

**THE LAW OF ISLAMIC BANKING IN MALAYSIA:
THE LEGAL REALITY**

BY:

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The students/authors confirm that the work submitted is their own and that appropriate credit has been given where reference has been made to the work of others.

ABSTRACT

In Malaysia, the Central Bank is vested with comprehensive legal powers to regulate and supervise the financial system by the Central Bank of Malaysia Act (CBMA) 1958. As for Islamic banks, it is regulated and licensed under a separate legal framework, namely the Islamic Banking Act (IBA) 1983. The Act therefore accords flexibility to Islamic banks to undertake a broad range of Syariah compliant banking business. In addition, the Banking and Financial Institution (BAFIA) 1989 allows conventional banking institutions to conduct Islamic banking business via 'Islamic windows'. The Syariah compliance is being the apex of the Islamic financial system in Malaysia. In realizing to its significance, the Central Banking Act was amended to accord the Syariah Advisory Council (SAC) of the Bank Negara Malaysia, the sole authoritative body on matters pertaining to Syariah in Islamic banking.

Grammar m3lake

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