islamic accounting

Islamic Accounting: A Comprehensive Guide to Sharia-Compliant Finance

Introduction:

Are you intrigued by the principles of ethical and sustainable finance? Do you want to understand how accounting practices can align with Islamic principles? This comprehensive guide delves into the fascinating world of Islamic accounting, exploring its core tenets, practical applications, and the challenges it faces in a globalized financial landscape. We'll unravel the intricacies of Sharia-compliant accounting, covering everything from prohibited transactions (haram) to permissible ones (halal), providing you with a solid foundation for navigating this specialized field. Whether you're a student, a finance professional, or simply curious about ethical investing, this post will equip you with valuable insights.

I. Understanding the Core Principles of Islamic Accounting:

Islamic accounting, also known as Sharia-compliant accounting, is governed by the principles of Islamic law (Sharia). Unlike conventional accounting, it goes beyond simply recording financial transactions. It incorporates ethical and moral considerations, aiming to ensure that all financial activities are in accordance with Islamic teachings. The core principles include:

Prohibition of Riba (Interest): This is the cornerstone of Islamic finance. Riba, the charging or receiving of interest, is strictly forbidden. Islamic accounting meticulously avoids any transactions that involve interest-bearing instruments like conventional loans or bonds. This necessitates creative financial structures like profit-sharing agreements (Murabaha, Musharaka) and cost-plus financing (Ijara).

Prohibition of Gharar (Uncertainty): Gharar, meaning excessive uncertainty or speculation, is also prohibited. This principle emphasizes transparency and clarity in all transactions. Contracts must be clear, unambiguous, and avoid speculative elements. For example, speculative investments in derivatives or highly volatile assets are generally avoided.

Prohibition of Maysir (Gambling): All forms of gambling and speculation are prohibited. This principle stresses the importance of responsible investing and avoiding transactions based solely on chance.

Prohibition of Haram Investments: Islamic accounting prohibits investments in businesses involved in activities deemed haram (forbidden) by Islamic law. This includes businesses involved in alcohol production, gambling, pork products, weapons manufacturing, and others. Careful scrutiny of a company's activities and revenue streams is crucial.

Emphasis on Zakat (Charity): While not directly part of accounting procedures, Zakat, the obligatory charitable contribution, is a fundamental pillar of Islam. Islamic accounting may incorporate mechanisms to facilitate and track Zakat payments.

II. Key Differences Between Islamic and Conventional Accounting:

The fundamental difference lies in the ethical and moral considerations inherent in Islamic accounting. Conventional accounting focuses primarily on recording and reporting financial transactions accurately, adhering to Generally Accepted Accounting Principles (GAAP). Islamic accounting adds a layer of Sharia compliance, requiring a deeper examination of the nature and intent of each transaction.

Feature	Islamic Accounting	Conventional Accounting
Interest	Strictly prohibited	Permitted and commonly used
Uncertainty	Minimized through clear contracts	Often accepted, particularly in derivatives
Ethical Aspects	Central to the framework	Primarily focuses on financial accuracy
Investment types	Restricted to Halal investments	Broader range of investment options
Transparency	High emphasis on clarity and disclosure	Varies depending on the reporting standards

III. Methods of Financing in Islamic Accounting:

Islamic finance offers alternative methods for financing businesses and individuals, circumventing the use of interest. Some key methods include:

Murabaha: A cost-plus financing method where the seller discloses the cost of an asset and adds a predetermined markup.

Musharaka: A profit-sharing partnership where two or more parties jointly invest in a venture and share the profits and losses according to an agreed-upon ratio.

Mudarabah: A profit-sharing partnership where one party provides capital (Rab-ul-Mal) and the other provides expertise and management (Mudarib). Profits are shared, while losses are borne by the capital provider only up to the invested amount.

Ijara: A leasing contract where the lessor owns the asset and the lessee pays a rental fee. This is often used for financing equipment or property.

IV. Challenges and Future of Islamic Accounting:

Despite its growing importance, Islamic accounting faces certain challenges:

Standardization: The lack of universally accepted standards for Islamic accounting can lead to inconsistencies and difficulties in comparing financial statements across different institutions.

Lack of Skilled Professionals: The demand for professionals skilled in Islamic accounting exceeds the supply. More educational programs and training initiatives are needed.

Integration with Global Financial Systems: Integrating Islamic accounting principles with international financial reporting standards (IFRS) is a complex task requiring careful consideration.

