



ISLAMIC BANKING L A R I B A




A COCEPTUAL OVERVIEW

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ISLAMIC BANKING & FINANCING

- MONEY IS NOT A COMMODITY.
 - CREDIT IS A “HUMAN RIGHT”.
 - COMMUNITY RESOURCES SHOULD BE GATHERED AND PROPERLY USED TO ENHANCE THE ECONOMY OF THE COMMUNITY. “CRA”
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ISLAMIC BANKING & FINANCING

- IT IS NOT MONEY LENDING. IT BELIEVES IN INVESTING IN & WITH QUALIFIED PEOPLE. CLIENTS ARE KNOWN COMMUNITY MEMBERS.
- IT IS DESIGNED TO MINIMIZE DEBT THROUGH EQUITY INVESTING & FINANCING. BURDEN OF DEBT IS THE WORST OF ALL BURDENS.

ISLAMIC BANKING & FINANCING

- A TANGIBLE ASSET MUST CHANGE HANDS. THIS INSURES THAT MONEY IS USED FOR A USEFUL AND PRODUCTIVE ECONOMIC ACTIVITY.
- IT ENCOURAGES “MICRO-LENDING” IN ORDER TO REACH THE GRASS ROOTS OF THE COMMUNITY.

ISLAMIC BANKING & FINANCING

- BANK & FINANCIAL INSTITUTION STAFF ARE NOT EMPLOYEES BUT
 - HUMBLE SERVANTS OF THE COMMUNITY, AND
 - TRUSTEES ON THE INVESTED ASSETS OF THE COMMUNITY.
- OVERHEAD COSTS ARE MINIMIZED BECAUSE OF STAFF'S LIFE STYLE.

ISLAMIC BANKING & FINANCING

- STAFF IS ENCOURAGED TO BECOME SHAREHOLDERS OF THE INSTITUTION NOT JUST EMPLOYEES.
- PROHIBITS SPECULATION AND PARTICIPATION IN UNETHICAL ACTIVITIES.
- IT REQUIRES FULL DISCLOSURE.

ISLAMIC BANKING & FINANCING

- IT RESPECTS MONEY. MONEY “RESPECTS” THOSE WHO RESPECT IT. IT IS DESIGNED TO KEEP COSTS TO A MINIMUM.
- IT NEVER DISCRIMINATES - REGARDLESS OF SKIN COLOR, RELIGIOUS BELIEFS, LANGUAGE, ETHNICITY, AND/OR GENDER

ISLAMIC BANKING & FINANCING

- THE OUTCOME: HIGHER RETURNS THROUGH
 - REDUCTION OF RISK
 - KNOW YOUR CLIENTS.
 - HIGHER DISPERSION OF “LOAN” PORTFOLIO.
 - CLOSER SCRUTINY BY THE COMMUNITY.
 - REDUCED BAD “LOANS”.



ISLAMIC BANKING & FINANCING

- THE OUTCOME: HIGHER RETURNS THROUGH
 - REDUCED OVERHEAD COSTS.
 - REDUCED LOAN LOSSES.
 - HIGHER DEPOSIT BASE.
 - MAKING A DIFFERENCE IN THE COMMUNITY.
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