

**THE DEMAND FOR ASSET FINANCING
FACILITIES OFFERED BY
BANK ISLAM MALAYSIA BERHAD**

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ABSTRACT

The principles of Islamic Banking System were established in the Quran 14 centuries ago. The emergence of the system is often related to the revival of Islam and the desire of Muslim to live all aspects of their lives in accordance with the teachings of Islam.

The conventional financial system plays a very important function in the mobilization of deposit and the allocation of loans. The conventional financial system are also the basis for the operation of the financial system. Islamic forbids interest charges, regarding them as inequitable, resulting in a system of funds allocation which is not based on priority of needs. The conventional financial system are also held to have led to the society as a whole falling into debts.

All banking facilities and products which are currently provided by the conventional commercial bank can be carried out by the Islamic Banking, but these facilities and products do not involve

INTRODUCTION

1.1 INTRODUCTION

Millions of people will buy or refinance an asset each year. All banks provides various asset financing facilities to meet the demand for asset financing.

The human needs for debt financing might have been as old as human civilisation itself. Most probably , in terms of chronological order, the need for debt financing might have surfaced long before the need of equity financing. We may conceive our need for debt financing at various economic levels at least in the following areas :

a. Consumer finance

For residential buildings, furniture, fixtures and fittings, private vehicles, consumer durable and consumer goods