The future of Islamic accounting is bright, driven by the increasing demand for ethical and sustainable finance. The development of globally recognized standards, increased education and training, and greater integration with international financial systems will play a crucial role in its continued growth.

V. A Sample Islamic Accounting Textbook Outline:

Textbook Title: Principles of Islamic Accounting and Finance

Outline:

Introduction: Defining Islamic accounting, its core principles, and its significance in the global financial landscape.
Chapter 1: Sharia Principles and their Application in Accounting: Detailed explanation of Riba, Gharar, Maysir, and Haram activities.
Chapter 2: Halal Investment Options and Financial Instruments: In-depth analysis of Murabaha, Musharaka, Mudarabah, Ijara, and other permissible financing methods.
Chapter 3: Islamic Accounting Standards and Practices: A comprehensive review of existing standards and best practices in the field.
Chapter 4: Auditing and Assurance in Islamic Finance: The specific considerations for auditing Sharia-compliant organizations.
Chapter 5: Case Studies in Islamic Accounting: Real-world examples illustrating the application of Islamic accounting principles.
Chapter 6: Challenges and Future Directions: Addressing the challenges and outlining future developments in Islamic accounting.
Conclusion: Summarizing the key concepts and looking towards the future of this important field.

(The detailed content for each chapter would be a substantial expansion on the points outlined above, requiring a separate article for each.)

FAQs:

1. What is the main difference between Islamic and conventional accounting? Islamic accounting incorporates Sharia principles, prohibiting interest (riba), uncertainty (gharar), and haram activities, unlike conventional accounting.

1. Is Islamic accounting only for Muslims? While rooted in Islamic principles, the benefits of ethical and transparent finance appeal to a broader audience beyond the Muslim community.

1. How does Islamic accounting deal with interest-bearing loans? It avoids interest-bearing loans, opting for alternative financing mechanisms like Murabaha, Musharaka, and Ijara.

1. What are some examples of haram investments? Haram investments include those in businesses involved in alcohol, gambling, pork products, and weapons manufacturing.

1. What are the challenges faced by Islamic accounting? Key challenges include standardization, a lack of skilled professionals, and integration with global financial systems.

1. Are there any internationally recognized standards for Islamic accounting? While standardization is ongoing, several organizations are working towards developing globally accepted standards.

1. How can I learn more about Islamic accounting? You can pursue educational programs, attend workshops, and read specialized literature on Islamic finance and accounting.

1. What is the role of Zakat in Islamic accounting? While not directly part of accounting procedures, Zakat's incorporation enhances the ethical dimension and reflects the principles of wealth distribution.

1. What are the career prospects in Islamic accounting? The field offers growing career opportunities for professionals with expertise in Islamic finance and accounting, particularly in Islamic financial institutions and organizations.

Related Articles:

1. Murabaha Financing: A Deep Dive: This article explores the intricacies of Murabaha, a common Islamic financing method.
2. Musharaka and Mudarabah: Understanding Profit-Sharing Partnerships: This article compares and contrasts these two crucial profit-sharing models.
3. Islamic Banking: Principles and Practices: This article provides a broader overview of Islamic banking and its connection to Islamic accounting.

4. Ethical Investing and Sharia-Compliant Funds: This article focuses on the ethical dimensions of investing and explores Sharia-compliant investment options.

5. The Role of Auditing in Islamic Finance: This article delves into the specific challenges and best practices of auditing Sharia-compliant organizations.

6. Islamic Accounting Standards: A Comparative Analysis: This article compares existing Islamic accounting standards and explores the ongoing efforts for standardization.

7. The Future of Islamic Finance: Growth and Challenges: This article analyzes the future trajectory of Islamic finance, including its potential and the hurdles it faces.

8. Case Studies: Successful Islamic Business Models: This article presents real-world examples showcasing successful businesses operating under Sharia-compliant principles.

