



**A COMPARISON OF BAI BITHAMAN AJIL,
MUSHARAKAH MUTANAQISAH AND THE
CONVENTIONAL HOME MORTGAGES AND THE
EFFECTS TO THE ECONOMY**

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**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS ADMINISTRATION
MARA UNIVERSITY OF TECHNOLOGY (UiTM)
MALACCA CITY CAMPUS**

APRIL 2011

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**Submitted in Partial Fulfillment
Of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UITM, BANDARAYA MELAKA**

APRIL 2011

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MALACCA CITY CAMPUS**

“DECLARATION OF ORIGINAL WORK”

I, Sheikh Izhar Bin Sheikh Salleh (I/C Number: 861102-59-5389)

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 degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

30th April 2011

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA
75000 Malacca.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "A Comparison of Bai' Bithaman Ajil, Musharakah Mutanaqisah and The Conventional Home Mortgages and The Effects of The Economy" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely

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ABSTRACT

The purpose of the study is to distinguish special feature of the Islamic financing in particular the home financing product of Bai' Bithaman Ajil (BBA) and its performance since its inception. Islamic financing is almost the same as other conventional but The Islamic Law (Sharia) prohibits the acceptance of interest fee for the lending and acceptance money unlike the conventional financing used now.

This concept refers to the sale of goods on a deferred payment basis at a price, which includes a profit margin agreed to by both parties. This is similar to Murabahah, except that the debtor makes only a single installment on the maturity date of the loan. By the application of a discount rate, an Islamic bank can collect the market rate of interest.

There are various institutions that offer this type of Islamic financing in Malaysia throughout the time since the setting up of Islamic bank in Malaysia that complies according National Shariah Advisory Council or to a Shariah Supervisory Board (SSB) to advise them and to ensure that the operations and activities of the bank comply with Shariah principles. On the other hand, there are also those who believe that no form of banking can ever comply with the Shariah.

Beside that we can understand more about the process of house financing using Bai' Bithaman Ajil, concept and application of the principle used in bai' Bithaman Ajil.

The research will try to differentiate the definition concept, and the calculation of the three method of financing