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Islamic Calendar (IC) in the Practices of Islamic Housing Finance
(IHF)

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Abstract

Islamic Finance (IF) has become an integral part in the global economy, as evidenced by many Islamic institutions in more than 75 countries and about 500 financial institutions. Malaysia is one the best players in the global IF, and it was identified that total asset of Malaysia in IF reach US\$68 billion in 2009, US\$340 at the end of 2010, and the global Islamic assets industry is expected to increase 40 per cent and reach to \$1.8 trillion in 2013. Simultaneously, Islamic Housing Finance (IHF) also growth rapidly and becomes popular as a common solution for Muslims who desire to own home based on shariah principles. A calendar is a system of organising days for social, religious, commercial or administrative purposes. This can be done by giving names to periods of time, typically days, weeks, months, and years. First adopted in 1582, Gregorian Calendar (GC) is a solar calendar consists of 365 days and in a leap year. Meanwhile, Islamic Calendar (IC) is a lunar calendar consisting of 12 months in a year of 354 or 355 days. In Malaysia, Islamic banks employ GC as the basis of their accounting system though Surah At-Tawbah: 36-37 in Al-Quran has depicted that there is a clear guidance for Muslims to use the IC for his or her mundane and spiritual lives. Factually, GC is 11.5 days longer than IC, which this would affect the calculation of loan repayment for every Muslim borrower. Therefore, this paper is trying to explain about the context and criteria of GC and IC as a basis of accounting sources of Housing Finance (HF). The comparison between these two calendars will also be discussed accordingly.

Keywords: Islamic Calendar (IC); Gregorian Calendar (GC); Islamic Housing Finance (IHF)