9. Islamic Microfinance: Empowering Communities through Ethical Lending: This article discusses the application of Islamic principles in microfinance initiatives to promote financial inclusion.

islamic accounting: Principles of Islamic Accounting Nabil Baydoun, Maliah Sulaiman, Roger J. Willett, Shahul Ibrahim, 2018-07-10 Your introduction to Islamic accounting Principles of Islamic Accounting is the first and only text that covers the fundamentals of Islamic accounting in English. A comprehensive guide, this groundbreaking reference offers both insight into Islamic accounting best practices and disclosure for Shariah-compliant instruments. Covering everything from basic transaction analysis to the preparation of financial statements, this reference serves as a broad framework around which undergraduate students can build their understanding of the Islamic business environment by offering context and showcasing how Islamic values can influence the disclosure of financial information. Islamic accounting is becoming an increasingly important aspect of the business field as globalization results in a surge in business partnerships and transactions around the world. Today's students need to understand Islamic accounting principles in order to effectively work with professionals who adhere to these standards—and accessing this information via text in English was not possible until this revolutionary reference. Review the basics through an introduction to Islamic accounting Understand the recording process, and how to complete the accounting cycle and adjust accounts as necessary Explore accounting for assets, liabilities, equity, and sukuk, as well as zakat and takaful accounting Discover details regarding Islamic commercial law, accounting for Islamic financial institutions, and Islamic corporate governance and sustainability, and look at auditing from an Islamic perspective Principles of Islamic Accounting is an essential text for first-year university students who are studying Islamic accounting, as well as professional societies and organizations that support the use of Islamic accounting principles, such as The Islamic Finance Professionals Association.

islamic accounting: Financial and Accounting Principles in Islamic Finance Samir Alamad, 2019-05-10 This book provides an original account detailing the origins and components of a faith-based accounting system that was founded around 629 CE. By examining the historical development that the accounting systems underwent within the context of faith-based rules and values, the book explains what is meant by the term “faith-based accounting”, together with a discussion of its characteristics in relation to various product structures and the underlying Islamic finance principles. It provides important theoretical and practical contributions by explaining accounting as a value-based science rather than a value-free object or abstract. This book explores the way in which religious rules act as a directive for accounting and auditing practices in IFIs. Through which the concept of money and digital currency within the theory of money and how it is enacted in a faith-based context, amid differences of opinions among its actors, is examined. This is an important foundation to explain Islamic accounting and includes how this outcome would shape the faith-based view regarding the new phenomenon of digital currency (DC). Also featured is the concept of paper money within the theory of money and how it is enacted in a faith-based legal framework by identifying two core concepts of today’s Fiat money as being a single genus or multi-genera money. This book is not merely an academic work, nor is it a pure practitioner guide; rather, it is a robust work that combines both. It marries rigorous academic research and theories with practical industry experiences. The book provides a clear and concise guide to accounting in Islamic economics and finance and how Islamic financial institutions could meet the applicable faith-based rules in their accounting practices.

islamic accounting: Islamic Accounting Christopher Napier, Ros Haniffa, 2011 This is the first ever compilation of leading articles in the field of Islamic accounting from the path defining contribution of Abdel-Majd in 1981 to the most important articles by Rifaat Ahmed Abdel Karim, founder of AAOIFI and former Secretary General of the IFSB. The collection is an essential purchase for all university libraries with Islamic finance collections as well as business schools where financial reporting is considered from different cultural perspectives. The editors are to be congratulated on their efforts.'

islamic accounting: Islamic Accounting And Finance: A Handbook Khaled Hussainey, Hidaya Al Lawati, 2023-03-23 Islamic finance is one of the fastest-growing sectors in international banking and finance. Owing to the increasing availability and ease of access to Islamic services, Islamic finance has become increasingly important not only in Muslim countries, but around the world, making it a global industry. Under the Gulf Cooperation Council (GCC) as well as in some regions, such as the Middle East and North Africa, a dual financial system is implemented, where Sharia-compliant products are marketed alongside conventional financial systems.In this thoroughly researched collection of chapters, researchers from around the world examine the role of Islamic finance in the economies and prospects of different companies. They discuss Islamic finance literature from both theoretical and empirical perspectives. The theoretical section of the book consists of conceptual chapters that enable readers to critically evaluate and expand their understanding of accounting and finance. The chapters in the empirical section of this handbook discuss and interpret empirical evidence to provide clear implications for practice, research, and society. This section bridges the gap between theory and practice and offers suggestions for future research. Islamic Accounting and Finance is geared towards scholars and students, but it is also of use to banking and finance practitioners.

