

# 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, Hidayat 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 I 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. M. Kabir Hassan, University of New Orleans, US This 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. John Presley, Loughborough University, UK and recipient of Islamic Development Bank Prize in Islamic Finance, 2001-2002 Islamic economic system is a type of capitalism with a spiritual dimension 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-discipline. The good news is that, in the course of time to come, Akram's advocacy may be realised since such serious works have already begun. Mohamed Ariff, University Putra Malaysia and Bond University, Australia Although 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. Ò Ò 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.

**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: 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.

**islamic accounting:** *Financial Reporting for Islamic Financial Institutions* Abdul Rauf Mahar, Ayesha Bhatti, Muhammad Junaid Ashraf, Asfand Zubair Malik, 2024-01-26 Mainstream accounting rules, namely International Financial Reporting Standards (IFRS), used in conventional banking, employ financial logics and principles which are at odds with Shariah and therefore unsuitable for reporting the results of Islamic banks. The book is an effort to explain the Islamic accounting principles and practices for Islamic Financial institutions and to juxtapose them to mainstream accounting principles in a simple and practical manner. The book begins with an overview of the Islamic Finance environment, the rationale for Islamic accounting and a brief introduction of AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), the professional body responsible for the issuance of Islamic accounting standards. The main features of the AAOIFI Conceptual Framework and its comparison with IFRS framework are covered in Chapter 2. Chapters 3-9 cover the accounting treatment of the major Islamic finance products including trade-based (Murabaha, Salam and Istisna'a), rental-based (Ijarah) and risk-sharing based products (Mudarabah and Musharakah). Given the significance and complexity of Islamic bonds (Sukuk) for the Islamic finance industry, Chapter 10 discusses the basic accounting and reporting issues vis-à-vis Sukuk, leaving more complex issues for advanced texts on the topic. Zakah accounting (charity) and provisions and impairments are covered in Chapters 11 and 12. The chapters are arranged so that they start with a discussion of the product itself, followed by the AAOIFI accounting treatment and ending with the IFRS perspective. Each chapter begins with the learning objectives and a cover story and closes with a summary of the learning objectives. To facilitate the learning of readers, each chapter contains a glossary of the terms introduced as well as end of chapter multiple choice questions. In addition, each chapter includes practical insights and concept checks to enhance and test the understanding of the readers. This will be a useful guide for students, academics and practitioners concerned with the subject of financial reporting in Islamic Institutions.

**islamic accounting:** *Islamic Economics and Finance* Muhammad Akram Khan, Tony Watson, 2003-07-17 This fully updated and revised glossary introduces terms used by Muslim scholars, historians and legal experts, from Arabic, Urdu, Turkish, Malaysian and English sources and Islamic banking, taxation, insurance, accounting, and auditing.

**islamic accounting:** *Accounting and Auditing Standards for Islamic Financial Institutions*, 1998

**islamic accounting:** *Takaful and Islamic Cooperative Finance* S. Nazim Ali, Shariq Nisar, 2016-07-27 Islamic finance distinguishes itself from conventional finance with its strong emphasis on the moral consequences of financial transactions; prohibiting interest, excessive uncertainty, and finance of harmful business. When it comes to risk mitigation, it is unique in its risk sharing

approach.

**islamic accounting: Morality and Justice in Islamic Economics and Finance** Muhammad Umer Chapra, 2014-09-26 øMankind is faced with a number of serious problems that demand an effective solution. The prevalence of injustice and the frequency of financial crises are two of the most serious of these problems. Consisting of an in-depth introduction along with a

