



ANALYSIS ON LOAN PROCEDURES BETWEEN ISLAMIC BANKING AND
CONVENTIONAL BANKING AT KOPERASI PERMODALAN FELDA BERHAD (KPF)

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DECLARATION OF ORIGINAL WORK



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‘DECLARATION OF ORIGINAL WORK’

I, Nur Fadillah Binti Hassan Basri, (I/C Number: 871201-06-5016)

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 sources of my information have been specifically acknowledged.

Signature:

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LETTER OF SUBMISSION

5th MAY 2010

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Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled 'ANALYSIS OF LOAN PROCEDURES BETWEEN ISLAMIC BANKING AND CONVENTIONAL BANKING AT KOPERASI PERMODALAN FELDA' (KPF) to fulfill the requirement as needed by the Faculty of Business Management, University Technology MARA.

Thank you.

Yours sincerely,

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CHAPTER 1: INTRODUCTION

1.1 Introduction

The Shariah compliance with principles is an integral feature in the Islamic banking and finance. Shariah deliberation and interpretation process is imperative in assuring such compliance. Harmonisation of Shariah interpretations will underpin a comprehensive and wholesome development of this sector. It will strengthen the regulatory and supervisory oversight of the industry and will also foster and nurture a pool of competent Shariah advisers.

Among initiative to achieve the above objectives, Bank Negara Malaysia has amended the Central Bank of Malaysia Act 1958 to enhance the role and functions of its Shariah Advisory Council of Bank Negara Malaysia (SAC). This amendment has accorded the SAC as the sole Shariah authority in Islamic finance.

The common Shariah concepts adopted in Islamic finance is Wadiah, Qardh, Mudharabah and others. However, since there is a need to address the contemporary issues and subscribe to the majority opinion of Shariah scholars, the Tawarruq concept is now introduced. Most cooperatives in Malaysia are using the Islamic concept as the basis of guidance in their business. Even though the concept has long been discussed by the Shariah scholars, only recently such concept was being practically implemented. This concept is regarded as an alternative to Bai'Inah concept and is used in product financing, deposits and financial liquidity management.