islamic accounting: Accounting and Auditing Standards for Islamic Financial Institutions Mohd Ma'Sum Billah, 2021-11-30 While accounting and audit functions are significantly regulated and standardized in conventional financial industries and activities, through the implementation of International Accounting Standards, and International Financial Reporting Standards, as well as other international, regional, and local regulations, this is not the case for Islamic financial organizations. Rather than having their own set of comprehensive accounting or auditing standards or policies, these are based, in some cases, on the Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI), the Islamic Financial Services Board (IFSB)’s standards and Shari’ah based local policies. This book is a timely and comprehensive overview of accounting and auditing standards within the doctrine of Shari’ah. It offers a significant contribution to the field and a wealth of technical know-how. It analyzes Islamic accounting and auditing both in theory and practice and from a distinctly international perspective. The chapters are arranged in a systematic and logical way making it easily accessible and engaging. The book evaluates the existing standards and widens the scope of the discourse to include Maqasid al-Shari’ah, Islamic accounting and audit models and standards, as well as, offering practical policy recommendations. The author presents a Shari'ah justified solution to Islamic Accounting and Audit and offers guidance on overcoming the challenges to implementing Islamic Accounting and Auditing Standards. The book is a unique and exhaustive guide and, as such, will be an invaluable resource for academics, researchers, students, policymakers, as well as, practitioners in accounting and auditing firms and financial institutions.

islamic accounting: What Is Wrong with Islamic Economics? Muhammad Akram Khan, 2013-01-01 ÔI read with great interest the current state of Islamic economics and finance as examined by Muhammad Akram Khan, who has given a fresh outlook for the readers to find out its limitations and to search for its solutions. Khan has read widely in the subject matter, and presented his views with reference to literature and thoughtful and logical arguments. While many may not agree with his arguments or will have a better explanation, I find his arguments at least worthy of examination to strengthen the arguments of those who might oppose him. Although Khan is critical of the subject matter, he is very sympathetic to the greater objectives of Islamic economics and provides his own prescriptions to achieve those objectives.Õ Ð M. Kabir Hassan, University of New Orleans, US ÔThis is a very thought provoking book coming at a crucial stage in the development of Islamic economics and finance. Although the reader may not agree with some of the conclusions reached, it is clearly a scholarly and extensively researched piece of work; it should be read by all serious students of the subject area. Amongst other things, it throws light on the reasons why the practical implementation of Islamic economics and finance, particularly in relation to the financial system and financial institutions, has not always conformed to the true theoretical foundations laid down by Islamic scholars.Õ Ð John Presley, Loughborough University, UK and recipient of Islamic Development Bank Prize in Islamic Finance, 2001Ð2002 ÔÒIslamic economic system is a type of capitalism with a spiritual dimensionÓ is a major conclusion of this book. I applaud this insight of Muhammad Akram Khan. The same can be perhaps said of Islamic finance, which, in its hurry to build viable and efficient financial institutions, has ignored the very same need to start with profits-and-risk-sharing principle and no-riba principles to build pricing models to anchor the new sub-discpline. The good news is that, in the course of time to come, AkramÕs advocacy may be realised since such serious works have already begun.Õ Ð Mohamed Ariff, University Putra Malaysia and Bond University, Australia ÔAlthough there are many books on Islamic economics, this critical, but sympathetic, account by Muhammad Akram Khan is worthy of attention. The author has clearly read widely on the subject and appreciates the limitations of much that he has read. Islamic economics is a work in progress and by focusing on its shortcomings, Khan challenges the assumptions of many working in the field. His discussion of methodology is insightful, and even the prohibition of riba, for many the defining characteristic of Islamic finance, is examined from a fresh perspective. While many will not agree with the analysis and the conclusions, even critics should be able to appreciate the strengths of the arguments made. In summary this is a worthwhile, and in many respects an innovative, survey of the state of Islamic economics and finance. It deserves to be widely read.Õ Ð Rodney Wilson, Durham University, UK What is Wrong with Islamic Economics? takes an objective look at the state of the art in Islamic economics and finance. It analyses reasons for perceived stagnation and also suggests a way forward. As well as probing various myths, the book presents several innovative ideas and a methodology for developing the subject on new foundations. It also highlights weaknesses in the conventional position on prohibition of interest, which has led Islamic banks devise a series of legal tricks. The author notes how the original aim of devising a new brand of banking has become less prominent whilst Islamic banks now position themselves more closely to conventional banks. The book also offers insights into how certain traditional thinking has seemingly ignored the egalitarian spirit of the law of zakah and created a scenario where zakah is not able to help the billions of poor people around the globe. This detailed book will appeal to students, professors, researchers, Islamic banks and finance houses, consulting companies, accounting firms, and regulatory bodies. Professional economists, libraries in research and training organizations, as well as anyone with a general interest in the topic will find much to interest them.

