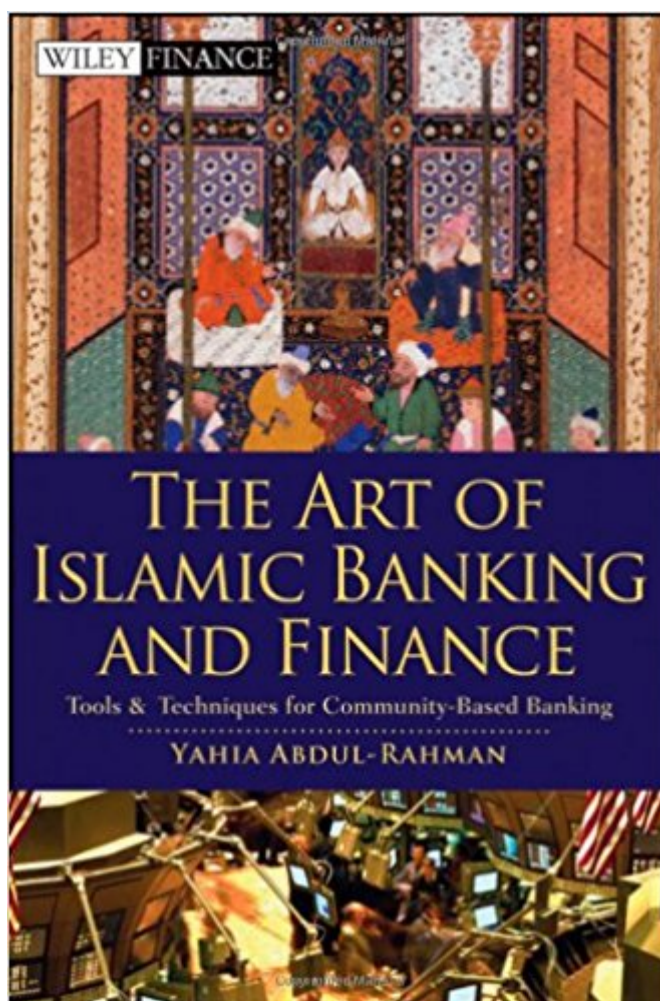


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The Art Of Islamic Banking And Finance: Tools And Techniques For Community-Based Banking



Synopsis

A detailed look at the fast-growing field of Islamic banking and finance The Art of Islamic Banking and Finance is a modern American take on what it means to incorporate Islamic finance principles into everyday banking and investment techniques by introducing a new brand of banking for all people of all faiths: The Riba-Free (RF) banking. The author is considered the father of RF (Islamic) banking in America. He has been a banker and an Imam/scholar for over 40 years in America since 1968. He started the tedious process with a finance company, LARIBA, in Pasadena, California in 1987. This is the first book ever in the field to trace the origins of prohibiting the renting of money at a price called interest rate and over-indulging in debt. The book reviews in great details the theological foundations of prohibiting interest in the Jewish Bible, the Christian Bible, and the Qur'aan. The author then discusses money and how fiat money is created, the role of the Federal Reserve, and the banking system in America. The book also discusses for the first time ever how to include an important aspect of RF (Islamic) finance using commodity indexation and marking the items to be financed to market in order to avoid participating in economic "bubbles." The author discusses how these rules work, how they affect consumer behavior, and how they change the role of the banker/financier. Covers a new pioneering model that is based on the Law (Shari'aa) and how it is applied in every transaction from joint ventures and portfolio management to home mortgages and personal financing Shows how to incorporate the Law (Shari'aa) into American financing and banking systems Points to RF (Islamic) finance and banking as a way to emphasize socially responsible investing The Art of Islamic Banking and Finance also includes a discussion on the emergence of a culture of RF (Islamic) banking and finance today, which is based on the real Judeo-Christian-Islamic spirit and very effective when compared to twentieth-century models that use financial engineering and structuring techniques to circumvent the Law (Shari'aa). The book also includes case studies based on the actual experience of the author and detailed analysis of the superior results realized by applying this new brand of banking to financing.