**islamic accounting: Islamic Accounting and Business Research**, 2019-04 Current debates in the accounting world, which emphasis on the issues of International Financial Reporting Standards (IFRS) as a common global financial reporting language, are compelling international accounting organizations to consider Islamic accounting. Despite the existence of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) to provide accounting standards for Islamic Financial Institutions (IFIs), there is still no standardized accounting for Islamic financial transactions. The main concern today is that the accounting policies adopted by Islamic banks in preparation of their financial statements are largely unregulated. This is why almost every Islamic financial institution has developed its own accounting policy for the various contacts governing their work resulting in significant variations. These differences unfortunately make it difficult to compare the financial statements of Islamic financial institutions, as well as make them look less credible in the eyes of international market players. Islamic Accounting and Business Research is intended to cover current theoretical and empirical research and practice in Islamic accounting, auditing and corporate governance, management of Islamic organizations, accounting regulation and policy for Islamic institutions, Shari'ah auditing and corporate governance, financial and non-financial performance measurement and disclosure in Islamic institutions and organizations. The book is aimed to discuss the history of Islamic accounting from its emersion to its subsequent development and expected growth in the future. In doing so, the book will analyze the historic influence of Islamic accounting over its conventional counterpart which dominates the industry today. Moreover, it will provide an analysis of the similarities and differences between Islamic and conventional accounting today from both a theoretical and real-world perspective. This book provides state of the art information for the advancement of accounting and business knowledge based on Shari'ah and Islamic activities that have an impact on the welfare of society.

**islamic accounting: Islamic Insurance** Aly Khorshid, 2004 Some Muslims believe insurance is unnecessary, as society should help its victims. Muslims can no longer ignore the fact that they live, trade and communicate with open global systems, and they can no longer ignore the need for banking and insurance. Aly Khorshid demonstrates how initial clerical apprehensions were overcome to create pioneering Muslim-friendly banking systems, and applies the lessons learnt to a workable insurance framework by which Muslims can compete with non-Muslims in business and have cover in daily life. The book uses relevant Quranic and Sunnah extracts, and the arguments of pro- and anti-insurance jurists to arrive at its conclusion that Muslims can enjoy the peace of mind and equity of an Islamic insurance scheme.

**islamic accounting: Islamic Financial Economy and Islamic Banking** Masudul Alam Choudhury, 2016-06-10 Islamic Financial Economy and Islamic Banking, is a thorough, deeply conceptual, analytical and applied work in the area of epistemological foundation of Islamic world-system. The book presents a new frontier of original contribution to the theme of generalized-system model of shari'ah. The model, derived from the Qur'an and Sunnah (Prophetic guidance) incorporates a wide analytical coverage of the purpose and objective of the Islamic worldview (maqasid as-shari'ah) in Islamic economics and finance in particular. The author covers issues that contrast with the existing understanding of Islamic economics and finance, including some specific goals defining the field and how they compare in today's unstable world of financial volatility. A new heterodox thinking in economic theory is outlined. The potential as to how such issues can be addressed by the Tawhidi epistemology in formulating the generalized-system model of the purpose and objective of shari'ah lead the way in this book. Its presentation and analysis, methods and approach, overarch the fields of philosophy of science, rigorous analysis, mathematical and other presentations of the understanding given, and all taken up in the light of the exegesis of

the Qur'an and coverage of the Sunnah. The result is a substantive one in the field of scholarship and application; and in analytically proving the universality and uniqueness of the epistemic worldview for the academic and practitioner world at large. The totality of the multiverse diversity of issues and problems reviewed comprise the study of the world-system by the Tawhidi methodological approach. Yet this methodology and its empirical configuration are universally applicable to all users without any need for unnecessary religious overtone.

**islamic accounting:** *Islamic Finance* Rifaat Ahmed Abdel Karim, Simon Archer, 2013-04-17 From the world's foremost authorities on the subject, the number-one guide to Islamic finance revised and updated for a post-crisis world Because it is entirely equity-based, rather than credit-based, Islamic finance is immune to the speculative bubbles and runaway volatility typical of Western finance. Especially now, in the wake of the global financial crisis, this has made them increasingly attractive to institutional investors, asset managers and hedge funds in search of more stable alternatives to conventional financial products. With interest in Islamic finance swiftly spreading beyond the Muslim world, the need among finance and investment professionals has never been greater for timely and authoritative information about the rules governing Islamic finance. This thoroughly updated and revised second edition of the premier guide to regulatory issues in Islamic finance satisfies that need. Addresses the need for banks to develop common Islamic-based international accounting and auditing standards Clearly explains the key differences between Shari'ah rulings, standardization of acceptable banking practices, and the development of standardized financial products Explores the role of the Shari'ah Boards in establishing common rules regarding the permissibility of financial instruments and markets Offers guidance for regulators seeking to adapt their regulatory frameworks to the needs of the fast-growing Islamic finance sector

