

**LEVEL OF AWARENESS ABOUT ISLAMIC BANKING
BUSINESS AMONG GRADUATES OF DEENI MADARIS IN
PAKISTAN.**



Researcher

**Zubair-Ul-Haque
MS Islamic Banking & Finance
16-SE/MS (IBF)/F08.**

**Supervisor
Dr. Atiq-ur-Rahman
Assistant Professor,
Pakistan Institute of Development Economics
Islamabad.**

**Co-supervisor
Dr. Atiquzzafar Khan
Director General
International Institute of Islamic Economics
International Islamic University, Islamabad.**

**International Institute of Islamic Economics (IIIE),
International Islamic University, Islamabad.**

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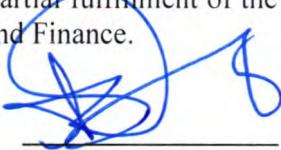
by

Zubair-Ul-Haque

Reg.No:16-SE/MS (IBF)/F08

Accepted by the International Institute of Islamic Economics, International Islamic University, Islamabad, as partial fulfillment of the requirements for the award of degree of MS Islamic Banking and Finance.

Supervisor:


Dr. Atiq-ur-Rehman

Assistant Professor,

Pakistan Institute of Development Economics,
Islamabad.

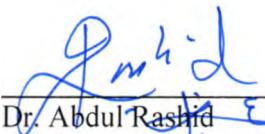
Co-Supervisor:


Dr. Atiquzzafar Khan

Director General

International Institute of Islamic Economics
International Islamic University, Islamabad.

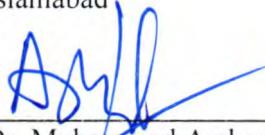
Internal Examiner:


Dr. Abdul Rashid

Associate Professor, IIIE

International Islamic University,
Islamabad

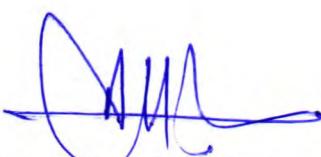
External Examiner:


Dr. Muhammad Arshad Khan

Associate Professor,

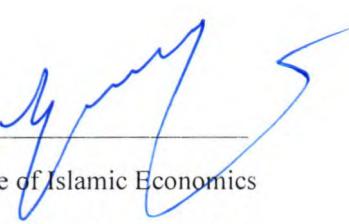
COMSATS IIT,
Islamabad

Head


School of Economics, IIIE

International Islamic University, Islamabad

Director General


International Institute of Islamic Economics

International Islamic University, Islamabad

Date of Viva Voce: 15-12-2016

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Author: Zubair-Ul-Haque

Degree Program: MS IBF

Reg.No: 16-SE/MS (IBF)/F08

Supervisor: Dr. Atiq-ur-Rahman
Assistant Professor, PIDE

Co-supervisor: Dr. Atiquzzafar Khan
Head school of Islamic Banking and
Finance, IIUI.



In the name of Allah Most Gracious and Most Merciful.

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Abstract

The constitution of Pakistan declares it as an "Islamic Republic" and it is home to a very strong religious educational system, consisting of thousands of religious educational institutions with millions of graduates throughout the country.

A significant portion of teaching of the Quran and Sunnah relates to the economic, business and financial matters. As per Sharia ruling by all schools of Fiqh, conventional Banking based on element of interest (riba) is un-Islamic and there are very strict warnings in Quran and Sunnah against such interest based business (Al-Quran, 2:279). Thus religious opinion of majority of Pakistani population does not support conventional banking. Therefore, an alternative interest free Islamic banking system was developed as per the ruling of honorable Supreme Court of Pakistan in December, 1999. In an ideal situation, with availability of interest free banking, majority of the Muslim clients should have opted for Islamic Banking, but public response to Islamic Banking was much lower than anticipated expectations raising questions on level of public confidence regarding the Shariah legitimacy of Islamic banking.

The gap in understanding of Islamic finance has been identified both by researchers and policy makers. To cover this gap the first question is to assess the knowledge of Islamic religious institutions about contemporary Islamic finance system. This study is conducted to assess the understanding of faculty and senior students of religious institutions, regarding economic and financial teachings of Quran and Sunnah in relation to Islamic banking. Study covers Pakistan's all major Islamic school of thoughts including Ahel e Sunnat (Deonabdi), Ahel e Sunnat (Beravli), Shia (Asna Ashuri), Shia (Ismaili), Jamat e Islami, and Jamiat e Ahel e Hadees. Stratified sampling of top religious institutions of seven major schools was conducted and 16 registered institutions were selected for this study. To ensure more factual results randomly selected sample of 500 male and female faculty and students was used as per their representation in these institutions, out of 280 received responses 241 were finally included in the study. Out of which 205 were students and 36 were faculty members of Deeni Mudaris.

The Study will encourage economic focus in the curriculum of religious institutions and will be helpful in developing cooperation and coordination among universities, religious institutions and Islamic banks. It identifies the extent of gap of understanding between Islamic religious institutions and contemporary institutions of Islamic finance, thus it opens door for further research on methodologies, practices and policies to cover this gap. Findings are shared with the all religious institutions and their boards (Wafaqs) to underline importance of Islamic banking and finance in their curriculum.

DECLARATION

I hereby declare that this thesis, neither as a whole nor as apart thereof, has been copied out from many source. It is further declared that I have carried about this research by myself and have completed this thesis on the basis of my personal effects under the guidance and help of my supervisors. If any part of this thesis proven to be copied out or submitted, I shall stand by the consequences. No portion of work presented in this thesis has been submitted in support of any application for other degree or qualification in International Islamic University or any other university or institute of learning

Zubair-ul -Haque

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Chapter 1

INTRODUCTION

1.1 Background

Pakistan gained its independence with popular demand for a separate homeland by Muslims of Indian subcontinent, and by constitution it is an Islamic republic. Majority of its citizens are Muslims. Pakistan's religious education system consists of a very strong religious educational system supporting thousands of religious educational institutions with millions of students/graduates throughout the country.

A significant portion of teaching of the Quran and Sunnah relates to the economic, business and financial matters. It has been observed that despite all of its strengths, the existing religious educational system does not provide enough insight about these matters. Since existing religious education is mainly delinked with the current economic system in Pakistan, there are gaps in understanding of economic system in religious perspective. Hence ambiguity exists while extending religious guidance to the general public regarding economic matters especially in Islamic banking.

Pakistani society has a strong religious character. Pakistan is among the countries with highest rates of charity and philanthropy (AKRSP Rep, 1996)¹. Large segment of population wants to follow Sharia in their economic affairs, but lack of knowledge regarding modern economic and financial system is a hurdle in this regard. The consequences of lack of awareness in some of the religious scholars could be observed in the response of public to Islamic Banking. As per Sharia ruling by all schools of Fiqh, conventional Banking based on element of interest (riba) is un-

¹ Agha Khan Rural Support Programme

Islamic. There are very strict warnings in Quran and Sunnah against such interest based business (Al-Quran, 2:279). Thus religious opinion of major portion of Pakistani population does not support conventional banking. Therefore an alternative interest free Islamic banking system was developed as per the ruling of honorable Supreme Court of Pakistan in December ,1999. In an ideal situation, by finding an opportunity of interest free banking, majority of the Muslim clients should have immediately shifted to Islamic Banking, but this did not happen .The progress of Islamic Banking is far below this ideal situation. This is caused by many misunderstandings in the public regarding the Shariah legitimacy of Islamic banking. The religious scholars throughout the country have been largely unable to provide deterministic guidance to the public regarding Islamic banking system.

The religious scholars who have studied the current Islamic Banking in details have contradicting opinion about its Shariah legitimacy. The religious scholars have the primary responsibility to find a way out of this contradiction. If the current Islamic banking is fully Shariah compatible, the religious scholars have the responsibility to create awareness about its legitimacy and if this banking system is not compatible with Shariah, the religious scholars should come forward and suggest solutions. Both the religious scholars and financial experts have a joint responsibility to collaborate to address the weaknesses of current Islamic banking system and come up with the financial products which are Shariah compatible. In either case, the ultimate responsibility goes to the scholars of Deeni Madaris because the public and banking institutions are dependent on them for the guidance related to Shariah matters.

Therefore, in order to highlight the importance of economic and financial education in religious institutions and to create an environment of competition in the religious institutions regarding their focus on economic matters, this study proposes to conduct

an assessment of faculty and senior students of religious institutions regarding their understanding and awareness of economic and financial teaching of Quran and Sunnah in relation to Islamic banking.

1.2 OBJECTIVES OF THE STUDY:

The aim of present study is to provide a comprehensive insight on current understanding of shariah rules regarding financial matters Deeni Mudaris in Pakistan.

The specific objectives of the study are given as under:

1. To analyze the syllabus of Deeni Muradis in Pakistan.
2. To assess the knowledge and understanding level of faculty and graduates of religious institutions about Islamic laws on Islamic banking and commercial financial matters.
3. To conduct an inter-board comparison of religious institutions on their knowledge regarding financial matters.
4. To disseminate the results to scholars, general public and religious institutions, to promote awareness about importance of Islamic banking.

1.3 RESEARCH QUESTIONS

1. Does the syllabus of Religious Educational Boards cover the teaching of Islam regarding financial economic matter sufficiently?
2. What is the level of knowledge and understanding of faculty and students of religious institutions regarding economic teaching of Quran and Sunnah in relation to specific theory and practices of Islamic banking?
3. Which of religious educational institutions/schools of thought is more informative in knowledge about Islamic banking and financial matters as compared to others?

1.4 SIGNIFICANCE OF THE STUDY

- i. This study helps to religious institutions to assess the knowledge level of their graduates, and create a competitive environment by the dissemination of results and by promoting the need for knowledge about Islamic banking and Islamic financial systems.
- ii. The study serves as a bridge to enhance cooperation and reduce gap between religious institutions and universities with focus on Islamic finance and economics.
- iii. Study will also draw the attention of boards of religious institutions to the specific problems of Islamic banking industry in maintaining human capital.
- iv. Overall, the religious institution will be benefited by identifying their skills/weaknesses in the crucial issue of Islamic and Finance.

1.5 The Rest of the Thesis Organized as follows

The first chapter presents the introduction of the study which includes section on the research problem, background of the study and objective of the study. The role of religious scholars and institutions in Islamization of is presented in chapter 2. The third chapter reviews the relevant literature on the subject. The classification of Deen Madaaris is presented in the 4th chapter. The study area, data source and survey design are discussed in chapter 5. The descriptive analysis and results are presented in chapter 6. Conclusion and recommendations and policy implication are presented in chapter 7.

Chapter 2

ROLE OF RELIGIOUS SCHOLARS AND INSTITUTIONS IN ISLAMIZATION OF ECONOMY

This chapter discusses the role of religious scholars and religious institutions in islamization of Pakistani economy. Ulema, Mashaikh and deni madaris played an important role in struggle for Pakistan. After independence religious scholars have made core contribution in formation of Constitution of Islamic republic of Pakistan, by providing basic skeleton for formation of constitution based on Islamic principles. The religious institutions and their graduates facilitated the government to adapt Islamic banking and Islamic economics, Ulema have also played important role in legislation of Islamic banking and finance. The chapter also discusses important role of religious institutions and scholars in Pakistani society and culture and how they affect customer base related to Islamic banking and finance.

2.1 Role of Ulema, Mashaikh and Deeni Madaris in Creation of Pakistan

The creation of Pakistan and its foundation is on the basis of Islam, and as per 1973 constitution Pakistan is an Islamic republic where all legislation has to confirm to the teachings of Quran and Sunnah.

The Ulema and Mashaikh played a vital role in Pakistan movement. They actively participated in promoting the Pakistan movement. The renowned Ulema and Mashaikh who actively supported Pakistan movement are Allama Shabbir Ahmed Usmani, Maulana Ashraf Ali Thanvi, Pir Ghulam Mujadid Sirhandi, Maulana Abdul Hamid Badauni, Mufti Muhammad Shafi, Muhammad Ibrahim Sialkoti, Pir Jamaat

Ali Shah, Maulana Muhammad Qasim Nanotavi, Maulana Rasheed Ahmad Ghangohi and Haji Zaman Ali Shaheed.

After unsuccessful war of independence in 1857 a.d. which ended Mughal dynasty in India, some of the Ulema understood the changing ground realities and established their own religious institutions for the religious teaching s of Islam without any government support. The Ulema also started many political and national movements to support the cause of Indian independence.

During the First World War-I (1914-1919), Indian Muslims were promised by the British government that their Holy places and *Ottoman Khilafa*, but after the war they did not do so (Lionel Knight, 2012). The Muslims of Indo Pak sub-continent started khilafat movement. The main purpose of the movement was to persuade Britain to re-establish the status of the Sultan of Turkey who was acknowledged as a Khalifa of Muslim World. Under these conditions, Maulana Mahmood-ul-Hassan made an innovative plan to end the British rule from indo Pak sub-continent known as “Silk Handkerchief Movement”. The sub-continent Muslims started khilafat Movement under Majlis-i-Khilafat which became the successful movement of the Muslims. Almost all well-versed Ulema like Maulana Muhammad Ali Jouhar, Maulana Shaukat Ali, Syed Sulaiman Nadvi, Maulana Abdul Majid Badauni, Maulana Abul Kalam Azad, Maulana Zafar Ali Khan, Maulana Hasarat Mohani, Maulana Abdul Bari Farangi Mahal and Maulana Hassan Ahmad Madni were connected with this movement.

In 1919 Ulema established a platform “Jamiat-ul-Hind” through a declaration of Khilafat commission with following objectives.

- (1). To guide the followers of Islam in political and non-political matters from religious point of view.

- (2). To defend on Sharia grounds, centers of Islam (Holy places of Islam and the seat of Khilafat) Islamic traditions, customs and nationalism.
- (3). To establish and protect the general religious and national rights of the Muslims.
- (4). To organize the Ulema on a common platform to organize the Muslim community and start its moral and social reforms.

The well-known Ulemas included Maulana Shabbir Ahmad Usmani, Maulana Ashraf Ali, Maulana Zafar Ahmed Usmani and Mufti Muhammad Shafi. They supported the cause of the Pakistan Movement. Jamiat-ul-Ulema Islam was created In October 1945 at Calcutta, which proved a milestone in endeavors for the unity of Muslims and cause of independence.

Ulema and Mashaikhs largely supported Muslim League. To promote political support for the Muslim league, The Quaid-i-Azam sent Allama Shabbir Ahmed Usmani to NWFP. Mufti Muhammad Shafi, and of Manki Sharif and Pir of Zakori Sharif Pir of Masaikh intensified the activities to shore up strength of Muslim League. Maulana Zafar Ahmed Usmani was most popular personality among the Muslims of Bengal and Assam. He also expressed the importance and need of Pakistan for Muslims. He worked to organize Ulema campaign, which included Maulana Zafar Ahmed Usmani and other renowned and influential Ulema. They played a pivotal role in Pakistan movement at Bengal.