islamic accounting: Accounting and Auditing Standards for Islamic Financial Institutions Mohd Ma'Sum Billah, 2021-11-29 While accounting and audit functions are significantly regulated and standardized in conventional financial industries and activities, through the implementation of International Accounting Standards, and International Financial Reporting Standards, as well as other international, regional, and local regulations, this is not the case for Islamic financial organizations. Rather than having their own set of comprehensive accounting or auditing standards or policies, these are based, in some cases, on the Accounting and Auditing Organization for Islamic Financial Institutions (AAIOFI), the Islamic Financial Services Board (IFSB)'s standards and Shari'ah based local policies. This book is a timely and comprehensive overview of accounting and auditing standards within the doctrine of Shari'ah. It offers a significant contribution to the field and a wealth of technical know-how. It analyzes Islamic accounting and auditing both in theory and practice and from a distinctly international perspective. The chapters are arranged in a systematic and logical way making it easily accessible and engaging. The book evaluates the existing standards and widens the scope of the discourse to include Maqasid al-Shari'ah, Islamic accounting and audit models and standards, as well as, offering practical policy recommendations. The author presents a Shari'ah justified solution to Islamic Accounting and Audit and offers guidance on overcoming the challenges to implementing Islamic Accounting and Auditing Standards. The book is a unique and exhaustive guide and, as such, will be an invaluable resource for academics, researchers, students, policymakers, as well as, practitioners in accounting and auditing firms and financial institutions.

islamic accounting: *Islamic Capitalism and Finance* Murat Çizakça, 2011-01-01 'It was a humbling experience to read the product of such a remarkable feat of scholarship. It is all at once an exploration in analytic history and a complete text of Islamic finance theory and application. It is also one of the most succinct renditions of the evolution of Islamic finance embedded in a comprehensive account of the particularities of economies as diverse as Malaysia and Turkey. This is a unique contribution to Islamic finance and Islamic economic history. It has been a rewarding learning experience. It is truly a breathtaking effort.' – Abbas Mirakhor, former IMF Executive Director and the recipient of the Islamic Development Bank Prize in Islamic Economics (2003) This illuminating and thought-provoking book questions whether classical Islamic capitalism, which has served Muslims so well for centuries, can provide a viable alternative world economic system. In the current recession – the worst since 1929 – this is surely a provocative question. But if Islamic capitalism is to emerge as a viable alternative, its nature and systems must be well understood. Murat Çizakça explores key issues within Islamic capitalism and finance, shedding light on whether the Islamic system can indeed be called 'capitalist', the principles on which the system was built, the institutions that were consequently developed, how they function and have evolved, and, perhaps, most importantly, whether they can be modernized to meet today's needs. Against the backdrop of rapid change in the Middle East, this book gives a solid background to the economic systems that will emerge in the world of Islam. An essential guide to the past, present and future of Islamic economy and finance, this compelling book will prove to be of particular interest to academics and researchers of economics, finance, economic and financial history and political science.

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islamic accounting: A Guide to Islamic Asset Management John A. Sandwick, M. K. Hassan, Pablo Collazzo, 2021-03-26 This original book examines how investment theory and regulatory constraints are linked to the professional processes of portfolio investments, and how the principles of Islam as defined by sharia fit into these processes. It also explores the measures required to create and grow a global Islamic asset management industry.

islamic accounting: *Islamic Accounting* Christopher Napier, 2011

islamic accounting: Islamic Finance in Europe Valentino Cattelan, 2013-01-01 Highlighting the impact of current globalization on financial markets, this topical book challenges the universality of Western property rights and interprets Islamic finance in Europe as part of a plural financial system, where different conceptions of economic justice(s) co-exist and influence each other. The contributing authors analyse key economic development and social integration issues from an Islamic perspective and outline the European approach to accommodating Islamic finance, with particular regard to the peculiarities of individual nation-states. Set in this context, the book presents financial pluralism as a device to enhance a level playing field in the global marketplace, as well as to foster a plural open society. Providing a comprehensive and methodological guide to Islamic finance in Europe, this book will prove an illuminating and informative read for academics, students and policymakers with an interest in the impact on financial regulation of an increasingly globalized world.

