

**UNIVERSITI TEKNOLOGI MARA**

**ISLAMIC FINANCIAL INSTRUMENTS AND ITS  
PRACTICES IN ISLAMIC BANKING**

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**Submitted in fulfilment of the requirements for  
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## **AUTHOR'S DECLARATION**

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any diploma or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Diploma, Universiti Teknologi MARA, regulating the conduct of my study and research.

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## ABSTRACT

The existence and development of Islamic banking and finance in industry are mainly to avoid the prominent prohibited elements include *riba* or pre-determined rate of interest, *gharar* or ambiguity in contracts, *maysir* or known as gambling and monopoly. Thus, Islamic financial instruments become the savior to avoid from applying them in Islamic banking's operation. The purpose of this study is to identify the instruments and the process of the contracts according to the products from Bank Islam Malaysia Berhad and Bank Rakyat. This study also aims to clarify the differences base rates of each product offered by BIMB and Bank Rakyat. This study used interview method for primary data while for secondary method are by library research, internet browsing and textual analysis. This study concluded that the application of Islamic financial instrument can be varied between BIMB and Bank Rakyat due to the current practices.

# TABLE OF CONTENT

|  |      |
|--|------|
| <b>AUTHOR’S DECLARATION</b> .....                                      | ii   |
| <b>ABSTRACT</b> .....  | iii  |
| <b>ACKNOWLEDGEMENTS</b> .....  | iv   |
| <b>TABLE OF CONTENT</b> .....  | v    |
| <b>LIST OF TABLES</b> .....  | viii |
| <b>LIST OF FIGURES</b> .....   | ix   |
| <br>   |      |
| <b>CHAPTER ONE : INTRODUCTION</b> .....                                | 1    |
| 1.1 Research Background .....  | 1    |
| 1.2 Research Problem.....  | 2    |
| 1.3 Research Questions .....   | 3    |
| 1.4 Research Objectives .....  | 3    |
| 1.5 Research Significance.....   | 4    |
| 1.6 Research Limitation .....  | 4    |
| 1.7 Research Methodology .....   | 6    |
| 1.8 Literature Review .....  | 6    |
| <br>   |      |
| <b>CHAPTER TWO : LITERATURE REVIEW</b> .....                           | 10   |
| 2.1 Introduction.....  | 10   |
| 2.1.1 The Early Era History of Islamic Banking and Finance.....        | 10   |
| 2.1.2 The General History of Islamic Banking and Finance .....         | 12   |
| 2.1.3 The Development of Islamic Banking and Finance in Malaysia ..... | 16   |
| 2.2 Islamic Financial Instrument .....                                 | 21   |
| 2.2.1 Profit-and-loss sharing based instruments.....                   | 21   |

|   |  |           |
|---|--|-----------|
| 2.2.2   | Sale based contract instruments.....   | 21        |
| 2.2.3   | Lease based contract instrument.....   | 22        |
| 2.2.4   | Supporting Contract .....  | 23        |
| 2.3   | The Practices of Products in Malaysia .....  | 23        |
| 2.3.1   | Mudharabah.....  | 23        |
| 2.3.2   | Musharakah .....   | 24        |
| 2.3.3   | Bay' Murabahah (Mark-up Sale).....   | 24        |
| 2.3.4   | Bay' Salam (Forward Sale) .....  | 25        |
| 2.3.5   | Bay' Tawarruq (Cash Financing) .....   | 26        |
| 2.3.6   | Ijarah.....  | 26        |
| 2.3.7   | Ibra' (Rebate) .....   | 27        |
| 2.3.8   | Wa'd (Promise).....  | 28        |
| <b>CHAPTER THREE : RESEARCH METHODOLOGY .....</b> |  | <b>29</b> |
| 3.1   | Introduction .....   | 29        |
| 3.2   | Research Design .....  | 30        |
| 3.3   | Sampling.....  | 31        |
| 3.4   | Method Of Data Collection.....   | 32        |
| 3.5   | Procedure Of Data Collection.....  | 33        |
| <b>CHAPTER FOUR : FINDINGS .....</b>              |  | <b>34</b> |
| 4.1   | Introduction .....   | 34        |
| 4.2   | The Applications of Islamic Financial Instruments in Islamic Banking<br>Product..... | 34        |
| 4.2.1   | Personal Financing.....  | 37        |
| 4.2.2   | Vehicle Financing.....   | 39        |
| 4.3   | The Base Rates (BR) of Products in BIMB and Bank Rakyat.....                         | 42        |