Pir Jamat Ali Shah with his millions of followers Joined Pakistan movement. He was a strong supporter of the Aligarh Movement, despite of his old age and weak health. Pir Jamat Ali shah traveled the whole country to gain support for AIML, and supported to Quaid-i-Azam in the accomplishment of Pakistan. In India Sunni Conference held in Benaras on 30th April 1946 he supported an important resolution,

in which All India Sunni Conference fully supported the demand for Pakistan also declared that Ulema and Mashaikhs of Ehl-Sunat-Wal-Jamat will make all efforts for establishment of Islamic government based on the Islamic jurisprudence the Holy Quran and Sunna. Thus, the Ulema and Mashaikh played an important role in Pakistan Movement.

2.2 Role of Ulema and their Guidance in Pakistani Constitution

In Pakistan mostly the secularist claims that Ulema are divided in different sectarian school of thoughts. They are not on the same page to define the Islamic system. Islamic system includes Islamic economic, political and judicial system to facilitate the Muslims. Unfortunately Uelma confused the masses by interpretations to the precepts of the Holy Quran due to which the Ulema of different schools of thought were unable to give a balanced and organized constitutional plan, acceptable to all Muslims of Pakistan. In order to alleviate this argument, 31 Ulema from different school of thought including Sunnis, Ahl-i-Hadith and Shias, held a convention at Karachi from January 21 to 24, 1951 under the supervision of Syed Sulaiman Nadvi. After detailed discussions they suggested 22 basic principles as irreducible benchmark for an Islamic State, also known as Ulema's 22 Points. It is clearly declares that Ultimate sovereignty belongs to Allah (SWT), Quran and sunnah, and state should be Islamic state and state laws must follow Quran and sunnah. These 22 points are as under: - “

1. Ultimate sovereignty over all Nature and Laws belongs to Allah Rabb al-Alamin.
2. Quran and Sunnah as the basis of all Law. Current laws considered in conflict with the Sharia to be abrogated or suitably amended to conform to the Shariah. Also mentioned State to be based on principles and Islam.
3. The State to be based on principles and ideals of Islam and not on any geographical, racial or linguistic concepts and considerations
4. The State to enjoin practices prescribed by the Quran and Sunnah and to prohibit those forbidden by it. Beliefs of various sects to be taken into consideration while reviving or establishing Islamic customs, practices and law.
5. The State to strengthen bonds of unity and solidarity with the Muslim world.
6. The State to undertake responsibility for providing the basic needs of its citizens who are unable to earn their own livelihood irrespective of religion, race or creed.
7. All citizens to enjoy fundamental rights granted by the Shariah such as safety of life and property, freedom of religion, worship, freedom of expression, assembly and movement, freedom to work and to enjoy equality of opportunity etc.
8. No citizen would be deprived of fundamental rights except under the law of Islam and no court of law would sentence a citizen without providing him with an opportunity for defense.
9. Recognized Muslim sects were to enjoy full religious freedom within the limits of law. They had the right to impart education to their own followers in their own way. Their personal law was to be governed by the laws of their own sect and

the law courts were to respect these sectional laws while dealing with members of the sect.

10. Similar freedom was to be enjoyed by non-Muslim citizens of the State in respect of their religion, education and culture. Law courts were to respect their religious law and custom while dealing with cases involving personal law.
11. All agreements and treaties entered into with non-Muslim subjects of the State were to be honored in accordance with the Shariah. Non-Muslim citizens were granted fundamental rights on par with Muslim citizens.
12. The Head of State was to be a Muslim male citizen of the State.
13. All responsibility for running the State was vested in the Head of State who could delegate his authority or part thereof to any individual or institution in the State.
14. The Government constituted by Head of the State was to be a consultative and not dictatorial character. The Head of the State was required to discharge his responsibility in consultation with the elected representatives of the people.
15. The Head of the State had no right to rule the country by abrogating the whole or part of the Constitution.
16. The institution responsible for electing the Head of the State had the power also to remove or suspend him.
17. The Head of the State enjoyed no immunity and was subject to law like any other citizen.
18. The accountability to the law of the land was equally applicable to all members of the government and functionaries of the State.
19. The judiciary was to be independent of the executive.

20. Propagation of such ideas and ideologies as are considered contrary to the fundamentals of Islam was to be prohibited.
21. The State was to be a unitary nature. Different regional racial, tribal or linguistic areas constituting the territory of the State were not to enjoy the right of secession.
22. No interpretation of the Constitution which was repugnant to the Quran and the Sunnah was considered valid.”

2.3 The Role of Madrassas and their Graduates in Pakistani society

The madrassas are performing important role in the society by providing religious education and training to the people. They also provide direction in religious matters. Teaching in most madrassas still emphasizes on orthodox religious teachings and does not include any modern books. There are different schools of thoughts represented by their Religious Boards. Which includes Wafaq-ul-Madaris Al-Arabi (Deobandi), this was followed by Baralvi School of thought in 1960-1974 and Tanzeem-ul-Madaris Pakistan was established, Shia School of thought established Wafaq-ul-Madaris Al-Shia in 1983 , in 1983 Rabta-tul-Madaris Al-Islamia was established by Jamat e Islami, and also in 1983 Ahal-i- Hadith school of thought founded Wafaq-ul-Madaris Al-Salfia. All these wafaqs are united under the umbrella of ITMD.

Ministry of Religious Affairs made efforts for madrassa education reforms. In 2007 an important suggestion was mutually agreed with ITDM. This included, that the board will consist of seven members, including vice-chairman and two members nominated from madrassa boards, and it will be implemented after the approval and required legislation. But unfortunately this suggestion still has not gone through the

governmental process of legislation. Source ("Letter Number IBCC/ES/3780-02," Inter-Board Committee of Chairmen, Ministry of Education, Government of Pakistan, October 6, 2007).

2.4 Role of Ulema in Financial Matters

Islamic finance is one of the most emerging sector among global finance. From North America to Far East Asia, financial institutions and academia have followed the trend. In Pakistan, Islamic banking system is working side by side with conventional banking. But, however, the products and operations of Islamic banking system are still very much identical and confirming to conventional banking. Therefore, many Ulema and religious scholars are skeptical of how much the current Islamic banking system is really Islamic. This state of affairs creates ambiguity in minds of customers of Islamic finance. To implement pure Islamic financial system, major transition distinction from conventional banking system is required; especially in products and operations. Many well-versed Ulema have noted this gap in policy and practice. Moulana Taqi Usmani has explicitly stated as president of Sharah Committee (2008-13) that "Undoubtedly, Sharah supervisory boards, academic councils and legal seminars have given permission to Islamic banks to carry out certain operations that more closely resemble stratagems than actual transactions. Such permission, however, was granted in order to facilitate, under difficult circumstances, the figurative turning of the wheels of those institutions when they were few in number [and short of capital and human resources]. It was expected that Islamic banks would progress in time to genuine operations "

Many researchers have noted the gap in prevalent banking practices with Islamic finance theories (Z. Hassan, 2009; S. Saleem, 2008). Others identified the importance of Islamic finance in economic development (M. Anwar, 1991; A. Mehmood, 2002). The role of Ulema in islamization of Pakistani economy has been very prominent. From framing of

objective resolution in 1949 to formation of 1973 constitution, Ulema have provided legislative base for an Islamic economy in the contemporary world.

Ulema are the major contributors in council of Islamic ideology, Federal sharia court, and Islamic research institute. The Zakat and Usher ordinance 1980 was a major development in islamazation of Pakistani economy. Ulema from all school of thoughts gave their input in the implementation of this ordinance and on ruling of Shia Ulema, Shia were exempted from zakat deduction by the government. Enforcement of sharia act 1991, and November 24, 1991 judgment of Federal Sharia Court called for an interest free economy in Pakistan. On December 23, 1999 Supreme Court of Pakistan upheld the judgment of federal Sharia Court. Since then many initiatives have been taken by the government and financial institutions to move towards interest free economy. During all this historical process Ulema played a crucial role in transformation of Pakistan's Economic system.

2.5 Role of Deeni Madaris in Pakistani culture

The influence of religious scholars (Ulema) in Pakistani society cannot be underestimated. They played their role in the creation state and in the constitutional development of the state. They played vital role in establishing ethics and Islamic values in the society. People from all walks of life seek their guidance regarding religious teaching from religious scholars of their respective school of thought. The religious scholars are trained by strong network of religious educational system. Pakistan is among the countries having highest rate of philanthropy throughout the globe and it is the country that hosted and still hosts millions of refugees since decades. The teaching of religious scholars have played vital role in promoting the culture of support and sacrifice for each other.

However, despite very strong religious educational system with millions of students and graduates, the Pakistani society still feels problem in getting guidance regarding Shariah rulings on economic and financial matters. The economic and financial issues constitute only a marginal part of the syllabus of religious educational system in Pakistan. Therefore most of the graduates of religious educational system are indecisive about the economic and financial issues prevailing in the Pakistan's economy.

Blurred knowledge of religious scholars regarding the contemporary Islamic banking system is evident from radically diverse opinion its sharia conformance. A group of religious scholars has played major role in the creation of this banking system and they express their support to the system, whereas another group of religious scholars have expressed their deep concern about the current practices of Islamic banking. The third and majority group of religious scholars is just silent on this matter, whereas it is clear that the religious scholars have most important role in development of Islamic financial system. If the religious scholars agree with the contemporary Islamic banking system, they have to propagate it, so that the people who are not utilizing the financial services due to religious concerns may be motivated to adept Shriaah compliant system. If the religious scholars disagree with the Islamic banking system, they should come forward to cooperate with financial experts in creating the Shariah compliant products. In any form, the religious scholars cannot ignore their responsibility regarding guidance of public in economic and financial matters. Therefore this study proposes to measure the awareness of Islamic scholars regarding their knowledge of the concept of Islamic Economic teachings so that appropriate steps, could be taken to remove weaknesses and competitive environment could be created.

2.6 Struggles for Islamization of Economy and Islamic Banking in Pakistan

A brief summary of historical events in Islamization of Pakistani economy are as under:-

- a. A historical decision in 1969 Islami Nazreyati council declared that all kinds of Saving certificates including (National Saving Certificates, Bah-boot Saving Certificates, Special Saving Certificates)and prize bounds (Denomination 100,200,750,1500,40000) are Rebavi transactions and Islam does not allow these type of schemes.
- b. It was declared in the constitution of Islamic Republic of Pakistan Article 38 of constitution 1973 that it is the State responsibility to eliminate the interest based system and day to day transactions based on interest.
- c. Islami Nazreyati Council also prepared draft recommendation for establishment of non-interest based economic system in 1977.
- d. In 1980 Islami Nazreyati Council also shared a report through print media for Islamization of economy. The report suggested measures to be taken for the elimination of interest (Riba), as a consequence, in 1985 commercial banks revised their nomenclature of accounts and offered an option for interest free accounts to their clients. However there was no change in dealing with foreign currency accounts and disposal of foreign loans.
- e. Federal Shariat Court was established in 1981.
- f. In 1991 Federal Sharia Court of Pakistan ruled interest free procedures adopted by the banks.
- g. In 1988 a commission was constituted on the basis of Nefaz Shariat Ordinance.

- h. A historical decision of Pakistan on Riba in 1991 where first time the Court declared that Bank Interest is Riba and Harram in Islam.
- i. In 1985 as un-Islamic Banks and other financial instauration went for an appeal in the Shariat Appellate Bench of the Supreme Court of Pakistan.
- j. In 1999 The Shariat Appellate Bench of the Supreme Court of Pakistan rejected the appeal and law on interest banking ceased. To coup with this situation, government constituted a commission, task forces and committees to institutionalize and promote Islamic banking on parallel with conventional banking system for gradual transformation of conventional banking in to Islamic banking.
- k. Unfortunately the United Bank Limited and the Government filed a suite and asked for more time for Islamization of economy.
- l. In 2001, State Bank of Pakistan set up the criteria for establishment of Islamic commercial banks in private sector subsidiaries and also allowed branches of existing commercial banks to conduct Islamic banking in the country.
- m. In July 2002, The State Bank of Pakistan finally issued Islamic banking License to start fulfillment of Islamic Banking in the Country, and the first Islamic bank Meezan Bank Came in to exist in the history of Islamic Republic of Pakistan.

Chapter 3

LITERATURE REVIEW

Religious institutions are considered as an important social actor in around the globe. Since Muslims represent more religion practicing population than any other religion, in Islamic institutions majority of the population is directly or indirectly associated with religious scholars for their guidance. A number of researches are available regarding perception of customers' satisfaction in bank selection criteria and preferences. To date no specific research is available regarding the knowledge of Graduates of Religious/Deeni Madaris about Islamic banking and financial matters, but some research material is available regarding customer's awareness/customers satisfaction and employees of Islamic banks awareness about Islamic economics and Islamic Banking and current contemporary Islamic Banking practices. This chapter reviews the literature to understand the works of scholars in relation to religious knowledge with adoption of Islamic Banking. Further, it discusses how researchers established the relationship between customer satisfaction and their choice of Islamic Banking. Finally it explores works on relationship of Religious Knowledge and Practice with adoption of Islamic Banking.

3.1 Relationship of religious knowledge with adoption of Islamic Banking

Hasan, Z. (2008), investigate the customer's awareness level and customer's service utilization in Islamic banking. He found that customer awareness level has significant impact on customer's services utilization decisions and there is significant positive relationship between customer's awareness level and customers services utilization

decisions. The study concludes that the customer awareness level plays an important role for customer's services utilization decision in the banking sector.

Metawa & Almossawi (1998) investigated behavior of Islamic banking customers. He found that majority of customers of Islamic banks were well educated and the basic motive behind the usage of Islamic banks services was the religious factor although they were not satisfy with the financing schemes of these banks. The study also confirmed findings of Erol-Bdor (1989) and Naser (1999) which concluded that religion and bank reputation were the most important factors for selection of an Islamic bank. Al-Sultan (1999) too considered Islam as motivating factor of Kuwaitis. More than half of the respondent customers gave preference to the Islamic banks merely because of service quality.

Okumkus (2005) conducting research on customer satisfaction and bank selection criteria analyzed the awareness and degree of satisfaction with finance houses that offered Islamic banking services in Turkey. The most important factor for bank selection was the study of our religion.

Omer (1992) conducted a study about role of Islamic belief, awareness and motivating factors among Muslims of United Kingdom in selecting Islamic banks. He concluded that the knowledge and awareness of Islamic banking services prevailing among customers living in Muslim countries are better than living in non Muslim countries. He found that religious motivation was also important factors in selection of Islamic financial factors.

Metwally (1996) conducted a study to evaluate the services of conventional and Islamic banking systems by using the data from three Arab countries (Saudi Arabia, Kuwait and Egypt). The results revealed that no difference was found in cost and

benefits of products and services of banks. Hegazy (1995) studied the comparison of conventional and Islamic banks in demographic profiles of banks customers in Egyptian. The results of this study revealed that religion was the main factor the selection of Islamic banks. He also found that quick service and efficiency of Islamic banks that made it different from conventional banks.

