

**THE IMPLEMENTATION OF BAI BITHAMAN AJIL
AS ISLAMIC HOUSING LOAN**

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MELAKA**

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DEAR SIR

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Attached is the project paper titled "**THE IMPLEMENTATION OF BAI BITHAMAN AJIL AS ISLAMIC HOUSING LOAN**" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank

Yours Sincerely,

.....

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“DECLARATION OF ORIGINAL WORK”

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Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degree
- This project paper is result of our independent work and investigation, except where otherwise stated
- All verbatim extracts have distinguished by quotation marks and sources of information have been specifically acknowledge

Signature:

Date:

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ABSTRACT

Home financing takes a large portion of peoples' income. As alternatives to conventional interest-based home financing modes, several Islamic modes are currently in existence, the dominant among which are the al-Bay' Bithaman Ajil (BBA) and the Musharakah Mutanaqisah Partnership (MMP) contracts. The BBA is a murabahah contract, based on buy-and-sell principle while the MMP consists of a musharakah (partnership) contract and an ijarah (rental) contract where the equity of the financier follows a diminishing balance method.

The study reviews and analyzes the facility of Bay Bithaman Ajil (BBA) in house financing as it is implemented by Malaysian financial institutions from the fiqh point of view. Considering that BBA is the most preferred type of financing mode in the Malaysian Islamic banking industry and considering that it is also the most debated type of facility in terms of its validity and Shariah-compliance, the study reviews and analyzes the structure as well as the implementation of the facility.