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Customer Reviews

The Art of Islamic Banking and Finance is a modern American take on what it means to incorporate Islamic finance principles into everyday banking and investment techniques. It introduces a new brand of banking for people of all faiths: the Riba-Free (RF) banking. Author Yahia

Abdul-Rahman—who is considered the father of RF (Islamic) banking in America—has been a banker and an imam/scholar for over forty years. He is also the founder and Chairman of American Finance House: LARIBA, a company that has offered Islamic finance and banking research and instruments for more than twenty years. Now, in The Art of Islamic Banking and Finance, Abdul-Rahman shares his experiences in this field with you. This unique guide first traces the Judeo-Christian-Islamic origins of prohibiting "renting" money at a price, called interest, and overindulging in debt. From there, it quickly moves on to discuss money and how fiat money is created, the role of the Federal Reserve, and the American banking system. Along the way, Abdul-Rahman skillfully addresses how to include an important aspect of RF (Islamic) finance using commodity indexation and marking the items to be financed to market in order to avoid participating in economic "bubbles." He also examines how these rules work, how they affect consumer behavior, and how they change the role of the banker/financier. The book covers many useful quests like restructuring and operating an RF bank in the United States and the recruiting and training of RF bankers based on the author's experience. Chapter by informative chapter, this reliable resource: Covers a new pioneering model that is based on the Law (Shari'aa) and how it is applied in every transaction—from joint ventures and portfolio management to home mortgages and personal finance Shows how to incorporate the Law (Shari'aa) while operating in American financing and banking systems Points to RF (Islamic) finance and banking as a way to emphasize socially responsible investing And much more The Art of Islamic Banking and Finance also includes a discussion on the emergence of a culture of RF (Islamic) banking and finance today, which is based on the real Judeo-Christian-Islamic spirit and is very reliable when compared to twentieth-century models that use financial engineering and structuring techniques to circumvent the Law (Shari'aa). Filled with comprehensive case studies based on the author's actual experiences

and detailed analysis of the superior results realized by applying this new brand of banking to financing, *The Art of Islamic Banking and Finance* will help you gain a firm understanding of how effective this proven approach can be.

Praise for *The Art of Islamic Banking and Finance* "It is not surprising that *The Art of Islamic Banking and Finance* provides a definitive exposition of Islamic economics theory and its application in developing Shari'aa-compatible products. The writer, Dr. Yahia Abdul-Rahman, is among the pioneering scholars who showed how Islamic economic concepts, long forgotten, can be revived and applied effectively in today's financial services industry. His *American Finance House: Lariba* has become one of the main driving forces for Islamic finance in North America, providing a showcase for how such concepts can be successfully applied." —•Dr. Saleh Malaikah, Chairman, RUSD Investment Bank Inc. "The *Art of Islamic Banking and Finance* is an insightful and sometimes surprising comparative study of the impact of Judeo-Christian-Islamic religious principles on the evolution of banking and finance in its various forms. One of Dr. Rahman's key observations is this: it is not so much the fundamental principles that are different between Islamic and conventional finance, but rather their interpretation and application in modern practice. This fine work will appeal not only to those who wish to understand Islamic banking, but to anyone with an interest in our financial institutions and how and why they have evolved to what they are today." —•Guy David, Partner, Gowling Lafleur Henderson LLP "The *Art of Islamic Banking and Finance* gives a powerful, practical, and proven answer to the question of the hour: how to make banks responsible to the public they are meant to serve. The book offers not a theory but a report on how Islamic banking has successfully functioned in modern America." —•Richard Bushman, Professor of History Emeritus, Columbia University "Yahia's discussion of Islamic banking is frank, engaging, and informed by substantial practical experience. For all those who believe that the finance industry should once again serve the wider interests of humanity, this is a welcome guide on changing things for the better." —•Tarek El Diwany, Senior Partner, Zest Advisory LLP