A study conducted by Erol and El-Bdour (1989) reported that reputation of bank and good quality service are the main factors for selection of banks. Contrastly, from religious point of view, it is not a major reason in selection that customers have general knowledge about Islamic financial services .Erol et al. (1990) by using the same data found that patronage factor of Islamic banks was different from the conventional banks with pricing policy not due to religious cause. Haron, Ahmad, & Planisek, (1994) have discussed the differences in selection criteria of banks in Muslim and non Muslims in Malaysia. The results concluded that religion didn't matter the main factor for selection of Islamic banks. The customers would shift due to quality services of banks. Muslims and non Muslims had knowledge of Islamic banking but unaware of financing modes used by Islamic banks. Hamid and Nordin (2001) found that many customers had knowledge of Islamic banking products but unable to differentiate Islamic and conventional banks product and services. Bley and kuehn (2004) evaluated understanding of Islamic financial services and perception of business students in United Arab Emirates including Arabic and non- Arabic Muslims and concluded that the students preferred Islamic banking services because of religious concern.

Eze, Thambiah, Santhapparaj and Arumugum (2011) conducted the study about Islamic retail banking services awareness, perception, and preference of urban and rural banking customers in Malaysia and reveled that there is lack of awareness

among customers about Islamic retail banking. Therefore, there was no advantage in using Islamic retail banking as compared to conventional banking. Both types of customers preferred not to use Islamic banks due to cost factor.

According to Warde (2000) Islamic banking fulfilled the needs of customers and filled the gap that is present in the conventional banking system hence, gave good reason to support the Islamic banking. Moreover, the attitudes of customers were changing which resulted in phenomenal growth in the ethical banking and customers refused the banking that encouraged the socially harmful activities.

Some of the studies attempted to compare Shariah nominated contracts with contemporary contracts. Lewis (2009) found that the religion is most imminent factor in the Islamic banking. Further he suggested that Islamic banking should distinguish them in the mechanism of profit and loss sharing. Similar results were quoted by Manzoor, Aqeel, and Sattar (2010). Chong & Liu (2009) reported that the unique feature of Islamic banking is profit and loss sharing but in practice it was neglected and Islamic banks were operating much closer to the conventional banks deposits. Firoozye (2009) argued that Islamic finance was a new industry but it had many risks and that Islamic finance should have separate identity that would not lead to the opinion that conventional method are correct and can be adopted.

3.2 Choice of Islamic Bank and Demographic and Socioeconomic Characteristics

Zainuddin, Jahyd, and Ramayah (2004) evaluated the perception of customers of Islamic and conventional banking and found that Islamic financial services were used by the people of mature age and average income group while the non-users belongs

to age group of less than thirty years and low income group. Farther, they considered relationship and religion as important factors for the selection of Islamic banking. According to Metwally (2002), the demographic and socioeconomic characteristics were found important for selection of Islamic banks in Qatar. People of mature age and public employees preferred Islamic banking and well educated and young professional favoring conventional banks. Research on Malaysian customers conducted by Haque (2010) concluded that male respondents were more interested in Islamic banking as compared to females.

3.3 Relationship of customer satisfaction with choice of Islamic Banking

Khan, Z. (2014) has explored the selection criteria of Islamic Banking in Pakistan in customer's perspective. He found that optimistic relationship exist between customer satisfaction and Islamic banking in Pakistan as customers using Islamic banking products and services have shown a positive response to establish the fact that "they get what they perceive".

Imam Buchari, Ahmad Rafiki and Mahmood Abdullah Hadi Al Qassab (2014) investigated the employee's awareness and attitude towards Islamic banking products, a study of Islamic bankers in Bahrain. The results show that 74% of the respondents agree with the products offered by Islamic Banks. The concept of providing asset backed loans in Islamic Bank is supported by 97% respondents, 95.10% were found to be aware of use the deposits Banking.

Amir Razi (2011) conducted the comparative analysis of bankers, perception on Islamic Banking in Pakistan. It was found that most of the respondents have positive perceptions of the Islamic products and services. However, employees in Islamic banks were found to be more optimistic than their counterparts. Based on the

undesirable outcome in terms of the level of knowledge of employees in the Islamic banking field, it was recommended that the banks' management should take greater initiative in providing their employees with sufficient knowledge and exposure to rules of the Shariah and the especially principles governing Islamic banking.

Hasan, Z.(2008) have observed education of Islamic finance at the graduate level with focus on existing levels and challenges. Policies concerning graduate Islamic finance education have generally been tentative, rudimentary and wayward. There is mushrooming of private colleges including many bogus ones, with sub-standard curricula designs and course modules. Even many public sector universities of repute have very diverse and competing programs for PhD under the same roof confusing the students. The supervision is ill-managed and not always competent. There is a need to introduce supervision of the supervisors for improving the situation.

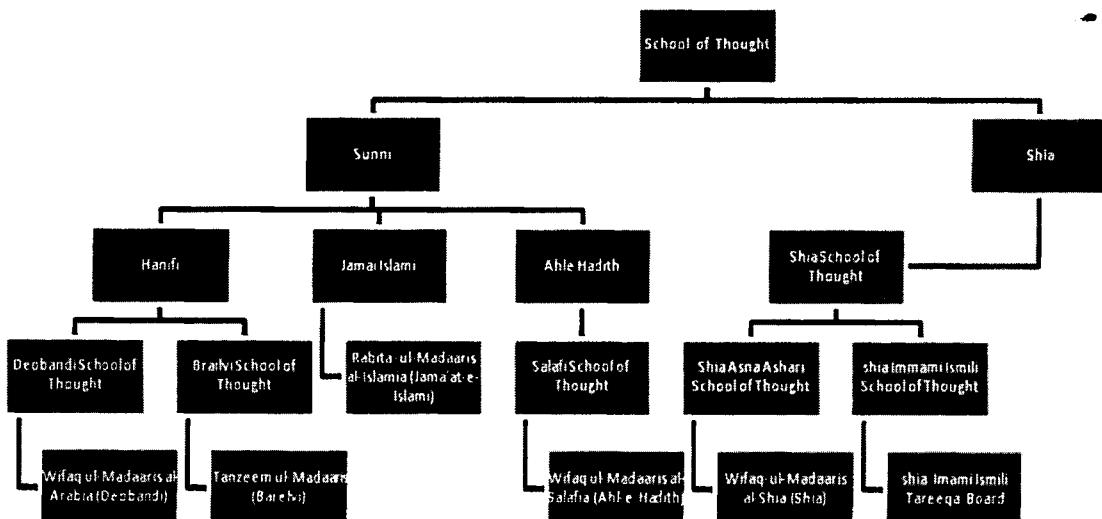
Only few scholars have the contribution to Islamic Banking, which can be counted on fingers. There are millions of graduates of religious institutions, but no one has estimated that what per cent of them are able to understand Islamic Economies and Islamic Banking.

Chapter 4

CLASSIFICATION OF DEENI MADAARIS

Majority of the Muslims of Pakistan follow five schools of thoughts with their own religious education boards, including Hanafi Schools of Thought which is subdivided in to Wafaq-ul-Madaris al-Arabia (Deobandi) and Tanzeem-ul-Madaaris (Brailvi). Ahel e Hadith have Wafaqul-Madaaris al-Salafia (Ahl-e-Hadith), jamat e islami have Rabita-tul-Madaaris Al-Islamia (Jamaat-e-Islami) , Shia school of thought is also subdivided in to Wafaq-ul-Madaaris-al-Shia and Shia Islami Imami Tariqa Board.

4.1 Major Islamic Schools of Thoughts in Pakistan



Source: Marsden, M. (2005). *Living Islam: Muslim religious experience in Pakistan's north-west frontier*. Cambridge University Press.

The chapter further reviews the curriculum of religious institutions in relation to Islamic banking and finance followed by these religious education boards. Top religious schools which have included Islamic banking and finance are identified and discussed in greater detail. And challenges faced by these religious institutions in modernization of their syllabus are also discussed. The Madaaris are established on basis of school of thought and every school of thought has its own network of madrassa which is controlled by a wafaq/Board of particular school of thought. Each board has own education system and syllabus. These wafaq/Boards are recognized by Higher education commission. Wafaqs are allowed by HEC to conduct annual exams and issue certificates/degrees. Currently there are five Wafaq/Boards of madrassa have ambitions to provide specialize religious education.

All universities of Pakistan are unite under umbrella of HEC and all of these Wafaq are also unite under the umbrella of ITMD (Ittehad Tanzeemat-ul-Madaaris Deenia) which was established in 2003. The list of wafaq are as under.

1. Wafaqul-Madaaris al-Arabi (Deobandi)
2. Tanzeemul-Madaaris (Brailvi)
3. Wafaqul-Madaaris al-Salafia (Ahl-e-Hadith)
4. Wafaqul-Madaaris al-Shia (Shia)
5. Rabitaul-Madaaris al-Islamia (Jama'at-e-Islami).

There are some other institutions whose final degree (Shahadat-ul-almiyah) recognized by Higher Education Commission equivalent to M.A Arabic and M.A Islamic studies. These institutions are as under.

1. Darul Uloom, Korangi, Karachi (Deobandi).
2. Darul-ul-Uloom Muhammadia Ghousia Bhera Sargodha (Brailvi).

3. Jamia Ashrafia, Lahore (Deobandi).
4. Jamia Islamia Minhaj-ul-Quran, Lahore (Brailvi).

4.2 Curriculum of Religious Institutions

The Madaris provide fundamental religious education. Their curriculum emphasis on the Qurań, Sunnah and Islamic jurisprudence. However, though there is significant portion of Islamic jurisprudence that relates to financial and economic matters, the Madaris have not taken it very seriously. The public also have not been consulting Ulema for seeking guidance on financial and economic matters. Society has been looking towards Ulema for religious guidance in financial matters.

4.2.1 Hanafi Schools of Thought

This school of thought follows the ruling of Imam Abou Hanifa School of thought in shariah matters. This school of thought is further divided in to further two sub schools Brailvi and Deobandi. These two sub-schools mainly differ in the theology but not so much in jurisprudence.

4.2.1.1 Wafaq-ul-Madaris al-Arabi (Deobandi)

This school of thought follows the scholars who initiated Darul-Aloom Deoband in Utter Perdesh India. The Madaaris related to this school of thought are controlled by Wafaq-ul-Madaris Al-Arabi Pakistan. Beside these some Deobandi Madaaris have their own educational system apart from wafaq which are duly recognized by the Govt. of Pakistan and Higher Education Commission.

The Syllabus of Wafaq-ul-Madaris Al-Arabi Pakistan as discussed the education of Deeni Madaaris has four steps. Sanwia Aama (Equal to Matric), Sanwia Khasa (Equal to F.A), Aliya (Equal to B.A), and Almiyah (Equal to M.A). A brief discussion of

syllabus of Wafaq and their coverage of financial and economic teachings is in appendix 1.

In Aama Khasa which is equal to SSC Martic, there is one book related with Fiqh namely Qadoori (قدوری کامل). The literature of book is related to Mamalat and Jenyat. Which is related to Islamic financial deals/ Baiuo which includes Bai Salam, Ijarah, Sofah, Riba, Wakala, Rehan, Bai Mudaraba, Bai Fasid, Bai Batil, Bai Murabaha etc. However the main focus of the book is Islamic jurisprudence and financial affairs only appear as part of jurisprudence there is no focus on the Islamic Financial teachings.

In Sanwia Khasa which is equal to HSSC Intermediate first year, there is one book related with Fiqh namely kanzuddaqaiq (کنز الدقائق). The literature of Book is related to Miras, Ibbadaat, Mamalat and Jenyat. In second year there is one book named Shairah Waqaya Akhreen (شرح وفہب اخرين) which is related to Islamic financial deals/ Baiuo which includes BaiSalam,Mudarbah, Ijarah,Sofah,Riba,Wakala,Rehan,Bai Mudariba, Bai Fasid, Bai Batil,Bai Murabaha etc. However the main focus of the book is Islamic jurisprudence and financial affairs only appear as part of jurisprudence there is no focus on the Islamic Financial teachings.

In Aliya which is equivalent to graduation, in third year there is one text book named Hidayah Jild Aowal (ہدایۃ جلد اول) realted to Ibadaat which includes Taharat, Sulaat, saom, Zakah etc. In fourth year, there is one book related to Fiq is Hidayah Jild Saani (ہدایۃ جلد ثانی) where the discussion is only Ibadaat and Mamilaat which includes Nikah,Talaaq, Tahhaar, Talaq-e-Sarih, Baeen and Hodood etc. However there is no any text book about the Islamic jurisprudence and financial affairs.

Almiya is equivalent to M.A. In first year there is one book Hidayh volume III (ہدایۃ جلد ثالث) and Hidayh volume VI (ہدایۃ جلد رابع) which deals with Islamic financial

matters /Bayoo Bai Fasit, bai Batil, Ribah, BaiSalam,Mudarbah, Riba,Wakala, Bai Mudariba, Bai Fasid, Bai Batil, Bai Murabaha, Bai Sarf etc, but due to the non-expert teachers and lesser care this portion is usually not taught to student.

In Almiya (equivalent to M.A) second year also famous namely as Dora e Hadith (جامع ترمذی شریف) (دورہ حدیث), Jamia Tirmidhi volume two (which is a renown Hadith book in which financial matters were discussed in light of Hadith Islamic financial deals/Bayoo which includes Bai Salam,Mudarbah, Ijarah, etc.

4.2.1.2 Tanzeem-ul-Madaaris (Brailvi)

This school of thought follows the scholars who initiated Daral-Aloom Brailvi, Brail in India. The Madaaris related to this school of thought are controlled by Tanzeem-ul-Madaaris Al-Arabiya Pakistan. Beside this several Brailvi have their own educational system apart from wafaq which is duly recognized by the Government of Pakistan and Higher Education Commission.

The Syllabus of Tanzeem-ul-Madaaris Al-Arabiya Pakistan as discussed, the education of Tanzeem-ul-Madaaris has four steps. Aama, Khasa, Aliya, and Almiya. The syllabus of the four steps is summarized in appendix 2.

In Aama Khasa which is equal to SSC Matric first year, there is one book related with Fiqh namely Qanoon Shariat (قانون شریعت (از نمازتا آخر نماز جمعہ) related to Ibadaat. In second year there is one Fiq book related to Mamulaat namely Noor ul Eza (نور الایضاح (مکمل) related to Islamic financial deals. However the main focus of this book is on Islamic jurisprudence there is no focus explicitly on Islamic financial teachings.

In Sanwia Khasa which is equal to HSSC Intermediate first year ,there is one book related with Fiqh namely Mukhtasr-ul-Qadoori (مختصر القدوری (مکمل)) in detail, there are three parts frist one is related to Ibadaat second one is related to Mamulaat and

third one is related to Islamic financial deals. However the main focus of this book is on Islamic jurisprudence there is no focus explicitly on Islamic financial teachings. In Sanwia Khasa second year, one book Hidayah shareef (ہدایہ شریف (ربع اول مکمل)) where discussion is related to Ibadaat but no any text that deals with financial teachings of Islam.

In Aliya first year which is equal to graduation, there is one book namely Hidayah Sani (ہدایہ (ربع ثانی مکمل) which have three volumes the third volume Kitab-ul-baoi that has covers Islamic financial deals. Aliya second year has one book namely Hidayah Rab-u-Salis (ہدایہ ربع ثالث) which deals with financial matters of Islam. Kitabul Bayoo which deals with Mamalat, in this book all financial deals are discussed in detailed.