islamic accounting: An Introduction to Islamic Accounting Theory and Practice Abdul Rahim Abdul Rahman, 2010

islamic accounting: Islamic Banking and Finance in the European Union M. Fahim Khan, Mario Porzio, 2010-01-01 As an introduction to the complex issue of harmonization of legal and regulatory structure of the European financial system and Islamic finance, this is a useful and welcome volume. The ideas, insights and practical issues addressed in the informed papers that compose the book should be valuable for academics and students of finance, and to those who provide legal and financial services. The book will be helpful also to European regulators who have yet to appreciate the importance of Islamic finance and its potential contribution to financial globalization as well as to European economic growth. Abbas Mirakhor, Former Executive Director, International Monetary Fund, US This timely book examines the authorization of Shari ah-compliant intermediaries as either credit institutions or as investment companies in the European Union. The contributing authors explore the key topics of this area through differing yet parallel perspectives for example, comparing economic and legal standpoints, looking at both European and national levels and considering both academic and technical approaches. The book discusses the common origin of Islamic and Western traditions in commercial and banking transactions, reviewing a period in which the Italian merchants and their organizations drove the rebirth of post-medieval society in trade and law. The editors investigate whether the Islamic banking and financial model complies with the European framework, spelling out the different experiences in single Member States (Germany, France, Italy, and the United Kingdom). Notwithstanding the obstacles to being authorized as domestic credit institutions, they conclude that the access of Islamic intermediaries is suitable and may have positive effects on European integration, as well as increasing the competition among the stand-still operators and evoking the ethical dimension of banking and finance. The book also highlights how Islamic banking would make the industry more inclusive. This multidisciplinary book will appeal greatly to economics and legal scholars with an interest in European and international banking and financial law, as well as postgraduate students in international law and banking law. Practitioners and regulators will also find this book an invaluable resource.

islamic accounting: Fundamentals of Islamic Finance and Banking Syeda Fahmida Habib, 2018-10-08 A comprehensive and fully up-to-date introductory textbook to Islamic finance and banking Islamic finance and banking is being used increasingly globally — especially in the regions of Middle East and North Africa, South East and South Asia. To cater to the need of trained Islamic finance staff, a large number of Educational institutions are beginning to offer courses, majors and minors in Islamic finance and banking. The major challenge faced by these institutions are suitable textbooks for both undergrad and post-grad levels and especially with the relevant instructor resources (PPTs, test bank, practice activities and answer keys). Luckily, Fundamentals of Islamic Finance and Banking is here to cover the most important topics related to Islamic finance and banking (IF&B) that are relevant for students of business, finance and banking. Offers an historical background of Islamic finance Covers the principles of Sharia Law as pertinent to finance and banking Provides in-depth discussion of the six key Islamic banking products: Murabaha, Mudaraba, Musharaka, Ijara, Salam and Istisna Discusses the Islamic insurance (Takaful) Gives an overview of Islamic investment, especially Sukuks Concludes with the global standing of the Islamic Finance and Banking industry Would-be colleges and universities offering this subject as a course within their finance and/or banking program can’t be without this invaluable guide.

islamic accounting: A Model for Islamic Development Shafiullah Jan, Mehmet Asutay, 2019 This book aims to explore and analyse Islamic Moral Economy (IME) as an alternative economic and social system to capitalism and socialism. It proposes a new model of Islamic development, integrating global development within an Islamic framework of spiritual development. It is argued that the failure of Muslim countries to provide basic necessities and an environment free of oppression and injustice can be overcome with this authentic Islamic development framework. In addition, this book can be an important study to identify the theological, political, social and economic boundaries for changing the society to produce IME oriented developmentalism.

islamic accounting: Islamic Finance Abul Hassan, Sabur Mollah, 2018-07-10 Islamic finance often faces numerous challenges in a dynamic marketplace. This book aims to discuss contemporary issues and challenges in Islamic finance to inform discussions surrounding the governance system, the Islamic legal system, prudential regulations, Islamic home financing, and Islamic microfinance. Furthermore, corporate social responsibility (CSR), Islamic accounting, risk management, Basel Accord, and Shari'ah governance systems are discussed in the book. Despite the relevance of these issues in Islamic finance, only a few reference sources exist. This book will provide a guide for academics, students, and banking professionals to acquaint them with the theory and practice of Islamic finance, filling a needed gap.

