



**PERSONAL FINANCING PRODUCT OF KFHMB:
“A CASE STUDY ON MURABAHAH TAWARRUQ CONCEPT”**

SITI SAIDATUL NADIA BINTI SAADON

2006214532

BACHELOR OF BUSINESS ADMINISTRATION (HONS)

FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA BANDARAYA MELAKA

NOVEMBER 2009

**PERSONAL FINANCING PRODUCT OF KFHMB:
“A CASE STUDY ON MURABAHAH TAWARRUQ CONCEPT”**

**SITI SAIDATUL NADIA BINTI SAADON
2006214532**

**DISSERTATION PRESENTED IS TO FULFILL REQUIREMENTS FOR
BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE**

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

NOVEMBER 2009

LETTER OF SUBMISSION

November 2009

Madam Siti Normah Binti Awang Tuah
Bachelor of Business Administration (Hons) International Business
Faculty of Business Management
Universiti Teknologi MARA
Bandaraya Melaka
Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "PERSONAL FINANCING PRODUCT OF KFHMB: A CASE STUDY ON MURABAHAH TAWARRUQ CONCEPT" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

.....

SITI SAIDATUL NADIA SAADON

2006214532

Bachelor of Business Administration (Hons) Finance



**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
BANDARAYA MELAKA**

“DECLARATION OF ORIGINAL WORK”

I, SITI SAIDATUL NADIA BINTI SAADON, (I/C Number: 850101-08-6626)

Hereby, declared that,

This work has not previously been accepted in substances 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: _____

ABSTRACT

Islamic finance and Banking is no longer just a theory or a dream. In fact it is now a reality, most of the Islamic banks and financial institutions mostly Muslim community and non Muslims are using *Murabahah* as an Islamic mode of financing, and most of their financing operations are based on *Murabahah*. That is why this term has been taken in the economic circles today as a method of banking operations, while the original concept of *Murabahah* is different from this assumption. *Murabahah* is, in fact, a term of Islamic Fiqh and it refers to a particular kind of sale having nothing to do with financing in its original sense. This concept refers to the sale of goods at a price, which includes a profit margin to by both parts. The basic element that makes *Murabahah* different from the other Islamic fiqh terms *Murabahah* that the seller discloses the actual cost he has incurred in acquiring the commodity, and then adds some profit thereon in other words disclosing the actual information. Futhermore, in principle, *Murabahah* financing is suitable for situations where the customer requires funds for the purchase of identifiable assets. However, businesses often need cash financing to fund expenditure not attributable to identifiable assets such as pay wages and salaries. Therefore in this research, reseacher try to observe concept of *Murabahah* and *Tawarruq* in term of financing and examine whether combination of *Murabahah Tawarruq* performs effectively compared to *Murabahah* as applied by KFHMB personal financing.