Almiya which is equivalent to M.A first year, there is no text book that deals with financial teachings of Islam. In Almiya second year also famous namely as Dora e Hadith, Jamatermizi volume two is the only book which is a renown Hadith book in which financial matters are discussed in light of Hadith. Islamic financial deals/Bayoo which includes Bai Salam, Mudarbah, Ijarah and etc.

4.2.2 Wafaqul-Madaaris al-Salafia (Ahl-e-Hadith)

This school of thought follows of Ahl-e-Hadith. The Madaaris related to this school of thought are controlled by Wafaqul-Madaaris al-Salafiya (Ahl-e-Hadith) Pakistan. They also established a university namely Jamia Salafiya H-8 Islamabad. This is duly recognized by the Govt. of Pakistan and Higher Education Commission.

The Syllabus of Wafaqul-Madaaris al-Salafia (Ahl-e-Hadith) Pakistan as discussed the education of Deeni Madaaris has four steps. Aama, Khasa, Aliya and Almiya.

The syllabus of the four steps is summarized in appendix 3.

In Wafaqul-Madaaris al-Salafia a very limited teaching literature is included regarding Islamic law of business contracts, although general Islamic jurisprudence subjects are part of curriculum to lay down basic foundation for the said area. In salafi school of thought in Nisfun-al-samin there is only one book Bedaytul Mujtahid (بدایت المحتد) ketabul Bayoo, KetabulIjrat which deals with financial teachings of Islam.

4.2.3 Wafaq-ul-Madaaris -Al-Shia

The followers of this school of thought are known as Shia. The Madaaris related to this school of thought are controlled by Wafaqul-Madaaris al-Shia. They also established a university namely JamiaKoser H-8 Islamabad. They have their own educational system which is duly recognized by the Govt. of Pakistan and Higher Education Commission.

The Syllabus of Wafaqul-Madaaris al-Shia Pakistan as discussed the education of Wafaqul-Madaaris al-Shia has four steps. Aama, Khasa, Aliya, and Almiya.

The syllabus of the four steps is summarized in appendix 4.

In Shia School of thought the curriculum, in Shahdatu Sanwia which is equivalent to HSSC. In Khasa only one Fiqh book named Toz-ul-masael al Tejarat (توضیح المسائل) (از تجارت) deals with the financial matters. In whole course of study there is no one book which deals with the financial matters and Islamic banking in detail. Furthermore it is new emerging field and currently Shia school of thought not yet started. Baqir Al Sadr is one of pioneers.

4.2.4 Rabita-tul-Madaaris Al-Islamia (Jamaat-e-Islami)

This school of thought follows of renowned scholars Abu AalaMododi. The Madaaris related to this school of thought are controlled by Rabita-tul-Madaaris Al-Islamia Pakistan. They have their own educational system which is duly recognized by the

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Government of Pakistan and Higher Education Commission. The Syllabus of Rabita-ul-Madaaris Al-Islamia Pakistan as discussed the education of Deeni Madaaris has four steps same as Sanwia Aama (Equal to Matric), Sanwia Khasa (Equ to F.A), Aliya (Equal to B.A), and Almiyah (Equal to M.A). A brief discussion of syllabus of Wafaq and their coverage of financial and economic teachings.

In Sanwia amma there is one Fiq book Qodori Nisf Awal (قدوری نصف اول) related to Ibadaat i.e Namaz, Roza, Zakah and Haj but could not address the Islamic financial matters.

In sanwia amma second year Fiq book Qodori Nisf Sani (قدوری نصف ثانی) related to Islamic finacila deals/ Baio i.e Bai Fasid, Bai Batil, Bai murabaha, Bai Mushrakah, Muzarabah and Tuliya.

In Alimiya First year which is equal to M.A there is one Fiq book Hidayah Awal (بِدَابَةٍ (اول)) and Hidayah Sani (بِدَابَةٍ (ثانی)) related to Ibadaat i.e Namaz, Roza, Zakah and Haj but could not address the Islamic financial.

In Alimiya First year which is equal to M.A there is one Fiq book Hidayah Volume IV (بِدَابَةٍ (جلد)) related to Mamilaat i.e Shifa, Rehan, and Kitab-ul-Qisma but could not address the Islamic financial matters.

Some other renowned religious institutions final degree (Shahadat-ul-almiyah) recognized by Higher Education Commission equivalent to M.A Arabic and M.A Islamic studies .These institutions have their own syllabus, which is different from conventional setup. They include contemporary setup of conventional education in their syllabus i.e. English, Economics & Banking. These institutions are considered modern as compared to old setup of Madaaris.

1. Darul Uloom, Korangi Karachi

There is only one institution Darul Uloom, Korangi Karachi which provides education Islamic banking and finance on selective basis. They also offer specialization in Fiqh, Hadith and mamalat. They also facilitated students to learn English and principles of Islamic banking and finance, AAOIFI Shariah Standards. There is only one renowned institution in Pakistan presently its renowned institution which provides Shariah supervisory experts to Islamic financial institutions. The founder of current Islamic banking system introduced institution scholars; they actively participated in the historical judgment on Riba by the Supreme Court and federal shariat court of Pakistan.

2. Jamaia Rasheed

There is another renowned institution which offer Islamic economics and Islamic banking degree, teach AAOIFI and Shariah Standards to the Fiqh specialization students at Jamia Rasheed Karachi. Furthermore they offer specialization on financial matters (Mamalat). This is the only one institution which provides education Islamic banking and finance, Islamic economics, MBA in Madaaris. They also offer specialization in Fiqh, Hadith and mamalat, also facilitated students to learn English and principles of Islamic banking and finance. This is the only institution which offers a specialized in Takasus/Specialization in financial matters/Mamalat, rest of the Deeni Madaaris must follow this initiative.

3. Darul ul Uloom Muhammadiya Ghousia Bhera

This institution offers both religious as well as contemporary education. After completion of degree their students also join universities for higher education.

Currently, they also have started Islamic banking seminars' and short orientation courses.

4. Jamia Ashrafia Lahore

Jama Ashrafia Lahore is also a renowned Deeni Madaarsa they also offer short Islamic banking courses. Currently Jamia also started various Islamic banking and finance courses in collaboration with some volunteer private resource persons and collaboration with sector Islamic finance training institutions.

5. Jamia Islamia Minhaj-ul-Quran Lahore

Minhaj University Lahore is also a renowned university. It offers different discipline of education parallel to Islamic i.e. Business, Physics, Chemistry, Computer Science etc. They believe on concept of enlightened moderation. Recently, they have developed School of Islamic Economics and Business and they are offering undergraduate and post graduate programs in Islamic finance. This university is recognized by HEC.

4.3 Islamic Finance and Islamic banking Literacy in the Madaris

It is observed majority of the Ulema and Madaris are highly critical about the Islamic banking practices they feel that there are problems in current Islamic banking. There are some reservations about approach and the principles adopted by Islamic banking industry. The main reason behind this perception is due to lack of proper knowledge and understanding of current Islamic banking systems. Since general public approach them for seeking guidance about financial matters, due to lack of knowledge about Islamic economics and Islamic banking and economic education causes restricts their ability to guide general public.

4.4 Lack Collaboration between Madaris and other Institutions

Mostly Madaris work independently and autonomously without any collaboration with other institutions like universities and financial organizations. In recent years some institutions have started efforts to enhance mutual collaboration between Madaaris and other institutions to share the knowledge about Islamic economics, Islamic finance and banking education. Institute of Policy Studies (IPS) based in Islamabad has conducted an orientation program for teachers and students of Madaris in cooperation with International Islamic University Islamabad.

4.5 Challenges of Curriculum in Deeni Madaaris

The curriculum of dars-e-nizami was established centuries ago. Although an annual meeting of nazims is held to discuss administrative and academic issues, but still no book related to Islamic banking and finance published in recent era has been added in the curriculum. Hence there is a definite need for revising the Madaris education with addition of more relevant books dealing with current era.

Chapter 5

METHODOLOGY

This study comprises on field research based on primary data. It is theoretical and empirical in nature. Data was collected directly in person from Madaris of all school of thoughts from twin cities; Rawalpindi and Islamabad, by using survey method with questionnaire. The respondents were chosen from different Wafaqs and levels of religious education, independent of school of thought or gender. List of institutions offering final year education was obtained from concerned educational board. Two institutions from every religious educational board (Wafaq) were selected for survey on basis of stratified random sampling. Then main religious institutions of seven major schools were chosen and 16 registered institutions were selected for the study. This ensured authentic responses as per their religious interpretation. To ensure more factual results, randomly selected sample of 500 female and male faculty and students was used as per their representation in these institutions. Out of 280 received responses 241 were finally included in the study. Survey was conducted through specifically designed questionnaire distributed among students and faculty members to assess the knowledge level of graduates of religious educational institutions regarding Islamic banking and finance.

5.1 Population

This study comprises on field research based on primary data. Hence, it is theoretical and empirical in nature. Data collected directly in person from Madaris of all school of thoughts in twin cities; Rawalpindi and Islamabad, by using survey method using questionnaires. To increase the response rate data collection was preceded by small

briefing to the respondents about the objectives and significance of the study. Many hurdles were faced while collecting the data as in most of the Madaris we needed to convince the faculty by going through detailed interviews about our objectives which include the opinion of students and then we were allowed access to the classes and students. The prospective respondents belonged to different Wafaqs, having religious educational background, irrespective of school of thought and gender. The Wafaqs included are Wafaq-ul-Madaris Al-Arabia (Deobandi), Tanzeem-ul-Madaris Al-Arabia (Brailvi), Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith), Rabata-ul-Madaris, (Jamat-e-Islami), Wafaq-ul-Madaris-us-Shia, Darul-Uloom Muhammadiyah Ghousia Bhera and Shia Immami Ismaili Tareka and Regional Education Board. A survey was conducted through specifically designed questionnaire. Questionnaire was distributed among the students of final years and the teaching faculty of the higher classes in the randomly selected renowned institutions from all Islamic school of thoughts in Rawalpindi and Islamabad.

5.2 Sampling Procedure

List of institutions offering final year education was obtained from concerned educational board, within territorial jurisdiction of Rawalpindi & Islamabad. Two institutions from every religious educational board (Wafaq) were selected for survey on basis of random sampling.

Then main religious institutions of seven major schools were chosen and 16 registered institutions were selected for the study. This ensured authentic responses as per their religious interpretation. To ensure more factual results, randomly selected sample of 500 female and male faculty and students was used as per their representation in these institutions. Out of 280 received responses 241 were finally included in the study. Out

of which 205 were students and 36 were faculty member of different Deeni Mudaris. Survey was conducted through specifically designed close ended questionnaire, based on theoretical frame work, distributed among students and faculty members to assess the knowledge level of graduates of religious educational institutions regarding Islamic banking and finance. Female sections of different school of thoughts were also included in sample. The administration of every institution was contacted and the purpose and scope of survey was explained to them in detail to get their consent for conducting survey. Visit schedules were finalized and conducted as per the convenience and permission of the authorities of concerned institutions. Respondents were briefed about the purpose of study and questionnaires were explained in detail to the respondents. Questionnaire was also translated in Urdu for better understanding. To avoid gender biasness female students of different wafaq were also approached within territorial jurisdiction of Rawalpindi and Islamabad.

5.3 Questionnaires

The questionnaire consists of following areas.

- Personal information student/Teacher
- Religious institution /Madaarsa information
- Opinion of respondent about financial transaction in contacts of Islamic jurisprudence.
- Knowledge of the respondent / religious student about financial transaction and Islamic banking.
- Level of understanding in respect of financial transaction identification, its legal status and quoting any reference to support the transaction's validity or non-validity.

- Questions were constructed and designed after detailed discussion to cover all areas of financial transactions in mind to achieve the objectives of the study.

Questionnaire contains 22 short questions, these questions were developed to cover the all aspects of Islamic banking and financial transactions and also focus was to keep questions as simple as possible to generate correct response from the respondents each question contain three parts identification, its legal status and any reference. On average each respondent was given 20 to 25 minutes for interview. The sample size of the study was 500 respondents out of which 280 responses were received back, with response rate of 54%. After going through the each response 29 forms were rejected being less than 50% completed. Finally, 241 responses were considered for finial analysis of the study.

5.4 Data Analysis

The completed questionnaires of respondents were summarized in SPSS software. Cross tabulation was done for getting the results of the desired research. All results were converted into percentages. The diagrams along with the summery statistics were used to interpret the results of the research.

Chapter 6

RESULTS AND DISCUSSION

The detailed assessment of competency levels of Teachers and Students all wafaqs regarding Islamic banking and finance and its Terminologies. Other competencies assessed included knowledge Level Regarding Profit Sharing Arrangements (Musharka&Mudarbah), Knowledge Level Regarding Trade Base Arrangements (Istisna&Murabaha), Knowledge Level Regarding Uncertainty Base Transactions (Gharar), Knowledge Level Regarding Sale and Lease Base Arrangement (Masawma & Ijarah), Knowledge Level Regarding Credit Sale Arrangement (Bai-Mujjal & Murabaha), Knowledge Level Regarding Sale and Lease Base Arrangement

Knowledge Level Regarding Future Sale Arrangement, Knowledge Level Regarding Barter & Currency Exchange Arrangements (Barter & Bai-Sarf),Knowledge Level Regarding Future Sale Arrangement (Bai-Salam),Knowledge Level Regarding Current Practices about Lease & Partnership Arrangements of Islamic Banking (Ijara and Musharakah),Knowledge Level Regarding Current Practices about Deposit & Financing Arrangements of Islamic Banking (Mudarabah and Murabaha).

6.1 Results and Analysis

Descriptive analytical tools were used to analyze the response received from the respondents. For this SPSS was used for the analysis. The responses were calculated separately for various kinds of Wafaqs and religious institutions. In addition to that, the difference among the knowledge level of graduates' faculty was tested by using two sided t-test.

The results are organized in following order.

- The knowledge of Graduates/faculty of Religious institutions/Madaaris about Islamic financial transactions/terminologies.
- Relationship between the knowledge and understanding the Islamic banking concepts.
- Relationship between different wafaq students understanding level.
- Relationship between other variables.
- Identification of financial deals.
- Legal Status of financial deals.
- Reference which support that specific financial deals.

6.1.1 Assessment of Teachers and Students Competency

We assess the scholars competency on different questions related to different mode of transactions the student's response is summarized as under.

6.1.2 Knowledge about Financial Transactions /Islamic Banking Transactions and its Terminologies

It is essential to get the opinion of religious scholars regarding the financial transactions and basic Islamic banking concepts. Below are responses to the basic questions of that were asked from the graduates of DeeniMadaaris to judge their understanding about the financial transactions and basic Islamic banking concepts.

