

TITLE:

Law principles applied in Islamic banking

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ABSTRACT:

This paper aims at starting a deeper academic discussion of the most fundamental principles of Islamic banking and their application. The term "Islamic banking" denotes the banking services in compliance with Islamic law and is nowadays a rapidly expanding, global industry based on a traditional fourteen centuries old legal system. The text explains the basic special requirements (Halal, Riba, Gharar, Majsir, Shiraka, Shari'ah Board) for Islamic banks both in terms of defining and describing these principles as well as giving examples and considering acceptability of conventional products from the Islamic point of view. The study serves as a contribution to debate on the new academic and business field of Islamic banking where I am trying to depict the key and distinguishing features of this banking model, provide a comparison of functioning with the conventional counterpart and give some examples of various types of Islamic banking products. Effort has been made also to offer an overview of the Islamic ethical economy which is the philosophical basis for the Islamic banking model and to describe development and current global status of the Islamic finance industry that emerged in the 1970s and nowadays is no longer confined to the Arab Gulf countries and Malaysia because it proves to be successful even in Europe.

KEYWORDS:

Islam, banking, principles, Halal, Riba, Gharar, Majsir, Shiraka, Shari'ah Board