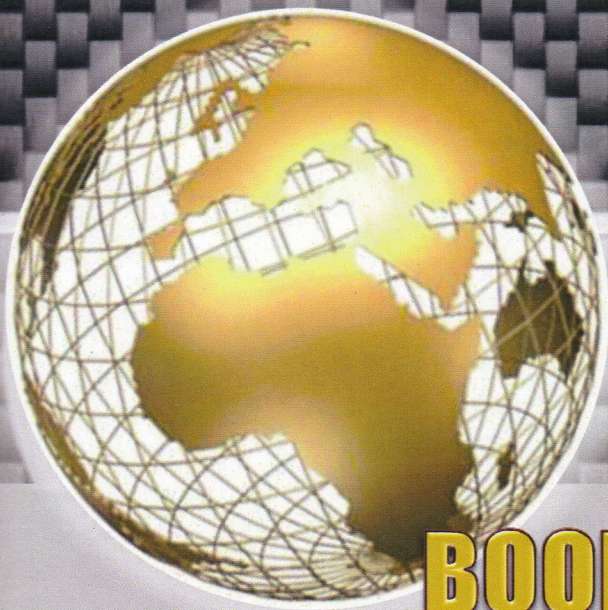


IBMC 2014

Islamic Business Management Conference



BOOK OF ABSTRACTS

**Muamalat, Islamic Management and Islamic Finance:
Sustainability and Future Challenges**

18th - 19th August 2014

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**Remedies available to Malaysian Islamic Banks upon Default of Monthly Payment by the Customer
in *Musharakah Mutanaqisah* (Diminishing Partnership) House Financing**

Ahmad Azam Othman, Rusni. Hassan, Muhammad Naim Omar and Norlizah Mokhtar
International Islamic University Malaysia (IIUM)

Abstract

Musharakah mutanaqisah (diminishing partnership) house financing (MMHF) is one type of house financing facilities that Islamic bank in Malaysia offers. It is a hybrid house financing product involving three recognized Shariah contracts that are *musharakah* (partnership), *ijarah* (leasing) and *bay'* (sale). Its modus operandi starts with the bank and the customer jointly purchase a particular house with an agreed ratio of contribution such as 90:10. The customer then leases the bank's portion and at the same time purchases the bank's portion progressively through monthly payment that consists of the monthly rental payment and purchase price. This results the bank's ownership becomes diminished and the whole ownership of the house belongs to the customer at the end of the financing period. The issue is what happens when the customer defaults his monthly payment to the bank. Thus, this paper aims to investigate the remedies available to the bank upon default of the monthly payment by the customer. This is done by analyzing the MMHF agreement entered into between the bank and the customer. The findings from the analysis show that there are various available remedies to the bank due to default of monthly payment by the customer. The remedies include outstanding arrears payment, remaining acquisition payment, purchase of bank's shares, purchase of customer's shares and collateral right enforcement through sale.

Factors of Customer's Intention to Use Ar-Rahnu at Post Office: A Case Study in Kedah

Nadiah Nabilah Baharum, Selamah Maamor and Azizah Othman
Universiti Utara Malaysia

Abstract

This study aims to inspect the customer's intention to use Ar-Rahnu at Post Office in the state of Kedah. A survey comprised of 200 respondents was carried out. A structured question was designed where the data was analyzed by correlation Pearson and multi regression analysis. Results show that syariah view, attitude, pricing and customer service are significantly important determinants to predict customer's intention to use Ar-Rahnu @ POS. Recommendation for the future research is security and confidentiality. In conclusion, this study is useful for the Post Office to attract more customers to use their service in future.