6.1.3 Knowledge Level Regarding Profit Sharing Arrangements

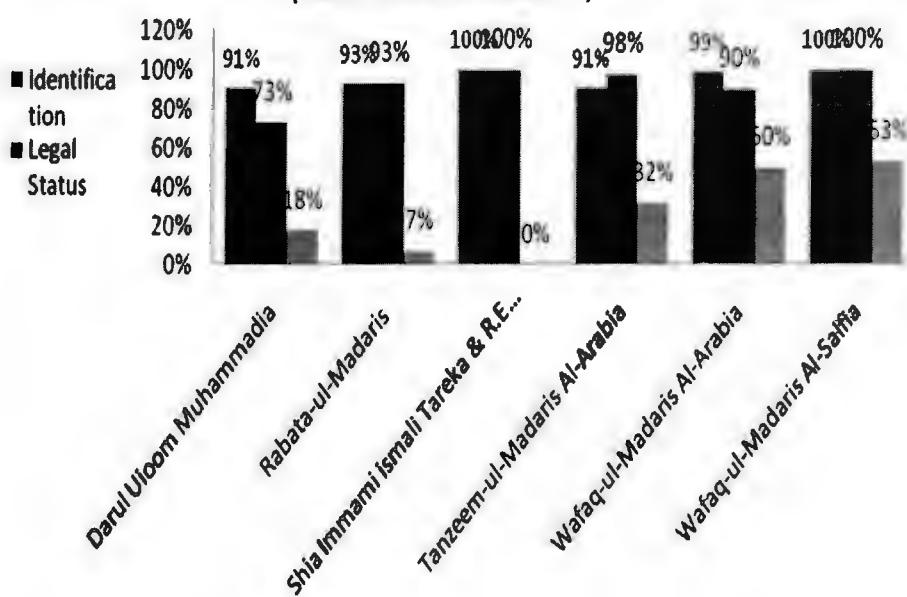
(Musharka and Mudarbah)

The basic and fundamental question regarding Musharkah and Mudarabah is whether or not the graduates of Deeni Madaaris understand a specific the financial transaction. They might be familiar /unfamiliar with this financial transaction/terminology. For measuring familiarity/legal status /reference, a specific question was asked.

Table 6.1.1: Knowledge level regarding profit sharing arrangements

		A and B start a business with a seed investment of Rs: 20,000/- from A and Rs: 30,000/- from B. Both agree to share profit/loss in the business.			A and B decide to start a business. A will provide all the capital required for the business whereas, B will operate the business.		
Wafaq * Identification Crosstabulation	Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference
Darul Uloom Muhammadiyah	11	91%	73%	18%	82%	91%	18%
Rabata-ul-Madaris	14	93%	93%	7%	86%	79%	0%
Shia Imami Ismaili Tareka & R.E Board	3	100%	100%	0%	0%	0%	0%
Tanzeem-ul-Madaris Al-Arabia	57	91%	98%	32%	100%	89%	37%
Wafaq-ul-Madaris Al-Arabia	117	99%	90%	50%	89%	86%	53%
Wafaq-ul-Madaris Al-Salfia	17	100%	100%	53%	94%	94%	59%
Wafaq-ul-Madaris-us-Shia	22	95%	91%	5%	95%	95%	32%
Total	241	96%	92%	37%	91%	88%	42%

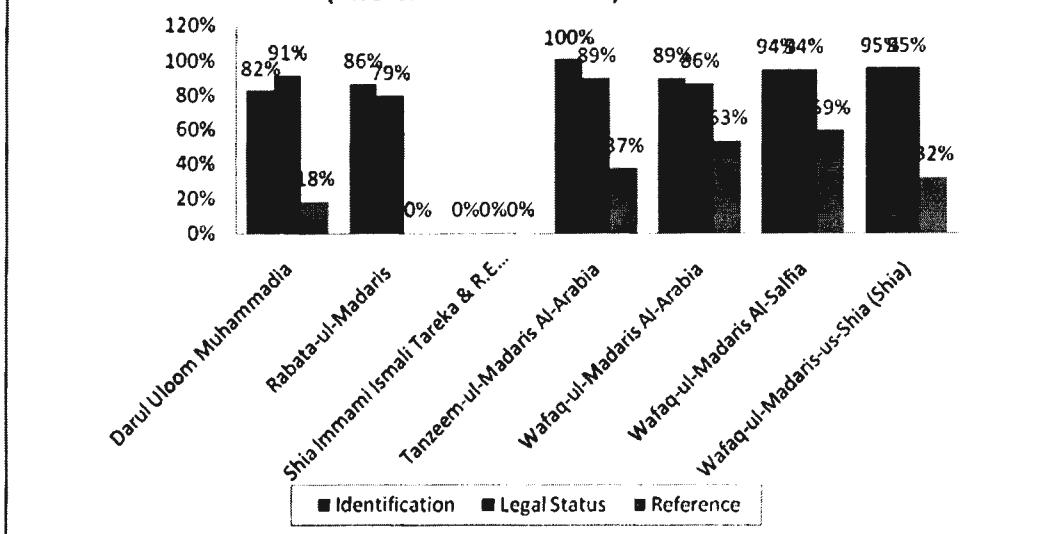
**Figure No. 6.1.1 Knowledge Level Regarding Profit Sharing Arrangements
(Musharka and Mudarbah)**



The above table contains responses of different questions related to Islamic modes of transactions .This part is related to participatory modes (Musharakah and Mudarabaha) of financing. The results of first question shows that on average 96% of the respondents identified the Musharakah and 92% of them have correctly identified the Shariah legitimacy of the transaction.

However, only 37% of the respondents were able to provide reference for their opinion regarding the Shariah legitimacy of this transaction. The second questions related to Mudarabah transaction was rightly identified by 91% of the respondents with 88% of them have correctly determined the Shariah legitimacy. But when it came to provision of references, only 42% could provide reference.

Figure No. 6.1.1.2 Knowledge Level Regarding Profit Sharing Arrangements (Musharka and Mudarbah)



While doing inter-Wafaq comparison about Musharakah, it is observed that all (100% a highest level) respondents from Wafaq-ul-Madaris Salfia & Shia Imami Ismaili Tareka identified it and knew the legal status as well. Where as relatively low awareness found in Darul Uloom Muhammadiyah Ghousia Bhera Sargodha regarding identification & legal status. Shia Imami Ismaili Tareka & Wafaq-ul-Madaris Shia (Shia) was not able to provide reference regarding Musharka.

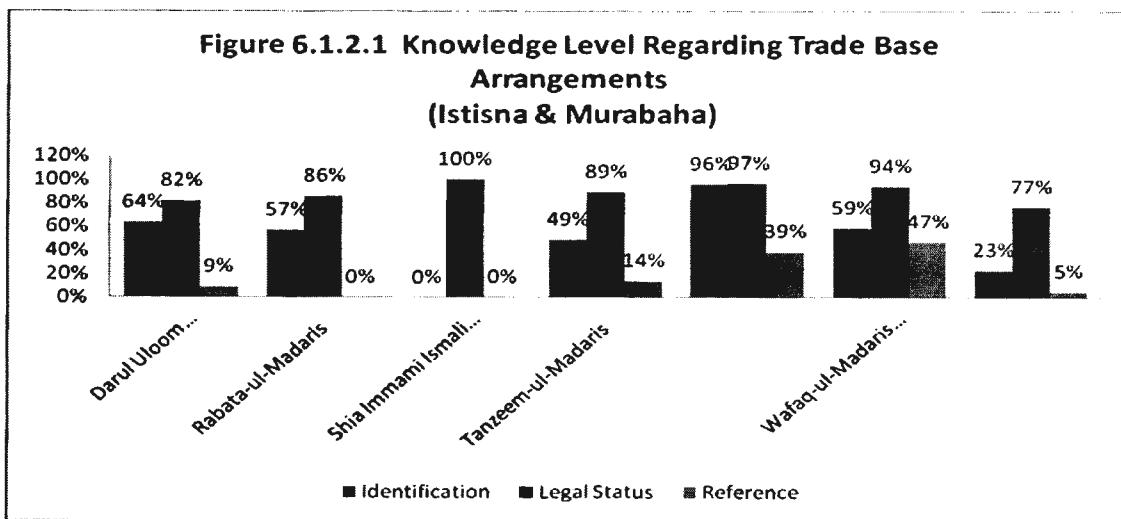
Wafaq-ul-Madaris Shia (Shia) & Tanzeem-ul-Madaris Al-Arabia (Brailvi) showed highest percentage in identification and legal status of Mudarba contract. Whereas, Rabita-tul-Madaris (Jamat-e-Islami) showed the lowest percentage in above mentioned variables (Identification, Legal status & reference). Respondents from Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith) were on highest level for providing reference. No one from Rabita-tul-Madaris (Jamat-e-Islami) were able to provide reference.

6.1.4 Knowledge Level Regarding Trade Base Arrangements (Istisna & Murabaha)

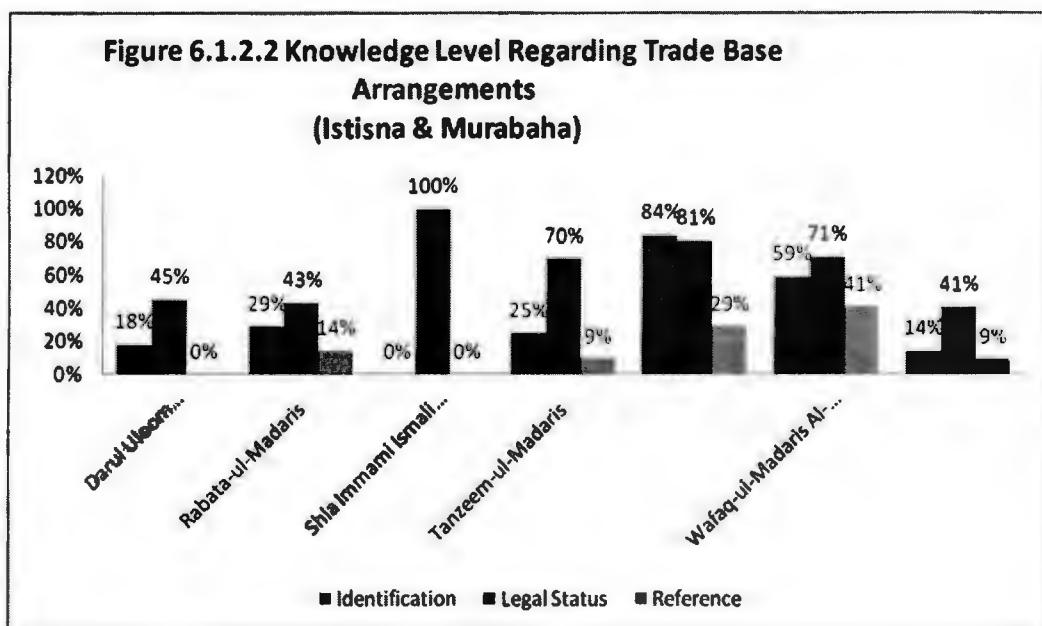
The basic and fundamental question regarding Istisna and Murabaha is whether the graduates of Deeni Madaaris understand a specific the financial transaction or not. They might be familiar /unfamiliar with this financial transaction/terminology. To gauge familiarity, legal status &reference, following question was asked.

Table 6.1.2:Knowledge level about Trade Base arrangements (Istisna & Murabaha)

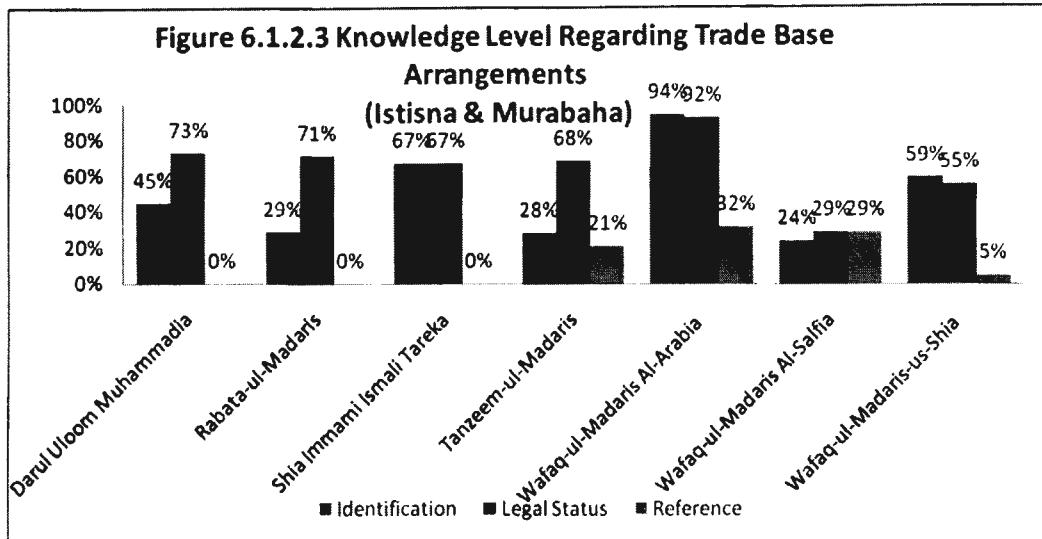
		Ayub has asked carpenter to prepare chairs on 1st May. He has made all payments. Carpenter promised to deliver on 1st July.			A as carpenter, has shortage of funds to make furniture, B as purchaser paid full price on 11 July, with promise of delivery of furniture on 31 August, 2015 by carpenter.			A need a book. He goes at Aslam Book Corner, purchased it and paid Rs:30/- at spot against position. He knows the cost price of the book which is Rs:26/-		
Wafaq * Identification Crossstabulation	Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference	Identification	Legal Status	Reference
Darul Uloom Muhammadiyah	11	64%	82%	9%	0	45%	0%	45%	73%	0%
Rabata-ul-Madaris	14	57%	86%	0%	29%	43%	14%	29%	71%	0%
Shia Imami Ismaili Tareka & R.E Board	3	0%	100%	0%	0%	100%	0%	67%	67%	0%
Tanzeem-ul-Madaris	57	49%	89%	14%	25%	70%	9%	28%	68%	21%
Wafaq-ul-Madaris Al-Arabiya	117	96%	97%	39%	84%	81%	29%	94%	92%	32%
Wafaq-ul-Madaris Al-Salfia	17	59%	94%	47%	59%	71%	41%	24%	29%	29%
Wafaq-ul-Madaris-us-Shia	22	23%	77%	5%	14%	41%	9%	59%	55%	5%
Total	241	71%	92%	27%	54%	71%	21%	64%	76%	23%



The above table and graph contains responses of different questions related to Islamic modes of transactions. This part is related to manufacturing modes (Istisna and Murabaha) of financing. The results of first questions shows that on average 71% of the respondents identified the Istisna and 92% of them have correctly identified the Shariah legitimacy of the transaction. However, only 27% of the respondents were able to provide reference for their opinion regarding the Shariah legitimacy of this transaction.



The second question related to Istisna transaction was rightly identified by 54% of the respondents with 71% of them have correctly determined the Shariah legitimacy. But when it came to provision of references, only 21% could provide reference. The third question related to Murabaha transaction was rightly identified by 64% of the respondents with 76% of them has correctly determined the Shariah legitimacy. But when it came to provision of references, only 23% could provide reference.