islamic accounting: *Handbook of Islamic Banking* Kabir Hassan, Mervyn Lewis, 2009-01-01 The Handbook of Islamic Banking comprises 25 studies by leading international experts on Islamic banking and finance specially commissioned to analyse the various debates and the current state of play in the field. From its origins thirty years ago, Islamic banking has expanded rapidly to become a distinctive and fast growing segment of the international banking and capital markets. Despite this expansion, Islamic banking still remains poorly understood in many parts of the Muslim world and continues to be a mystery in much of the West. This comprehensive Handbook provides a succinct analysis of the workings of Islamic banking and finance, accessible to a wide range of readers. At the same time, it seeks to bring the current research agenda and the main issues on Islamic banking before a wider audience. Islamic banking offers, as an alternative to conventional interest-based financing methods, a wide variety of financial instruments and investment vehicles based on profit-and-loss sharing arrangements. These are all explored in detail along with other subjects such as governance and risk management, securities and investment, structured financing, accounting and regulation, economic development and globalization. M. Kabir Hassan, Mervyn Lewis and the other contributors have created an authoritative and original reference work, which will contribute to a wider understanding of Islamic banking as well as provoking further discussion and research. It will be invaluable to all scholars, researchers and policymakers with an interest in this subject.

islamic accounting: Islamic Finance David Eisenberg, 2012-03-22 This work is a practical and commercial guide to the fundamental principles of Islamic finance and their application to Islamic finance transactions. Islamic finance is a rapidly expanding, global industry and this book is designed to provide a practical treatment of the subject. It includes discussion and analysis of the negotiation and structure involved in Islamic finance transactions, with relevant case studies, structure diagrams and precedent material supporting the commentary throughout. An introductory section describes the theoretical background and explains the principles (and their sources) of Islamic law which underpin Islamic finance practices, providing an important backdrop to the work as a whole. The work also considers the role of Shariah supervisory boards, Islamic financial institutions and the relevance of accounting approaches. The work adopts an international perspective to reflect the pan-global nature of the industry and accepted practices, with the aim to bring together different schools of thought applied in international Islamic finance transactions. It also highlights any regional differences in accepted practice by reviewing the position in the Gulf states, Asia, the UK and Europe and the USA. The second part of the book concentrates on Islamic financial law in practice and begins with a section on financial techniques. This section explains the basic requirements for Islamic finance contracts both in terms of the underlying asset types and also both the applicability and acceptability of the underlying asset. There is a full discussion of the various types of contractual models such as Mudaraba (trustee finance), Musharaka (partnership or joint venture), Murabaha (sale of goods), and Sukuk (participation securities: coupons etc). The nascent area of Takaful (insurance) is also covered as are matters specific to the important field of project and asset finance.

islamic accounting: Accounting for Fundamentalisms Martin E. Marty, R. Scott Appleby, 2004-05 Accounting for Fundamentalisms features treatments of fundamentalist movements, groups that often make headlines but are rarely understood, as part of the multivolume Fundamentalism Project. This book remains a standard reference source for comprehending the dynamics of fundamentalist movements around the world. Surveying fundamentalist movements in Christianity, Judaism, Islam, Hinduism, Sikhism, and Buddhism, the contributors to Accounting for Fundamentalisms describe the organization of these movements, their leadership and recruiting techniques, and the ways in which their ideological programs and organizational structures shift over time in response to changing political and social environments.

islamic accounting: *Islamic Banking An Introduction to Islamic Accounting* Hanudin Amin, Abdul Rahim Abdul Rahman, 2016-10-04 Author: Hanudin Amin, Abdul Rahim Abdul Rahman Year Published: 2016 ISBN: 978-967-0521-67-1 Islamic Banking: An Introduction to Islamic Accounting is written with the purpose of sensitizing readers to the need of accounting according to the al-Quran and Sunnah, Islamic accounting concepts, and accounting for Islamic financial transactions. The knowledge and skills gained from the course is able to add value to the students in order to prepare themselves for their career advancement. It is expected that, this topic of Islamic accounting will pave the way of disseminating the complete Islamic finance discipline to those students. Objectively, the book plans to communicate the pivotal contents of Islamic accounting both theoretically and practically. With these skills, the students are hoped to apply them into the real world once they have graduated. The book provides comprehensive coverage of Islamic accounting ranging from introduction, salam accounting to zakat accounting which are interesting to learn. The intended audience of the book are undergraduate and postgraduate students who love to learn Islamic banking not only from its concepts but also towards the applications of the concepts.

