CHAPTER 12
CONCLUSION

Mohd Zulkifli Muhammad, Noormariana Mohd Din and Siti Rohana Mohamad

Islamic banking is a banking or financial framework that complies with Shariah principles. Its values emphasizing moral and ethical principles in all practices have broad universal appeal. Shariah forbids payment or acceptance of interest charges (*riba*) for lending and receiving money, as well as trade and other activities involving goods or services, which are considered contrary to its principles. Although these ideas were used earlier as the basis for a prosperous economy, several Islamic banks were developed only in the late 20th century to provide an alternative base for Muslims. However, Islamic banking is not limited to Muslims.

Islamic banking has the same function as traditional banking, except that it operates under Shariah law, known as *Fiqh al-Muamalat*. Islamic banking practices must follow the Shariah and its practical implementation through Islamic economic growth. Any of these theories have been widely accepted worldwide for centuries rather than decades. Such ideas are not unique, but they have evolved over the years.

The primary source of the Shariah is The Qur'an, accompanied by sayings and acts stated by Prophet Muhammad (pbuh)—the Hadith, *Ijma'* (the universal and infallible agreement of either the Muslim community as whole or Muslim scholars in particular) and *Qiyas* (the process of deductive analogy in which the teachings of the hadith are compared and contrasted with those of the Qur›an, in order to apply a known injunction (*nass*) to a new circumstance and create a new injunction).

Where answers to questions can not be found in Quran and Hadith, rulings are made based on the consensus of community-oriented scholars