While doing inter-Wafaq comparison about Istisna, it is observed that all (96% a highest level) respondents from Wafaq-ul-Madaris Al-Arabia (Deobandi) identified and knew the legal status as well which is 97%. Whereas, relatively low awareness found in Wafaq-ul-Madaris Shia regarding identification which is 23%, Shia Immami Ismaili Tareka and Regional Education Board were not aware and able to identify. When it comes to provision of reference, the highest level of respondents is from Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith) which is 47%. Rabita-tul-Madaris (Jamat-e-Islami) and Shia Immami Ismaili Tareka and Regional Education Board were unable to provide reference.

Wafaq-ul-Madaris Al-Arabia (Deobandi) showed highest percentage in identification and legal status of Istisna contract, whereas, Shia Immami Ismaili Tareka and Regional Education Board showed the lowest percentage in identification and legal status of Istisna. Respondents from Wafaq-ul-Madaris Al-Arabia (Deobandi) were on highest level for providing reference. No one from DarulUloomMuhammadiyah, Ghousia Bhera Sargodha was able to provide reference.

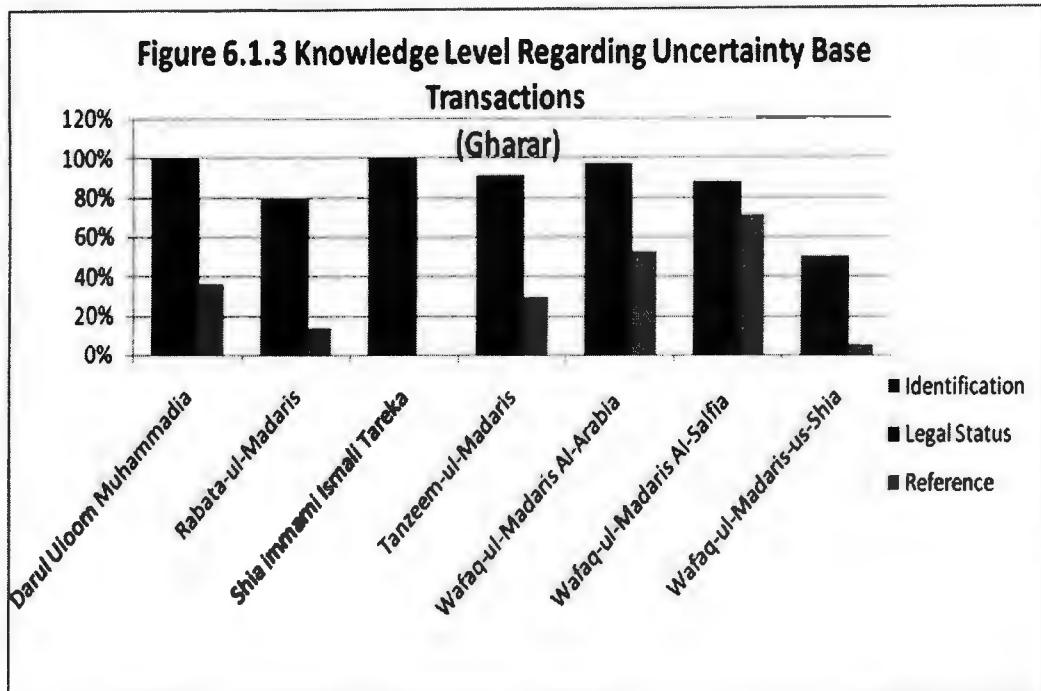
Wafaq-ul-Madaris Al-Arabi (Deobandi) showed highest percentage in identification and legal status of Murabaha contract which is 92% and 94% respectively. Whereas, Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith) showed the lowest percentage at said variables. Respondents from Wafaq-ul-Madaris Al-Arabi (Deobandi) were on highest level for providing reference. No one from DarulUloom Muhammadiyah, Ghousia Bhera Sargodha, Rabata-ul-Madaris (Jamat-e-Islami) Shia Immami Ismaili Tareka and Regional Education Board were able to provide reference.

6.1.5 Knowledge Level Regarding Uncertainty Base Transactions (Gharar)

The basic and fundamental question regarding Gharrar is that whether or not the graduates of DeeniMadaaris understand a specific the financial transaction. They might be familiar /unfamiliar with this financial transaction/terminology. To gauge familiarity, legal status &reference, following question was asked.

Table 6.1.3: Knowledge level about Uncertainty Base Transactions (Gharar)

		A has sold his calf to B which is not born yet, i.e. it is in the mother's womb for the Rs:10,000				Aslam has borrowed 5 kg Ajwa dates from Junaid on the promise that he shall pay 10 kg of Local Pakistani dates after one month.(Is permissible / Non permissible transaction)				Asif of Sargodha sells his unripened farm of orange for Rs.100,000/- to AK Traders at Rawalpindi. (Is permissible / non permissible transaction)		
Wafaq * Identification Crosstabulation	Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference	Identification	Legal Status	Reference		
Darul Uloom Muhammadiyah, Ghousia Bhera Sargodha	11	100%	100%	36%	0%	0%	0%	18%	64%	18%		
Rabata-ul-Madaris (Jamat-e-Islami)	14	79%	79%	14%	0%	21%	7%	0%	43%	7%		
Shia Immami Ismaili Tareka and Regional Education Board	3	100%	100%	0%	0%	0%	0%	0%	33%	0%		
Tanzeem-ul-Madaris Al-Arabi (Brahvi)	57	91%	91%	30%	81%	89%	26%	14%	60%	30%		
Wafaq-ul-Madaris Al-Arabi (Deobandi)	117	97%*	97%	53%	85%	91%	44%	50%	56%	27%		
Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith)	17	88%	88%	71%	6%	71%	29%	12%	71%	53%		
Wafaq-ul-Madaris-us-Shia (Shia)	22	50%	50%	5%	32%	41%	5%	9%	5%	5%		
Total	241	90%	90%	41%	63%	75%	31%	30%	52%	26%		



The above table contains responses of different questions related to Islamic modes of valid and invalid transactions. This part is related to sale transactions which gharar /ambiguity applies. The results of first questions shows that on average 90% of the respondents identified the Gharar and 90% of them have correctly identified the Shariah legitimacy of the transaction. However, only 41% of the respondents were able to provide reference for their opinion regarding the Shariah legitimacy of this transaction.

The second question related to sale transaction was rightly identified by 63% of the respondents with 75% of them have correctly determined the Shariah legitimacy. But when it came to provision of references, only 31% could provide reference.

Figure 6.1.3 .1 Knowledge Level Regarding Uncertainty Base Transactions (Gharar)

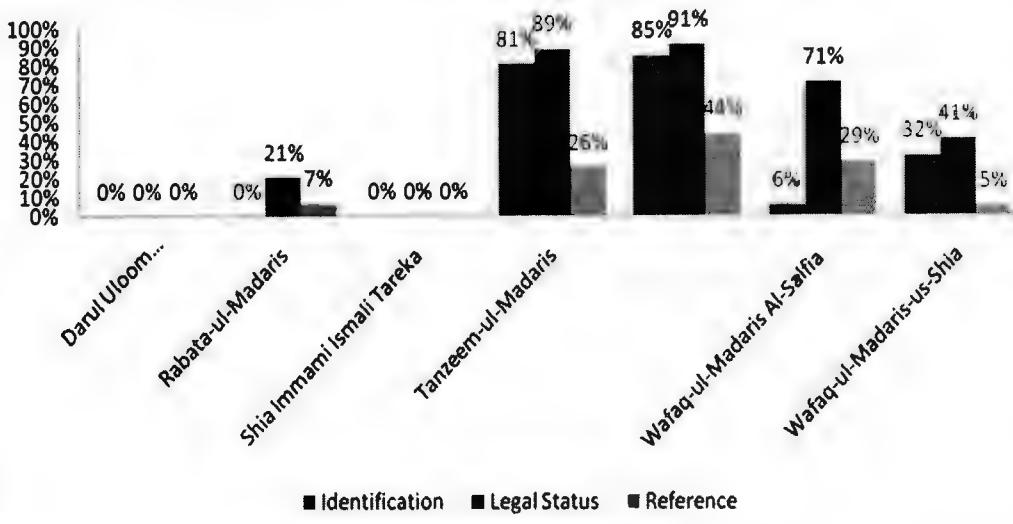
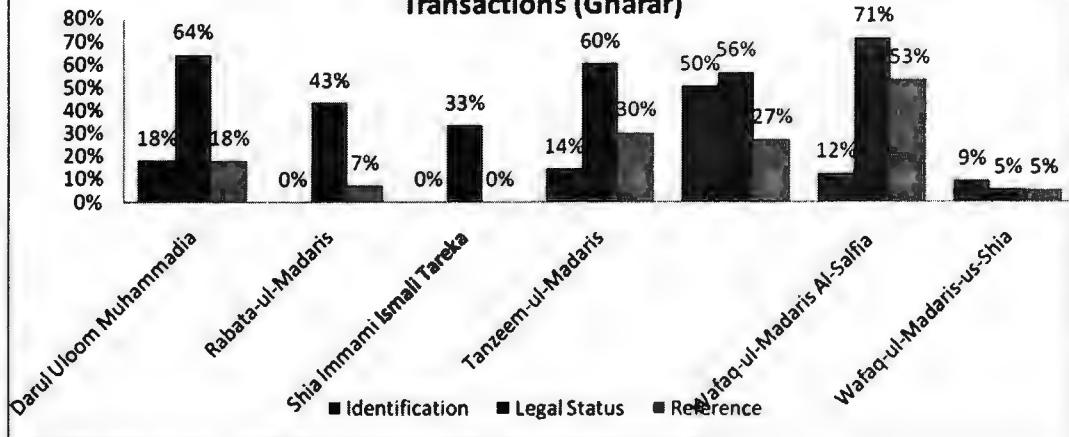


Figure 6.1.3.2 Knowledge Level Regarding Uncertainty Base Transactions (Gharar)



The third question related to sale transaction was rightly identified by 30% of the respondents with 52% of them have correctly determined the Shariah legitimacy. But when it came to provision of references, only 26% could provide reference.

While doing inter-Wafaq comparison about Gharar transaction, it is observed that all (100% a highest level) respondents from Darul-Uloom-Muhammadiyah, Ghousia Bhera Sargodha and Shia Imami-i-Ismali Tareka and Regional Education Board identified and knew the legal status as well, whereas, relatively low awareness found in Wafaq-

ul-Madaris Shia regarding identification and legal status. When it comes to provision of reference the highest level of respondents is from Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith) which is 71%. Shia Immam-iIsmali Tareka and Regional Education Board were unable to provide reference.

Wafaq-ul-Madaris Al-Arabia (Deobandi) showed highest percentage in identification 85% and legal status 91% of sale transaction. Whereas, Darul-Uloom-Muhammadia, Ghousia Bhera Sargodha, Rabata-ul-Madaris (Jamat-e-Islami) and Shia Immami Ismaili Tareka and Regional Education Board showed the lowest 0% percentage at said variables. Respondents from Wafaq-ul-Madaris Al-Arabia (Deobandi) were on highest level for providing reference. No one from Darul Uloom Muhammadia, Ghousia Bhera Sargodh, and Shia Immami Ismaili Tareka and Regional Education Board were able to provide reference.

Wafaq-ul-Madaris Al-Arabia (Deobandi) showed highest percentage in identification 50% and legal status 60% of sale transaction by Tanzeem-ul-Madaris Al-Arabia (Brailvi) . Whereas, Rabita-tul-Madaris (Jamat-e-Islami) and Shia Immami Ismaili Tareka and Regional Education Board showed the lowest 0% percentage at said variables. Respondents from Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith) were on highest level for providing reference. No one from Shia Immami Ismaili Tareka and Regional Education Board were able to provide reference.

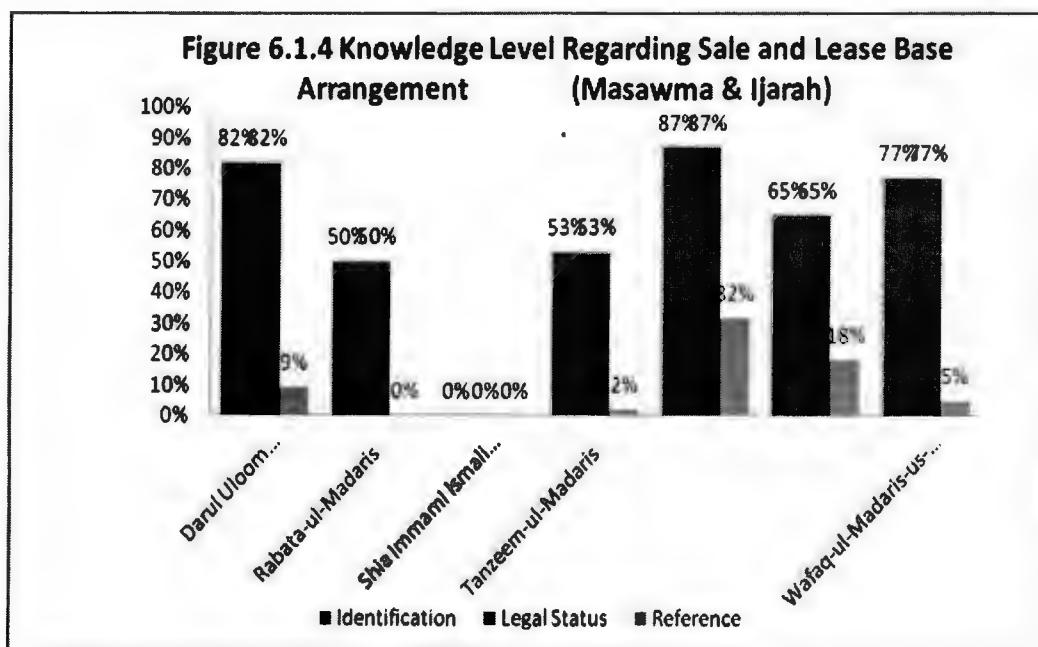
6.1.6 Knowledge Level Regarding Sale and Lease Base Arrangement (Masawma & Ijarah)

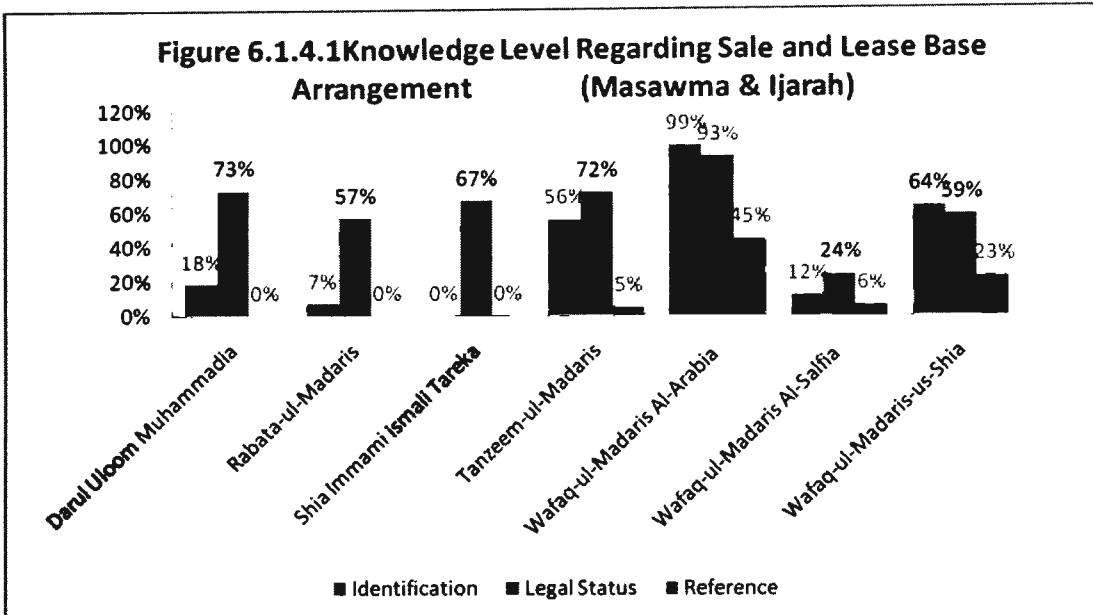
This part pertains to sale transaction without declaration of cost price (Bai-Masawma) and Lease (Ijarah) modes of financing. As per table 5.1.4, knowledge level regarding sale transaction without declaration of cost price (Bai- Masawma) and Lease (Ijarah) arrangements of current Islamic Banking is relatively high to all school

of thoughts. On average approximately 71%, 75% and 22% of the respondents can identify, legal status and provision of reference respectively about financial transactions of banking.

