

# BANKING

## Give A Try On ISLAMIC Banking

**S**INCE the 1970s, Islamic banking has emerged as a new reality in the international financial scene. In Malaysia, separate Islamic legislation and banking regulations existed side-by-side with those for the conventional banking system. The legal basis for the establishment of Islamic banks was the Islamic Banking Act (IBA) which came into effect on 7 April 1983.

The first Islamic bank established in the country was Bank Islam Malaysia Berhad (BIMB) which commenced operations on 1 July 1983 and followed by Bank Muamalat Malaysia Berhad (BMMB) on 1 October 1999.

But for the other existing banking institutions, a scheme known as "Skim Perbankan Tanpa Faedah" or STPF is being used to allow them to offer Islamic banking services to their customers. Necessarily the banking activities of the banks are based on Syariah principles.

MARDEC Berhad started using Islamic Banking facilities with Bank Muamalat Malaysia Berhad since March 2004 for their trade line services such as Bankers Acceptances and Revolving Credits. Subsequently in June 2006, MARDEC started using Islamic Banking (SPTF) trade line facilities with Maybank which is offering a lower cost as compared to the conventional lines of credit.

In terms of products and services, there are many Islamic financial products and services that may be offered by the banks using various Islamic concepts such as:-

[ Ahmad Fuad Mohamad • head office ]

### ● WADIAH YAD DHAMANAH (savings with guarantee)

It refers to goods or deposits, which have been deposited with another person (depository), who is not the owner for safekeeping. The depositors are not entitled to any share of the profits but the depository may provide returns to the depositors as a token of appreciation.

### ● MUDHARABAH (profit-sharing)

Refers to an agreement made between a capital provider and another party to enable the entrepreneur to carry out business projects based on a profit sharing basis at a pre-agreed ratio.

### ● MURABAHAH (cost plus)

It refers to the sale of goods at a price which includes a profit margin as agreed to by both parties. Such sales contract is valid on the condition that the price, other costs and profit margins of the seller are stated at the time of the agreement of sale.

### ● BAI' BITHAMAN AJIL (deferred payment sale)

This refers to the sale of goods on the deferred payment basis at a price which includes a profit margin agreed to by both parties.