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islamic accounting: Social Justice and Islamic Economics Toseef Azid, Lutfi Sunar, 2019-02-25 Under the rule of the current economic order, social injustice is ever-increasing. Issues such as poverty, inhumane working conditions, inadequate wages, social insecurity and an unhealthy labor market continue to persist. Many states are also unable to produce policies capable of resolving these problems. The characteristics of the capitalist system currently render it unable to provide social justice. In fact, on the contrary, the system reinforces these injustices and prevents economic and social welfare from reaching the masses. Many Muslim scholars have analyzed and, indeed, criticized this system for years. This book argues that an alternative and more equitable theoretical and practical economical order can been developed within the framework of Islamic principles. On the other hand, the experiences of societies under the rule of Muslim governments do not always seem to hold great promise for an alternative understanding of social justice. In addition, the behaviors of Muslim individuals within their economic lives are mostly shaped by the necessities of daily economic conditions rather than by the tenets of Islam that stand with social justice. Until 1990s, studies of Islamic economics made connections between finance and the notion of social justice, but work conducted more recently has neglected this issue. It is therefore evident that the topic of social justice needs to be revisited in a more in-depth manner. Filling an important gap in existing literature, the book uniquely connects social justice and Islamic finance and economics on this topic. Theory, practice and key issues are presented simultaneously throughout this book, which is based on the writings of a number of eminent scholars.

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islamic accounting: The Growth of Islamic Finance and Banking Hussain Mohi-ud-Din Qadri, M. Ishaq Bhatti, 2019-08-23 This book covers the recent literature concerning Islamic banking and finance (IBF), focuses on the history of IBF since its inception and introduces the latest innovative concepts and practices in the field. The authors cover important topics such as the role of ownership, Shari`ah compliance and governance structures in raising debt capital using IBF practices, including Fatwa issues and the use of benchmarking practices. The book also addresses topics like archival data, the influence of leverage on ownership structure, and sukuk structures, as well as misconceptions, threats, challenges and opportunities in IBF. Finally, the book deals with prominent issues such as business score-carding, Takāful (Islamic Insurance), IBF implications for block-chain-based fintech and finance hub concepts in Islamic microfinance models. This edited volume is an important contribution to the IBF literature as it provides a much-needed in-depth look into industry practices through the perspective of corporate finance and governance. With its interdisciplinary approach covering legal and financial issues along with a wide variety of notable contributors, this book will be a valuable reference guide to both teachers and students of Islamic banking and economics.

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Shari'ah rulings and financial impact. Chapter seven is about Diminishing Musharakah; a form of gradually declining partnership between an IFI and clients; generally used to finance real estates. Under diminishing Musharakah, the basic Shari'ah rulings, Islamic house financing, comparative study of conventional and Islamic mortgages and installment calculation under different assumptions for house financing are presented. Chapter eight is about Mudarabah. Chapter nine presents various types of deposits collected by IFIs and profit-sharing mechanism. Concepts of daily product and weight-age based profit systems are elaborated.Part four of the book presents special topics in Islamic Finance. In this part areas of liquidity management, Islamic insurance, currency system, substance & form, and challenges to Islamic finance industry are elaborated. Under Islamic capital market (liquidity management) two dedicated chapters have been included; each for equities and sukuk. Chapter 12 elaborates briefly the concept of Islamic insurance covering multiple areas including Shari'ah guidelines, takaful (insurance) models, and role of insurance company, in addition to illustrative financial calculations. Chapter-13 addresses the issue of preference for 'legal form over economic substance' by critically evaluating the selected Islamic finance contracts Last chapter identifies the challenges [potentially hurdles in sustainability, growth and expansion of the industry]. The fifth edition is the outcome of encouraging response by the academic community to earlier editions. In this edition, due attention has been given to present material in a reader-friendly mode in addition to a thorough review of content, exercises and figures. Title of the book changed by adding prefix of 'fundamentals' to reflect the nature of work (as text book). In this edition, the chapter on Islamic finance: an update is revised thoroughly; and by insertion of specific contents including principles and business models of Islamic financial system, in addition to brief presentation of challenges. Besides, Islamic capital market is re-written by including an evaluation of methodologies used in creation of Shari'ah universes of stocks. Also, a new chapter included to present the application of 'form over substance' principle to industry practices. Updated figures on the global volume of assets, application of financial products; regional shares, etc. are also part of this edition. Also, more examples included in the text to make the concept clear. An increased number of multiple-choice questions and mini cases are also forming part ofthe updated edition. I welcome readers' Feedback.

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