Table 6.1.4: Knowledge Level Regarding Sale and Lease Base Arrangement

		A sells 100kg rice for Rs.5000/-without telling him the purchase price.			Zahid higher Aslam house for Rs:3000/-,rent will be increased after 2 years @10%.			
Wafaq * Identification Crosstabulation		Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference
Darul Uloom Muhammadiyah, Ghousia Bhera Sargodha	11	82%	82%	9%	18%	73%	0%	
Rabata-ul-Madaris (Jamat-e-Islami)	14	50%	50%	0%	7%	57%	0%	
Shia Imami Ismaili Tareka and Regional Education Board	3	0%	0%	0%	0%	67%	0%	
Tanzeem-ul-Madaris Al-Arabia (Brahvi)	57	53%	53%	2%	56%	72%	5%	
Wafaq-ul-Madaris Al-Arabia (Deobandi)	117	87%	87%	32%	99%	93%	45%	
Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith)	17	65%	65%	18%	12%	24%	6%	
Wafaq-ul-Madaris-us-Shia (Shia)	22	77%	77%	5%	64%	59%	23%	
Total	241	73%	73%	18%	69%	77%	26%	





The above table contains three different questions related to specific shariah permissible sale transactions. Deobandi school of thought's and Baralvi Ghousia Bhera familiarity regarding sale transaction without declaration of cost price (Bai- Masawma) and Lease (Ijarah) modes of financing is high as compared to other school of thoughts i.e Tanzeem-ul-Madaris Baralvi and Rabita-tul-Madaris (Jamat-e-Islami), whereas, Shia Imami Ismaili schools of thoughts, have Low knowledge on all three variable i.e. identification, legal status and reference to support their arguments.

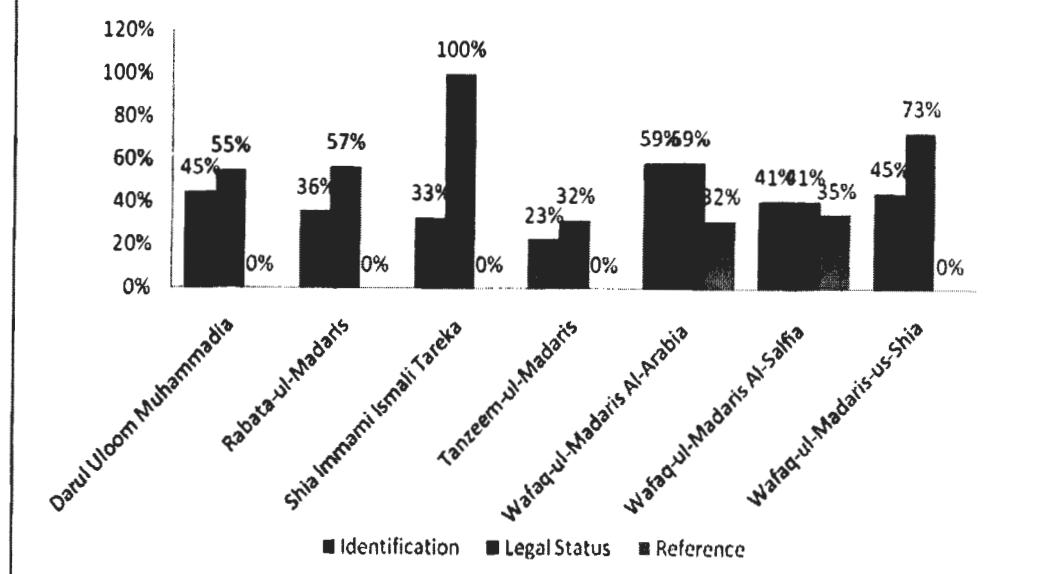
6.1.7 Knowledge Level Regarding Credit Sale Arrangement (Bai-Mujjal & Murabaha)

This part pertains to the sale with daffier payment (Bai-Mujjal) and sale with declaration of Cost (Murabaha) modes of financing. As per table 5.1.5, knowledge level regarding sale with daffier payment (Bai-Mujjal) arrangements of current Islamic Banking is relatively low to all school of thoughts. On average approximately 54%, 66% and 17% of the respondents can identify, legal status and provision of reference respectively about financial transactions of banking.

Table 6.1.5: Knowledge Level Regarding Credit Sale Arrangement

		Ayub sells a bike for Rs.50,000/- and asked him to pay after one month. If make payment on the spot the price will be Rs.45,000/-.			Ijaz needs a book and goes to Ideal Book and purchased for Rs.450/- and promises to pay after one mnth.			
Wafaq * Identification Crosstabulation		Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference
Darul Uloom Muhammadiyah, Ghousia Bhera Sargodha	11	45%	55%	0%	36%	73%	0%	
Rabata-ul-Madaris (Jamat-e-Islami)	14	36%	57%	0%	29%	79%	0%	
Shia Imami Ismaili Tareka and Regional Education Board	3	33%	100%	0%	0%	100%	0%	
Tanzeem-ul-Madaris Al-Arabia (Brailvi)	57	23%	32%	0%	46%	67%	7%	
Wafaq-ul-Madaris Al-Arabia (Deobandi)	117	59%	59%	32%	88%	88%	26%	
Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith)	17	41%	41%	35%	12%	88%	0%	
Wafaq-ul-Madaris-us-Shia (Shia)	22	45%	73%	0%	36%	50%	5%	
Total	241	46%	53%	18%	61%	78%	15%	

Figure 6.1.5 Knowledge Level Regarding Credit Sale Arrangement (Bai-Mujjal and Murabaha)



Deobandi School of thought's and BaralviGhousiaBhera familiarity regarding sale with daffier payment (Bai-Mujjal) and sale with declaration of Cost (Murabaha) mode of financing is high as compared to other school of thoughts i.e BaralviDarulUloomBhera and Shia school of thought, whereas, Shia Immami Ismali schools of thoughts, relatively have less knowledge on all three variable i.e. Identification, legal status and reference to support their arguments.

6.1.8 Knowledge Level Regarding Future Sale Arrangement (Bai-Salam)

This part pertains to the future sale (Salam) modes of financing. As per table 5.1.6, knowledge level regarding future sale (Salam) arrangements of current Islamic Banking is relatively low to all school of thoughts. On average approximately 59%, 73% and 26% of the respondents can identify, legal status and provision of reference respectively about financial transactions of banking.

Table 6.1.6: Knowledge Level Regarding Future Sale Arrangement

		Rahim receive Rs. 50000/- from wholesaler on December ,2014 for growing of wheat. Rahim will handover2000Kg wheat on April, 2015.				Ali paid Rs.2000/- against 20 kg of rice on Feb,2015.Zahid promised to deliver rice on last week of May,2015.				A as grower , is in shortage of funds to harvest rice, B as purchaser paid full price on 11 January, 2015 with promise of delivery of rice on 31 May 2015 by grower.		
Wafaq * Identification Crosstabulation	Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference	Identification	Legal Status	Reference		
Darul Uloom Muhammadiya, Ghousia Bhera Sargodha	11	9%	55%	0%	82%	82%	0%	9%	36%	0%		
Rabata-ul-Madaris (Jamat-e-Islami)	14	0%	50%	0%	29%	50%	0%	0%	36%	0%		
Shia Imami Ismali Tareka and Regional Education Board	3	0%	100%	0%	0%	100%	0%	0%	100%	0%		
Tanzeem-ul-Madaris Al-Arabia (Barlvi)	57	23%	53%	21%	63%	77%	18%	37%	51%	33%		
Wafaq-ul-Madaris Al-Arabia (Deobandi)	117	79%	76%	38%	91%	88%	40%	84%	86%	32%		
Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith)	17	24%	29%	12%	59%	71%	59%	53%	71%	47%		
Wafaq-ul-Madaris-us-Shia (Shia)	22	23%	45%	0%	55%	64%	0%	50%	55%	0%		
Total	241	48%	62%	24%	73%	80%	28%	58%	69%	27%		

Figure 6.1.6 Knowledge Level Regarding Future Sale Arrangement (Bai-Salam)

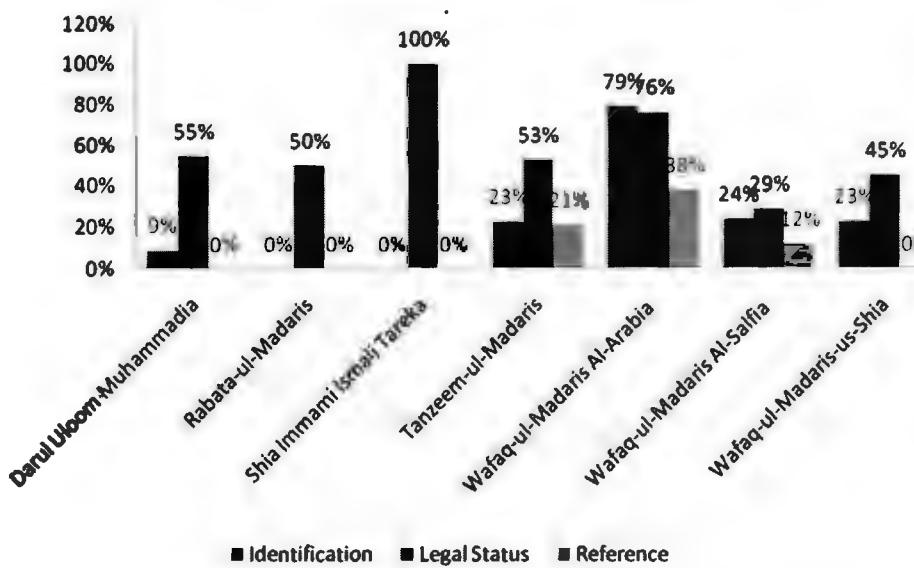


Figure 6.1.6.1 Knowledge Level Regarding Future Sale Arrangement (Bai-Salam)

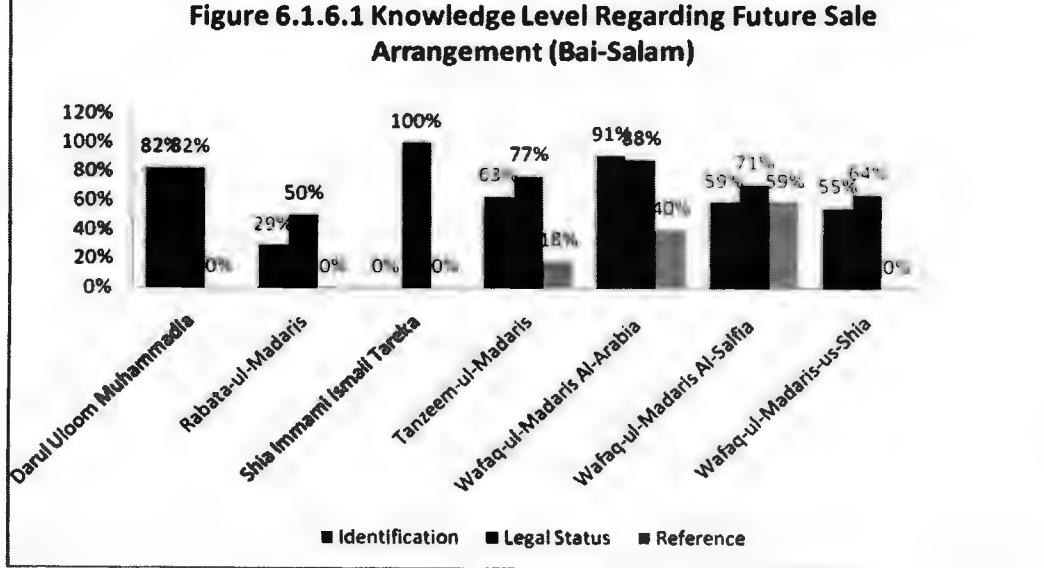
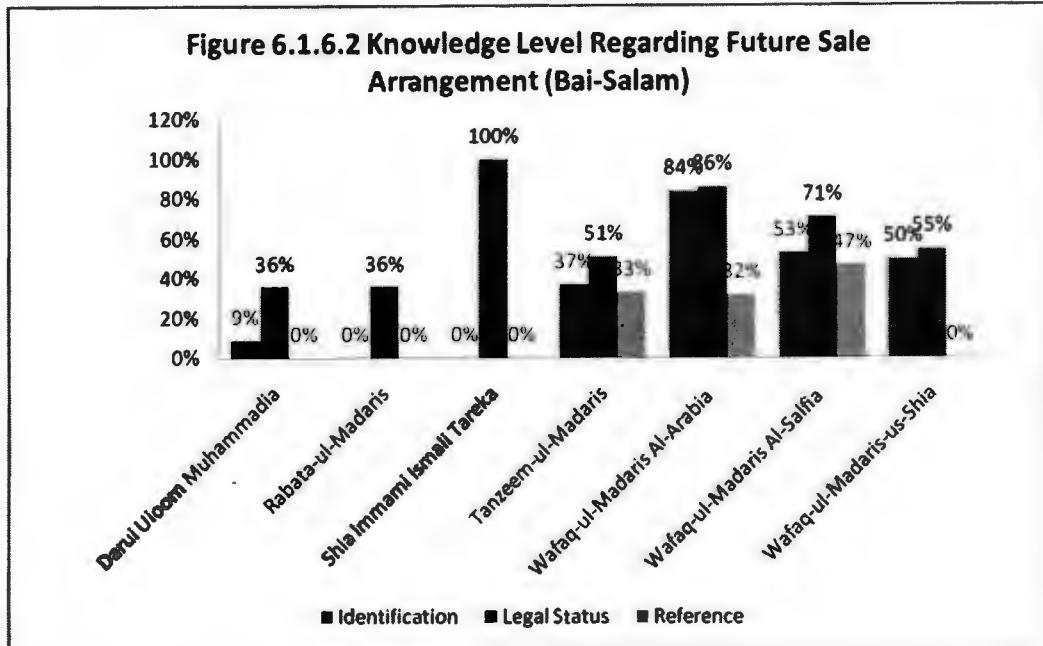


Figure 6.1.6.2 Knowledge Level Regarding Future Sale Arrangement (Bai-Salam)



Deobandi school of thought's familiarity regarding future sale (Salam) mode of financing is high as compared to other school of thoughts (Except only three respondent of Shia Immami Ismaili possessed 100% knowledge in legal status), whereas, Shia Immami Ismaili, Jamat-e-Islami and Braivli schools of thoughts, relatively have less knowledge on all three variable i.e. identification, legal status and reference to support their arguments.

