



**UNDERSTANDING OF TAWARRUQ AS AN ALTERNATIVE TO THE
BAI AL-INAH FINANCING IN
SABAH CREDIT CORPORATION (SCC)**

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TABLES OF CONTENTS

Title No.	Description	Pages
Chapter 1		
1.0	Introduction.....	1-2
1.1	Background of study.....	3-4
1.2	Problem Statement.....	5
1.3	Objective of the study.....	6
1.4	Research Question.....	6
1.5	Scope of the study.....	7
1.6	Significant of the study.....	8
1.7	Definition of terms.....	9-11
Chapter 2		
2.0	Literature review.....	12
2.1	<i>Shariah</i> based financing contract.....	13
2.2	The difference and similarities between <i>Tawarruq</i> and <i>Bai al-Inah</i>	14
2.3	Findings of previous study.....	15-21
2.4	Theoretical Framework.....	22
Chapter 3		
3.1	Overview of Research Methodology	23
3.2	Data collection Method.....	24-27
3.3	Research Design.....	28
3.4	Sampling Method.....	29-30
3.5	Data Analysis and Interpretation Techniques.....	31-33
3.6	Limitation of Study.....	34

Chapter 4	
4.0	Introduction.....35
4.1	Frequency Distribution analysis.....36-59
4.3	Descriptive analysis.....60-64
4.4	Reliability Statistic analyses.....65-66
4.5	Cross Tabulation analysis.....67-69
Chapter 5	
5.0	Introduction.....70
5.1	Objective and Result.....70-71
5.2	Conclusion.....72
5.3	Recommendation.....73
References.....	74-77
Appendices.....	78-85

ABSTRACT

Islamic Banks offer personal financing in Malaysia based on the concept of *Bai al-Inah*. However, there exists some concern over the treasure of *riba* in the implementation of *Bai al-Inah* especially in Personal Financing. This study hence attempts to seek opinion of scholars, *muftis* and practitioners (Sabah Credit Corporation's Staff) on the usage of *Bai al-Inah* and its alternative, *Tawarruq*. This study also hence attempts to seek advantages that are available in the contract of *Tawarruq* which meet the necessary criteria of Islamic Banking. *Tawarruq* is widely used in the Middle East commercial transaction but not in Malaysia. From a survey of these respondents, I obtained the following findings: 1) Although *Tawarruq* is better alternative for personal financing, there are still a numbers of SCC's staff are not familiar with this concept, 2) *Tawarruq* is acceptable to be used in SCC as the alternative of *Bai al-Inah*, 3) The acceptance of the majority scholars is really important to boost the confidence of customer is the advantages of *Tawarruq* concept that really convinced the SCC's staff.