

**A CRITICAL ANALYSIS ON RECOVERY PROCESS FOR ISLAMIC  
BANKING FACILITIES IN MALAYSIA**

**By**

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## **ABSTRACT**

This research study consists of all chapters on our research background, products and recovery process for Islamic banking facilities in Malaysia. The purpose of this study is to analyse whether the current practice of recovery process is in compliance with syariah principle or not. Then, we compare the procedures in recovery debt between conventional banking and Islamic banking. Moreover, this study is important in ensuring that all customers in banking transaction would be aware of their liability and the consequences in the event of default payment. This study also highlights the importance of public awareness in the matters relating to the Islamic banking facilities.

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# CHAPTER 1

## 1.0 INTRODUCTION

This research is mainly about the syariah compliance in debt recovery process by Islamic bank. Thus, this chapter will cover the background study, research problems, the objectives of the research, method use in conducting the research, scopes, limitations as well as the significance of this research.

## 1.1 BACKGROUND RESEARCH

Nowadays, Islamic Banking has been developed rapidly all over the world. This is due to the population of Muslims that have been increase and approximately 1.9 billion across the world.<sup>1</sup> Moreover, some of the non-muslims also prefer to use the Islamic banking system as their financial banking. Al Sabri Ahmad Kabri (2013) quoted the speech of the former Prime Minister of Malaysia, Tun Dr Mahathir Mohamed in delivering statement in Bahrain:<sup>2</sup>

*“Muslims are not just using Islamic finance fully, and wealthy Muslims countries are unwilling to invest their money in a way that could improve the situation in the Muslim world. There is a need for a greater connects between Islamic finance and the real economy especially in helping Muslims countries to industrialize; to create honest wealth not based on speculative activities but on products and services that create employment and wealth and that remain compatible with the teachings of Islam.”*

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<sup>1</sup>Tun Dr Mahathir Mohamed in OIC Conference in Malaysia.

<sup>2</sup>Kabri, A. S. (2013). Islamic Banking: Its An Evolution. [2013] 1 MLJ Ixix Malayan Law Journal Articles