

**ISLAMIC HOME FINANCING IN MALAYSIA:  
CONFLICTING ISSUES ARISING IN CIVIL AND SHARIAH LAW**

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.

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## ABSTRACT

Islamic Home Financing in Malaysia was governed by two different laws namely Civil law and Shariah law. Due to its fast development in Malaysia, many Islamic banking products such as *Al- Bai' Bithaman Ajil*, *Musharakah Mutanaqisah*, *Tawarruq* and *Ijarah* had been introduced to attract customer's interest to play a part in such transaction. The purpose of this paper is to analyze the Shariah and civil laws that are applicable in dealing with Islamic home finance in Malaysia. The paper focused on the conflict arising due the deficiency of Islamic finance legal framework, differences between Islamic law and civil law and also the incomprehensiveness of the products offered which are not in compliance with the Shariah principles. The methodology used in this paper is library research by gathering the relevant information related to the topic from various sources mainly books, cases law, journals and legislation. Semi-structured interview also has been carried out with an academician, banking officer and also legal practitioner to obtain views regarding the issues arising in Islamic home financing. This paper found that Islamic home financing had given a major contribution to the economy of Malaysia but conflicts relating to it should be settled in order to enhance the Islamic banking facility. Thus, the paper is concluded by providing some recommendations to improve the Islamic home financing in Malaysia so that we could be a leading example to the rest of the world.

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