Handbook of Research on Theory and Practice of Global Islamic Finance

Abdul Rafay
University of Management and Technology, Pakistan

Volume II

A volume in the Advances in Finance, Accounting, and Economics (AFAE) Book Series
# Table of Contents

**Preface**....................................................................................................................................................xxxii

**Volume I**

**Section 1**

**Islamic Finance and Theories in Interest and Money**

**Chapter 1**
Positive Interest Rate, Stationary Economy, and Inefficiency ............................................................... 1
   *Amir Kia, Utah Valley University, USA*

**Chapter 2**
The Role of Profit Rate in Islamic Monetary Policy.................................................................................. 18
   *Trisiladi Suprijanto, Ibn Khaldun University, Indonesia*

**Chapter 3**
Money and Monetary Issues in Islamic Finance......................................................................................38
   *Hifzur Rab, Independent Researcher, India*

**Chapter 4**
Conditional Currency Convertibility Based on Primary Commodities: The Shari’ah-Compliant Grondona System..............................................................................................................61
   *Jameel Ahmed, University of Baluchistan, Pakistan*
   *Patrick Collins, Azabu University, Japan*
   *Ahamed Kameel Mydin Meera, Z Consulting Group, Malaysia*

**Section 2**

**Islamic Finance, Economy, and Society**

**Chapter 5**
Islamic Banking and Economic Growth .....................................................................................................86
   *Bilal Khouri, University of Luxembourg, Luxembourg*
   *Thorsten Lehnert, University of Luxembourg, Luxembourg*

**Chapter 6**
Social Empowerment Through Islamic Finance...................................................................................115
   *Mustapha Abubakar, Ahmadu Bello University, Nigeria*
Chapter 7
Corporate Social Responsibility: Conventional and Islamic Perspectives............................................ 129
  Wan Noor Hazlina Wan Jusoh, Universiti Teknologi MARA, Malaysia

Chapter 8
PasarMalam and PasarPaghi: Grassroots Application of Islamic Ontological Methodology.......... 150
  Masudul Alam Choudhury, University of Science and Technology, Bangladesh

Chapter 9
Zakat Distribution in the Context of Shari‘ah Corporate Governance: Evidence From South-Western Nigeria ........................................................................................................................................ 161
  Adebayo Rafiu Ibrahim, University of Ilorin, Nigeria
  Saheed Afolabi Ashafa, Lagos State University Foundation, Nigeria

Chapter 10
The Relevance of Maqasid al Shari‘ah to Anti-Money Laundering and Terrorism Financing .... 179
  Maruf Adeniyi Nasir, Osun State University, Nigeria

Section 3
Islamic Microfinance, SME, and Entrepreneurship

Chapter 11
Interest-Free Micro-Finance Without Any Religious Connotation: An Inclusive Global Model...... 196
  Badr El Din A. Ibrahim, Governor, Central Bank of Sudan, Sudan

Chapter 12
Islamic and Conventional Micro-Financing in the MENA Region: A Performance Analysis ........ 216
  Imene Berguiga, University of Sousse, Tunisia
  Yosra Ben Said, University of Sfax, Tunisia
  Philippe Adair, University Paris-Est Créteil, France

Chapter 13
Harmonising Microfinance With Islamic Banking .................................................................................. 240
  Shahab Aziz, Department of Business Studies, Bahria University, Pakistan
  Maizaitulaidawati Md Husin, Azman Hashim International Business School, Universiti Teknologi Malaysia, Kuala Lumpur, Malaysia
  Muhammad Ashfaq, IUBH University of Applied Sciences, Germany

Chapter 14
Baitul Maal wat-Tamwil Services for SMEs: Evidence From Indonesia ............................................ 259
  Muhamad Abduh, Universiti Brunei Darussalam, Brunei
  Nur Jamaludin, Sekolah Tinggi Ekonomi Syariah Islamic Village, Indonesia

Chapter 15
Integrating Zakat and Microfinance: A Proposed Framework................................................................. 277
  Mohammad Bintang Pamuncak, Universiti Malaysia Terengganu, Malaysia & IAI Tazkia,
  Indonesia
  Bayu Taufiq Possumah, Universiti Malaysia Terengganu, Malaysia
  Zairihan Abdul Halim, Universiti Malaysia Terengganu, Malaysia
Chapter 16
Cash Waqf for Entrepreneurship Development ................................................................. 290
  Sherifah Oshioke Musa Deji, International Islamic University, Malaysia
  Marhanum Che Mohd Salleh, International Islamic University, Malaysia

Section 4
Crowdfunding and Islamic Finance

Chapter 17
Crowdfunding Framework in Islamic Finance ................................................................. 307
  Hasnan Baber, Woosong University, South Korea

Chapter 18
Financial Sustainability of SMEs Through Islamic Crowdfunding ................................ 321
  Maizaitulaidawati Md Husin, Azman Hashim International Business School, Universiti
  Teknologi Malaysia, Kuala Lumpur, Malaysia
  Razali Haron, International Islamic University, Malaysia

Chapter 19
Cash Waqf Crowdfunding Model for SMEs ................................................................. 338
  Rashedul Hasan, INTI International University, Malaysia
  Abu Umar Faruq Ahmad, King Abdulaziz University, Saudi Arabia

