



اَوْنَبُوْ سَيِّتِيْ تَيَكُوْ لُوْ كِيْ مَبَارَا  
UNIVERSITI  
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MARA

**ACADEMIC OF CONTEMPORARY ISLAMIC STUDIES**

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**TITLE OF ASSIGNMENT:**

A COMPARATIVE FIQH IN ISLAMIC FINANCE: BAI' BITHAMAN AJIL

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## **STUDENT DECLARATION**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

We hereby acknowledge that in fact all of the work in the preparation of this academic work is the result of our own efforts and works except as expressly stated.

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## **APPRECIATION**

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## 1.0 INTRODUCTION

Several nations with a majority of Muslims employ the Islamic finance technique known as Bai Bithaman Ajil (BBA). A vendor provides an asset to the buyer at a marked-up price that includes an agreed-upon profit margin. This is a contract for sale with deferred payment. The customer consents to making the purchase money over a predetermined time period in installments. The ownership of the product is given to the buyer under Bai Bithaman Ajil at the time of sale, but payment is put off. While having to make recurring installment payments to the seller, the buyer receives ownership and uses the asset. The seller's profit margin serves as the penalty for missing the payment. This type of financing is frequently used to buy assets like properties, motor vehicles, or equipment. It adheres to Islamic financial standards, which prohibit the giving or receiving of interest (riba). Instead of using traditional based on interest loans, Bai Bithaman Ajil enables consumers to purchase assets using a postponed payment arrangement. Popular Islamic finance practice known as Bai Bithaman Ajil (BBA) provides an alternative to traditional based on interest loans. It is frequently practiced in nations with a majority of Muslims, especially Malaysia and other Southeast Asian countries. BBA adheres to Islamic financial principles, which place a focus on moral and Sharia-compliant financial practice.

Bai Bithaman Ajil is based on the concept of a sale with postponed payment. It enables people or companies to buy assets like properties, cars, or equipment without using standard interest-bearing loans. Instead, a selling transaction with a deferred payment time and a defined profit margin is used to organise the financing. An Islamic bank or financial institution functions as a broker in an ordinary BBA transaction between the buyer and the vendor. The bank receives legal ownership of the focused-on item by paying the seller for it. The buyer then consents to acquire the asset from the bank at a sale price that has been mutually agreed upon and includes a profit margin. While the payment gets postponed over an amount of time, the buyer receives instant possession of the asset. Both the main amount and the profit margin, which is specified and announced up front, are often paid in installments. When purchasing a house, motor vehicle, or some other equipment, the buyer enjoys using the item throughout the payment's postponed term as long as they meet their payment requirements. Ownership of the asset is given to the buyer once all installment payments have been made. For people and companies that want to make purchases without using interest-based transactions, Bai Bithaman Ajil offers a Sharia-compliant financing option. BBA provides a moral and practical alternative in the area of Islamic finance by following by Islamic standards. To completely