**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 be 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.

**islamic accounting:** *Business and Accounting Ethics in Islam* Trevor Gambling, Rifaat Ahmed Abdel Karim, 1991 Professors of accounting--one British and one Kuwaiti--challenge western businessmen's assumed superiority over Arabic traders and hagglers. The reason, they say, that there is no clearly defined and generally accepted set of accounting principles in the west, is that there is no ethical basis for judging and recording transactions that are at least partly designed to deceive. Islam, they contend, provides such a basis, which does not require a belief in the religion to make use of. They show how the principles have been and are now applied. For academics and practicing accountants. Annotation copyrighted by Book News, Inc., Portland, OR

**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.

**islamic accounting: Islamic Management Practices in Financial Institutions** Khaliq Ahmad, 2021-12-30 This book draws on a range of theoretical foundations, approaches and management practices that are culturally and jurisdictionally appropriate in several Muslim countries. As such, it contributes to an emerging specialism in comparative management and leadership theory that is oriented toward a broader and more diverse set of perspectives, particularly from the non-Western world, given that the importance of values, ethics, and culture have recently been recognized as a key contributing factor to management knowledge development. The author offers an in-depth overview of the Islamic management strategies that have successfully been implemented in selected Malaysian banking and non-banking financial institutions and then outlines how the application of such strategies leads to increased integrity, efficiency and performance. The book is divided into three parts. The first part deals with the introduction, historical background and methods used in collection of data. The second part consists of a range of real-world case studies, while part three deals with the approaches to be used in the teaching of these cases followed by conclusions and recommendations. These cases studies map the strategic aspects of organizational structure and illustrate the motives that influence Malaysian managers' choices in seeking specific responses to the situations at hand, which are in harmony with the traditions in Islamic inquiry. As such, management scholars can build a foundation for conceptual and theoretical propositions relevant to Muslim culture and environment that will have practical significance. The book provides a wealth of information and enables researchers not only to identify the determinants of knowledge structure and its context but also the evolution of practice.

**islamic accounting: Handbook of Research on Theory and Practice of Global Islamic Finance** Rafay, Abdul, 2019-12-27 As an emerging global phenomenon, Islamic economics and the financial system has expanded exponentially in recent decades. Many components of the industry are still unknown, but hopefully, the lack of awareness will soon be stilled. The Handbook of Research on Theory and Practice of Global Islamic Finance provides emerging research on the latest global Islamic economic practices. The content within this publication examines risk management, economic justice, and stock market analysis. It is designed for financiers, banking professionals, economists, policymakers, researchers, academicians, and students interested in ideas centered on the development and practice of Islamic finance.

**islamic accounting: Accounting for Value** Stephen Penman, 2010-12-30 Accounting for Value teaches investors and analysts how to handle accounting in evaluating equity investments. The book's novel approach shows that valuation and accounting are much the same: valuation is actually a matter of accounting for value. Laying aside many of the tools of modern finance the cost-of-capital, the CAPM, and discounted cash flow analysis Stephen Penman returns to the common-sense principles that have long guided fundamental investing: price is what you pay but value is what you get; the risk in investing is the risk of paying too much; anchor on what you know rather than speculation; and beware of paying too much for speculative growth. Penman puts these

ideas in touch with the quantification supplied by accounting, producing practical tools for the intelligent investor. Accounting for value provides protection from paying too much for a stock and clues the investor in to the likely return from buying growth. Strikingly, the analysis finesses the need to calculate a cost-of-capital, which often frustrates the application of modern valuation techniques. Accounting for value recasts value versus growth investing and explains such curiosities as why earnings-to-price and book-to-price ratios predict stock returns. By the end of the book, Penman has the intelligent investor thinking like an intelligent accountant, better equipped to handle the bubbles and crashes of our time. For accounting regulators, Penman also prescribes a formula for intelligent accounting reform, engaging with such controversial issues as fair value accounting.