Section 5
Shari’ah Compliance and Governance

Chapter 20
Shari’ah Compliance as a Matter for Financial Performance ........................................ 355
  Md. Harun Ur Rashid, International Islamic University, Bangladesh
  Md Hafij Ullah, Coventry University, UK
  Faruk Bhuiyan, Macquarie University, Australia

Chapter 21
The Practice of Multiple Shari’ah Board Directorship and Fiduciary Duties .................... 372
  Abd Hakim Abd Razak, Ajman University, UAE

Chapter 22
The Status of Shari’ah Supervisory Board (SSB) in Shari’ah Governance Structure .......... 406
  Hayathu Mohamed Ahamed Hilmy, South Eastern University of Sri Lanka, Sri Lanka
  Rusni Hassan, IIUM Institute of Islamic Banking and Finance, International Islamic
  University Malaysia, Malaysia
  Seyed Mohamed Mohamed Mazahir, South Eastern University of Sri Lanka, Sri Lanka

Chapter 23
Islamic Good Governance for Waqf Institutions: A Proposed Framework ....................... 424
  Rusni Hassan, IIUM Institute of Islamic Banking and Finance, International Islamic
  University Malaysia, Malaysia
  Fatimah Mohamad Noor, IIUM Institute of Islamic Banking and Finance, International
  Islamic University Malaysia, Malaysia
Volume II

Section 6
Risk in Islamic Finance

Chapter 24
Risk and Islamic Finance: A Misconception Corrected ................................................................. 441
   Zubair Hasan, The Global University of Islamic Finance, Malaysia

Chapter 25
Operational Risk Management of Islamic Banks ............................................................................... 455
   Mahfod Aldoseri, Griffith University, Australia
   Andrew C. Worthington, Griffith University, Australia

Chapter 26
Documentation for Risk Mitigation in Islamic Trade Financing....................................................... 471
   Shaikh Hamzah Razak, International Centre for Education in Islamic Finance, Malaysia
   Imran-Firdaus Abul Bakar, Sinar Harapan Management, Malaysia
   Zainal Abidin Mohd Tahir, Export-Import Bank Malaysia, Malaysia

Section 7
Islamic Capital Markets

Chapter 27
Efficient Market Hypothesis for Islamic Capital Markets................................................................. 489
   Hakan Altin, University of Aksaray, Turkey

Chapter 28
Dual Legal Framework in Islamic Capital Markets: Issues and Problems ...................................... 524
   Rafikoddin Riyajoddin Kazi, North Maharashtra University, India

Chapter 29
Corporate Governance and Performance of Shariah-Compliant Companies .............................. 547
   Mustafa Bin Mohd Hanefah, Universiti Sains Islam Malaysia, Malaysia
   Muhammad Iqmal Hisham Kamaruddin, Universiti Sains Islam Malaysia, Malaysia
   Rosnia Masruki, Universiti Sains Islam Malaysia, Malaysia
   Mohd Marzuki Ismail, Universiti Sains Islam Malaysia, Malaysia

Section 8
Islamic Financial Products: Mudarabah

Chapter 30
Cost-Efficiency Analysis of Mudarabah Companies ......................................................................... 568
   Hadia Sohail, University of Management and Technology, Pakistan
   Noman Arshed, University of Management and Technology, Pakistan
Chapter 31
Using Mudarabah for Micro-Enterprises of Refugees ......................................................... 593
   *Omar Kachkar, Ibn Haldun University, Istanbul, Turkey*

**Section 9**
Islamic Financial Products: Takaful

Chapter 32
Innovation in Takaful: The Musharakataan Business Model ............................................. 623
   *Najmul Hussein Rassool, International Islamic Financial Services Ltd, Mauritius & University of Technology, Mauritius*

Chapter 33
An Analysis of Determinants to Choose Family Takaful .................................................. 642
   *Imran Mehboob Shaikh, University of Malaya, Malaysia*
   *Kamaruzaman Noordin, University of Malaya, Malaysia*

Chapter 34
Corporate Social Performance of Takaful Operators ....................................................... 663
   *Amirul Aff Muhamat, Universiti Teknologi MARA, Malaysia*

Chapter 35
Takaful in Malaysia: Emergence, Growth, and Prospects ................................................. 681
   *Monther Eldaia, Universiti Sains Islam Malaysia, Malaysia*
   *Mustafa Bin Mohd Hanefah, Universiti Sains Islam Malaysia, Malaysia*
   *Ainulashikin Binti Marzuki, Universiti Sains Islam Malaysia, Malaysia*
   *Saddam Shatnawi, Universiti Sains Islam Malaysia, Malaysia*

**Section 10**
Islamic Financial Products: Sukuk

Chapter 36
Sukuk: History and Development ...................................................................................... 704
   *Essia Ries Ahmed, University of Nizaw, Oman*
   *Aminul Islam, Universiti Malaysia Perlis, Malaysia*
   *Fathyah Hashim, Universiti Sains Malaysia, Malaysia*

Chapter 37
Economic and Social Impacts of Sovereign Sukuk ............................................................ 732
   *Magda Ismail Abdel Mohsin, International Centre for Education in Islamic Finance, Malaysia*
   *Ishraga Khattab, Sudan Academy for Banking and Financial Sciences, Sudan*
   *Mhd Osama Alchaar, International Centre for Education in Islamic Finance, Malaysia*