The book by Dr. Abdul Rahman, published by academically-prominent Wiley, is infinitely more than a mere textbook. Rather, it is a keenly felt-through and expertly written guide to understanding, building, and maintaining a truly socially-conscious, sound, and profitable financial structure. Though titled "*The Art of Islamic Banking and Finance*," the Dr. Abdul Rahman's work transcends faiths and schisms as the financial tools and banking products developed by Islamic scholars are as

beneficial to Jewish, Christian, Hindu, or fiercely atheist communities as to societies adhering to Shariah principles. Yes, indubitably, the volume is of the highest academic value: business and finance students will find the material in the book laid out in the clear and cohesive manner that will help them to gradually build a solid understanding of not just the Islamic Finance, but the common banking industry in general. Also, since Dr. Abdul Rahman's vast experiences in the Shariah-compliant banking are certainly more empirical than conjectural in their nature, the Islamic Finance connoisseurs as well as seasoned conventional bankers will significantly enhance their subject matter expertise with Dr. Abdul Rahman's extremely practical real-life cases. At the same time, filled with personal examples, the "The Art of Islamic Banking and Finance" is also a fascinating and inspiring story of a man, whose extraordinary intellect coupled with genuine benevolence towards the fellow human beings, regardless of their faiths and nationalities, led him to the frontlines of a struggle for a fair and prosperous society, where weak and conscientious do not fall prey to the ruthless and greedy. All in all, after reading this book, I really would like to meet Dr. Abdul Rahman in person and, over a cup of coffee, hear him talk about other subjects: from politics to music.

For those who find the current landscape in Islamic Banking & Finance fraught with confusion and contradictions, this excellent book clears the air. It is a fundamental handbook on the setup, operations, and religious dictums of an Islamic financial institution written by a highly respected authority in this field. Dr. Rahman brings a unique perspective to the task of highlighting the shortcomings of the current financial products offered by some Islamic banks worldwide and the unique financial services offered by LARIBA. Unlike other textbooks, the author is a leading banker, a pioneering practitioner, and one who has experienced first hand the difficulties of establishing an Islamic Bank operating side-by-side and competing effectively with conventional institutions. It is filled with solutions to problems faced by a typical bank, what pitfalls to avoid, and what measures are required to make an Islamic financial institution succeed. If you find the present global financial crisis too perplexing, and mired with conflicting signals, this excellent book clears the air. Dr. Rahman's writing style is fluid and his command of the material is impressive. Like most great authors and thinkers, he will have you challenging your present views and investment positions. Dr. Rahman starts by carefully summarizing the Judeo-Christian-Islamic prohibition of interest, and the Riba-free alternative leading you to see the moral and ethical role of banking. He goes into significant depth to analyze the conventional regulatory landscape in which an Islamic institution is expected to operate. Several chapters are specifically devoted to explain the functioning and

regulation of the conventional banking system. This is a 'must read' for investors wanting to set up a bank in the US. What makes this book unique is not only its extensive detail, but also its timing. It is the first book of this genre released after the global financial crisis. Dr. Rahman has a lot of wisdom and common sense to offer for banking in general, but also for ordinary investors in particular. Here are insights that Dr. Rahman offers: * If your family's life expectancy is 75 and you are 65 years old, the maximum exposure to investing in stocks should be 75 minus 65, or 10% of your total assets. * It is better for a student to graduate in 6 years with a part-time job and no debt than in 4 years with \$120,000 in student loans. * We, at LARIBA, have saved many customers from participating in the most recent real estate bubble.... The mortgage portfolio produced by LARIBA and the Bank of Whittier was rated as one of the best 64 performing portfolios in the US. Having spent 23 years as a successful banker at a leading investment bank and the rest of his career as a recognized and popular Muslim scholar, Dr. Rahman has a deep understanding of both the realities of banking and the Shari'aa rules and concepts. His book cannot be more timely.

Just completed reading the book. Technical details about Interest-free banking were very revealing and useful. Authors personal experience in Texas real estate was interesting. Similarities of Judeo-Islamic values in financing was interesting. The book also tries to explain how paper money, reselling of mortgages, and hyper speculations in market creates economic bubbles. The comparison of Al Azhar and South Asian opinions on Islamic financing was interesting. I guess partial credit of Malaysians success in Islamic financing goes to Al Azhar school. This book is a good read

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