**islamic accounting: Islamic Finance For Dummies** Faleel Jamaldeen, 2012-08-03 A detailed look at the fast-growing field of Islamic banking and finance The global Islamic finance market is now worth about \$700 billion worldwide. Islamic Finance For Dummies helps experienced investors and new entrants into Islamic finance quickly get up to speed on this growing financial sector. Here, you'll find clear and easy-to-understand information on how you can incorporate Islamic finance products into your investment portfolio. You'll quickly and easily: become acquainted with the theory, practice, and limitations of Islamic banking; understand how to develop products for the Islamic financial industry; grasp the objectives and sources of Islamic law and the basic guidelines for business contacts; learn about Islamic fund management and insurance; and much more. Coverage of the role Islamic finance can play in the development of the financial system and of economies Addresses the risks and rewards in Islamic banking The future prospects and opportunities of the Islamic finance industry With the help of Islamic Finance For Dummies, you'll discover the fast and easy way to tap into the booming Islamic finance arena.

**islamic accounting: Islamic Financial Contracts** Hussain Mohi-ud-Din Qadri, Nasir Iqbal, 2021-06-30 Islam encourages business and financial transactions as a way of securing the basic needs for all human beings, but these need to be conducted in accordance with the principles contained in the Qur'ān and Sunnah. However, these legal concepts are not classified subject-wise, and the verses on commercial law, like all other topics, are scattered throughout the Qur'ān, making it difficult for readers to gain a full understanding of the topic. This, therefore, is the first comprehensive book to demystify Islamic contract law and specifically Islamic financial contracts, and to examine its roots and history. The book is written in a clear style to allow for a greater understanding of the more challenging and misunderstood areas pertaining to Islamic business and financial contracts. It also contributes a series of chapters which address the market niche and need, concerning Shariah compliance for Islamic financial products and services. The book is divided into 16 chapters in order to provide a holistic and thorough overview of Islamic law of contract. It covers the objections and misconceptions surrounding Islamic business and financial contracts. It also includes the key features and guiding principles of Islamic law of contract and offers technical know-how, illustrating the concept of formation of a contract, as well as the essential elements of a valid contract. The authors also offer a discussion on the system of options under Islamic business and financial contracts and potential solutions to breach of contracts. The book will serve as a handy reference for scholars and students of Islamic business and finance and Islamic commercial law and will also be beneficial for practitioners as well as legal and judicial officers. It will open new doors for further research in the field of Islamic financial contracts.

**islamic accounting: Global Approaches to Sustainability Through Learning and Education** Al-Sartawi, Abdalmuttaleb M.A. Musleh, Hussainey, Khaled, Hannon, Azzam, Hamdan, Allam, 2019-08-30 Unequal distribution of wealth, poverty, pollution, and gender inequality are just a few of the problems we face and struggle to eliminate. Sustainable development offers a long-term holistic solution to these problems through meeting the needs of the current generation without endangering the capability of future generations in meeting their own needs. Sustainable education or education for sustainability is a transformative learning paradigm that prepares learners and provides them with knowledge, ethical awareness, skills, values, and attitudes to achieve sustainable

goals. Global Approaches to Sustainability Through Learning and Education is a comprehensive academic publication that facilitates a greater understanding of sustainable development and fosters a culture of sustainability through learning and education. Highlighting a range of topics such as ethics, game-based learning, and knowledge management, this book is ideal for teachers, environmentalists, higher education faculty, activists, curriculum developers, academicians, researchers, professionals, administrators, and policymakers.

**islamic accounting: Fundamentals of Islamic Finance** Muhammad Hanif, 2020-08-20 This book is the result of a decade teaching of Islamic finance course to business graduates (Bachelor and Master classes). This book is written with a clear focus on learning of Islamic banking & finance by accounting, banking, business and finance students/professionals. This book is divided into five parts. Part-1 presents an update on Islamic finance, why and how Islamic banking started; What is current status; Meaning and prohibition of Riba (Interest & Usury) as reported in revealed books (Bible and Qur'an); business models under Islamic financial services industry; principles of Islamic financial system, similarities and differences with conventional finance industry, and challenges being faced by the nascent industry. Part two is about asset-backed financing provided by IFIs. It includes trading (selling) modes of financing including Murabaha (ch.2), Salam, and Istisna'a; it also includes rental-based financing product-Ijarah financing. Chapter 2,3,4,5 include sales and rental-based financing. Part three of the book deals with profit and loss sharing modes of financing including Musharakah, diminishing Musharakah and Mudarabah. A special section is devoted to discussing the causes of lesser application of Musharakah in operations of IFIs, in addition to 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 of the updated edition. I welcome readers' Feedback.

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