PARALLEL SESSIONS SCHEDULE

PARALLEL SESSION 1 18 August 2014 / Monday

Parallel Session 1					
Slot	Session 1.1	Session 1.2	Session 1.3	Session 1.4	Session 1.5
Room	Room 9	Room 10	Room 14A	Room 14B	Room 15
Theme	Islamic Finance	Islamic Banking	Islamic Economics	Islamic Finance	Islamic Banking
Moderator	Dr. Muhamad Abduh	Dr. Umar Ahmed	Mr. Zairy Zainol	Dr. Faosiy Ogunbado	Dr. Nasri Naiimi
1430	Gharar in Equity Warrants Mispricing? Malaysian Evidence By: <i>Razali Haron</i>	Supply of the Islamic Bonds and GDP: Evidence from Panel Data By: <i>Sabri Nayan, Norsiah Kadir, Farah Dina Zakari & Mahyudin Ahmad</i>	Towards an Understanding of Halal Supply Chain Management: Issues and Challenges By: <i>Fariza Ahmad Mahyadin, Norreha Othman, Siti Noratisah Mohd Nafi, Shazwani Mohd Salleh & Izzati Zulkifli</i>	The Regulation of Franchise in the Islamic Finance Industry: A Case Study of the Malaysian Legal Framework By: <i>Umar A. Oseni</i>	Islamic Banking Selection Criteria By: <i>Rana Al-Tounjy</i>
1450	Dynamics of Financing and Lending: Case Study in Indonesian Dual Banking System By: <i>Raditya Sukmana</i>	Awareness on the Operation of Islamic Banks in Secular Countries: A Study of Nigeria Among the Sub-Saharan Countries in Africa By: <i>Abdulwaheed Adelabu Salihu</i>	Enhancing Sustainable Socioeconomic Development in Nigeria: The Role of Islamic Spirituality By: <i>Ibrahim Oladapo & Asmak Ab Rahman</i>	Monetary Policy Shock Towards Islamic Bank's Deposit Case Study: Indonesia, Malaysia and Sudan By: <i>Akhmad Affandi Mahfudz & Muhammad Abrar Bahaman</i>	Arbitration of Islamic Finance Disputes in Malaysia: A SWOT Analysis By: <i>Aishat Abdul Qadir Zubair & Umar A. Oseni</i>
1510	Social Impact Bonds in light Of Maqasid al-Shariah and Maslahah By: <i>Syed Marwan</i>	Preliminary Observation of Existing Talent Development Programme in a Malaysian Islamic Bank By: <i>Mahasuria Idris</i>	An Empirical Study on the Influence of Intellectual Capital on Performance of Islamic Financial Institutions By: <i>Tasawar Nawaz & Ros Haniffa, Mohammad Hudaib</i>	A New Approach for Istijrar Valuation Under Stochastic Volatility By: <i>Nasir Ganikhojaev & Kamola Bayram</i>	Financial Stability and Islamic Banks: Case of SMEs Financing By: <i>Nor Irriana Sirat</i>

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Room	Room 9	Room 10	Room 14A	Room 14B	Room 15
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Moderator	Dr. Muhamad Abduh	Dr. Umar Ahmed	Mr. Zairy Zainol	Dr. Faosiy Ogunbado	Dr. Nasri Naiimi
1530	<p>The Mediating Role of Internal Staff Satisfaction on Performance of Bayt al-Mal: An Empirical Analysis</p> <p>By: <i>Mohd Farihal Osman & Nor Hayati Ahmad</i></p>	<p>Determinants of Loyalty in GCC Islamic Banks: An Exploratory Study</p> <p>By: <i>Alaa AloBaad, Thawab Abdin & Muhamad.Abduh</i></p>	<p>Islamic Financial Institutions and Socio Economic Development: The Case of Tabung Haji Malaysia</p> <p>By: <i>Fitri Hastuti</i></p>	<p>Alternative Dispute Resolutions in Singapore for Islamic Finance</p> <p>By: <i>Norsuria Jani & Rusni Hassan</i></p>	<p>An Overview of Al-Rahnu Practice at Koperasi Ukhuwwah Malaysia Berhad</p> <p>By: <i>Mohd Sollehudin Shuib & Raudzatul Jannah Ezahar</i></p>
1550	<p>Social Impact Bonds: An alternative Financing Model for Social Programmes</p> <p>By: <i>Syed Marwan</i></p>	<p>Profit Sharing Investment Account and Displaced Commercial Risk in Islamic Banks: A Review of Literature</p> <p>By: <i>Nida Phettongkam</i></p>	<p>Remedies available to Malaysian Islamic Banks upon Default of Monthly Payment by the Customer in Musharakah Mutanaqisah (Diminishing Partnership) House Financing</p> <p>By: <i>Ahmad Azam Othman, Rusni Hassan, Muhammad Naim Omar & Norlizah Mokhtar</i></p>	<p>Conceptual Study on Takaful Retirement Plan: A Case Study of Amanah Takaful Agency in Malaysia</p> <p>By: <i>Mohd. Shahril Ahmad Razimi, Ahmad Khilmy Abd Rahim & Murshidi Mohd Noor</i></p>	<p>Islamic Banking Patronizing Behavior in Mauritius: Does Religion Matter?</p> <p>By: <i>Shaheen Ramjaun & Muhamad Abduh</i></p>



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This is to confirm that

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