118
- Westpac Bank 275
- Wilcox test 286
- Williams, J.R. 170
- Williamson, S.D. 22, 25
- Winton, A. 60
- Wittwer, J. 255
- World Bank 137, 232
- World debt crisis 32
- Yatim, M.M.N. 130
- Yeah Kim Leng 6
- Zak, P. 114
- Zakah* 47, 112, 120, 165
- Zaman, M.R. 6, 208, 212, 217
- Zubair Diminishing Balance Method (ZDBM) 254, 269