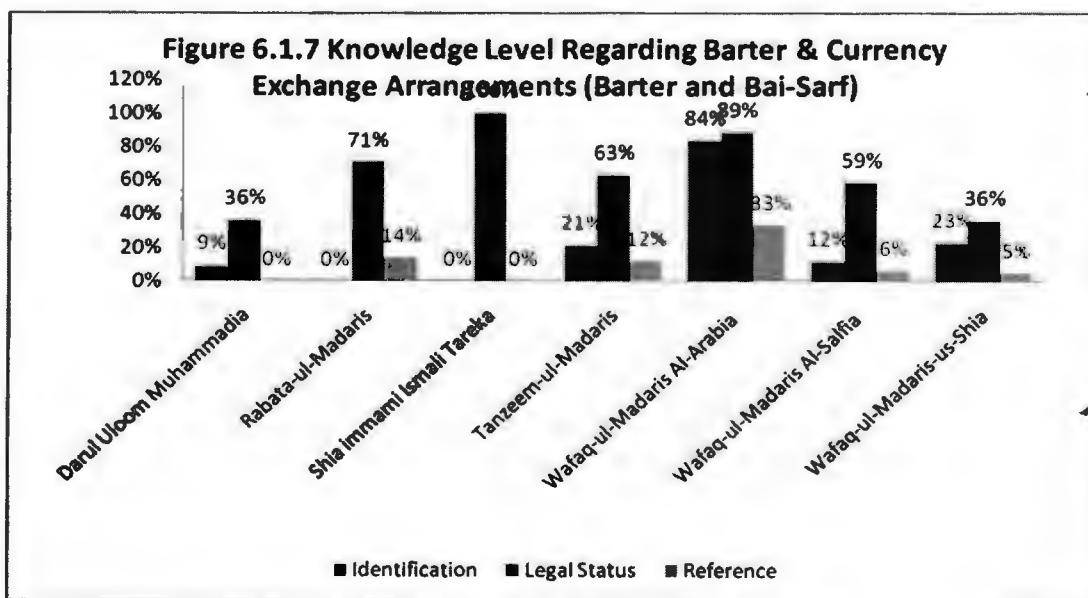
6.1.9 Knowledge Level Regarding Barter & Currency Exchange Arrangements (Barter and Bai-Sarf)

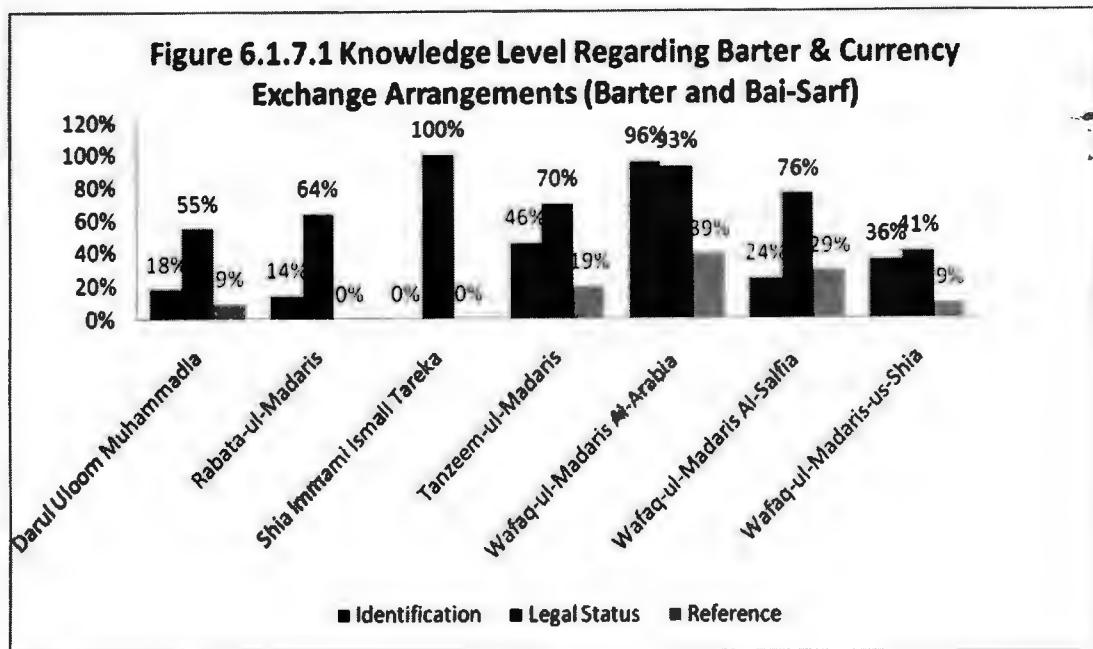
This part pertains to the Barter and currency modes. As per table 5.1.7, knowledge level regarding lease and participatory arrangements of current Islamic Banking is low to all school of thoughts. On average approximately 57%, 75% and 24% of the respondents can identify, legal status and provision of reference respectively about financial transactions of banking.

Table 6.1.7: Knowledge Level Regarding Barter & Currency Exchange Arrangements

		Two formers Aslam and Zahid exchange 5 kg Potato and 5 kg Onion on the sport.			A Japani receive 1000 yen against 845 PKR from Malik exchange on the sport.		
Wafaq * Identification Crosstabulation	Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference
Darul Uloom Muhammadiyah, Ghousia Bhera Sargodha	11	9%	36%	0%	18%	55%	9%
Rabata-ul-Madaris (Jamat-e-Islami)	14	0%	71%	14%	14%	64%	0%
Shia Immami Ismaili Tareka and Regional Education Board	3	0%	100%	0%	0%	100%	0%
Tanzeem-ul-Madaris Al-Arabia (Brailevi)	57	21%	63%	12%	46%	70%	19%
Wafaq-ul-Madaris Al-Arabia (Deobandi)	117	84%	89%	33%	96%	93%	39%
Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith)	17	12%	59%	6%	24%	76%	29%
Wafaq-ul-Madaris-us-Shia (Shia)	22	23%	36%	5%	36%	41%	9%
Total	241	49%	73%	21%	64%	78%	27%

Deobandi school of thought's familiarity regarding barter and currency exchange modes is high as compared to other school of thoughts (Except only three respondent of Shia Immami Ismaili possessed 100% knowledge in legal status), whereas, Jamat-e-Islami and Shia Immami Ismaili schools of thoughts, relatively have less knowledge on all three variable i.e. identification, legal status and reference to support their arguments.





6.1.10 Knowledge Level Regarding Current Practices about Lease & Partnership Arrangements of Islamic Banking (Ijara and Musharakah)

This part pertains to the lease and participatory modes of financing. As per table 5.1.8, knowledge level regarding lease and participatory arrangements of current Islamic Banking is low to all school of thoughts. On average approximately 38%, 46% and 9% of the respondents can identify, legal status and provision of reference respectively about financial transactions of banking.

Table 6.1.8: Knowledge Level Regarding Current Practices

		D.watson requires 5 Honda cars for their Executive employees for that purpose they contact Meezan Bank to avail Islamic financing facility and parties agreed on 20% Down payment and equal installments of 5 years. Cars will be on Ijarah basis. After compilation of 5 years Cars will be sold to D.watson against down payment.			A wants to purchase a House approaches Bank ABC who agrees to participate with him in purchase of required house .20% paid by A and 80% paid by Bank, at the same time the share of the Bank is further divided in to eight equal units , each unit represents 10% ownership of the House . The client promises to purchase one unit after every three months. During this period client will live in the house and pay agreed rent to the bank which will decline in proportion of ownership.			Bank Al-Barakah and Abid started a joint business venture Rs: 10 Million comes from AIB and Rs: 5 Million from Abid. Profit will be shared by the partners based on the ratio of 50:50 % and loss will be shared based on the ratio of investment by each partner. Abid will manage the business.		
Wafaq * Identification Crosstabulation	Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference	Identification	Legal Status	Reference
Darul Uloom Muhammadiyah, Ghousia Bhera Sargodha	11	0%	27%	0%	0%	45%	0%	0%	27%	0%
Rabata-ul-Madaris (Jamat-e-Islami)	14	21%	50%	0%	0%	43%	0%	43%	43%	0%
Shia Imami Ismaili Tareka and Regional Education Board	3	100%	100%	0%	0%	100%	0%	67%	67%	0%
Tanzeem-ul-Madaris Al-Arabia (Braivii)	57	7%	23%	0%	0%	19%	0%	11%	16%	0%
Wafaq-ul-Madaris Al-Arabia (Deobandi)	117	60%	68%	15%	53%	56%	20%	75%	76%	21%
Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith)	17	6%	35%	0%	29%	41%	0%	12%	35%	0%
Wafaq-ul-Madaris-us-Shia (Shia)	22	0%	0%	0%	9%	9%	0%	55%	27%	5%
Total	241	34%	46%	7%	29%	41%	10%	48%	50%	10%

Figure 6.1.8.1 Knowledge Level Regarding Current Practices about Lease & Partnership Arrangements of Islamic Banking (Ijara and Musharakah)

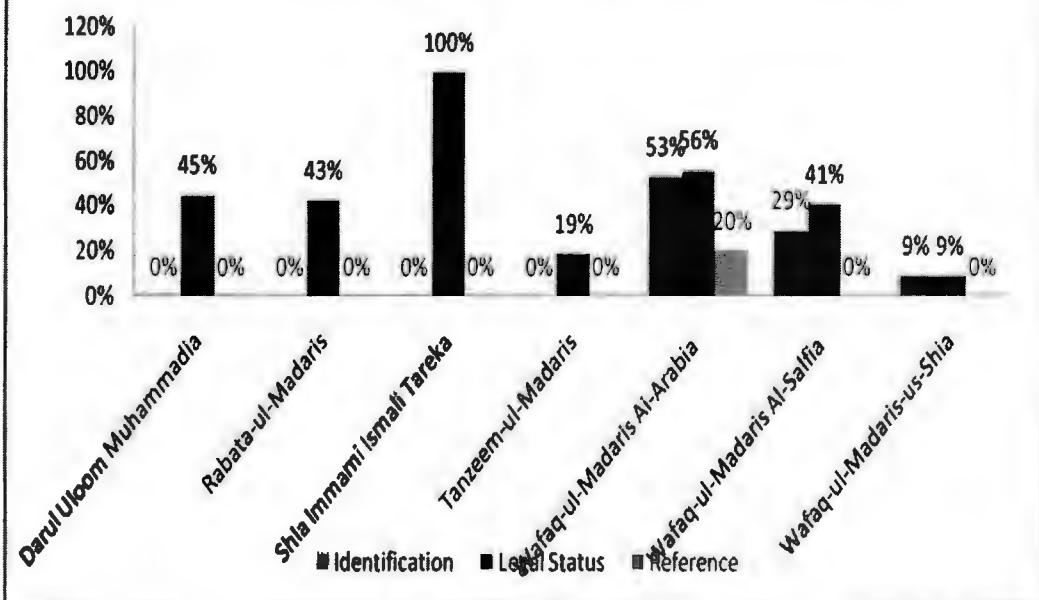


Figure 6.1.8.1 Knowledge Level Regarding Current Practices about Lease & Partnership Arrangements of Islamic Banking (Ijara and Musharakah)

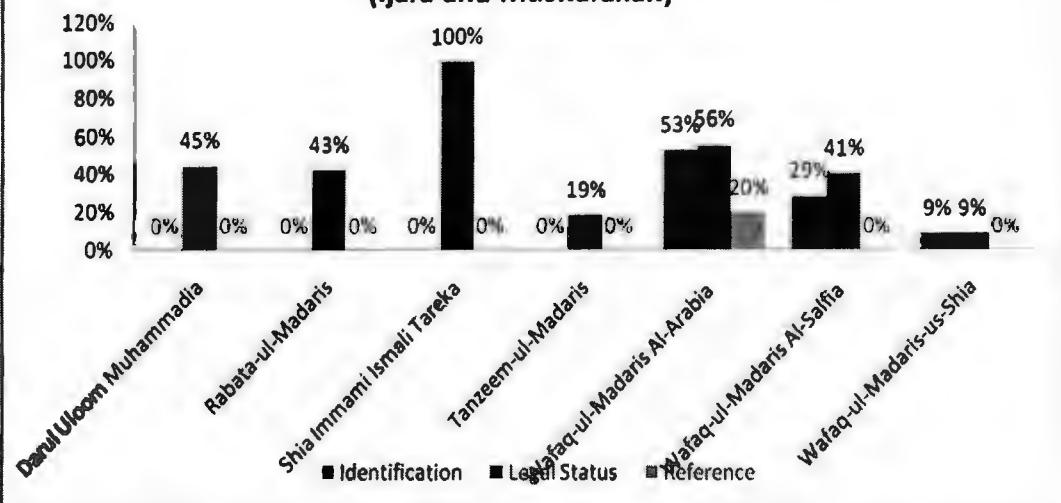
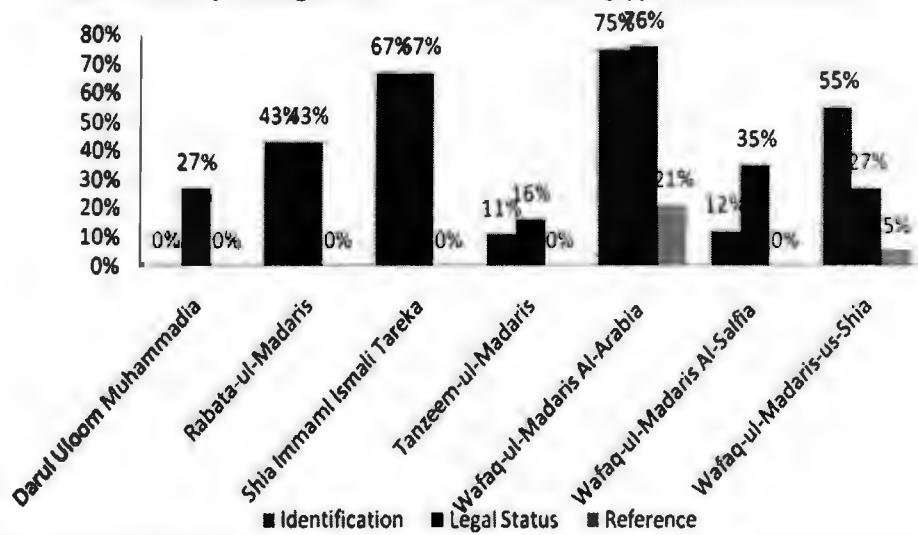


Figure 6.1.8 .2 Knowledge Level Regarding Current Practices about Lease & Partnership Arrangements of Islamic Banking (Ijara and Musharakah)



Deobandi school of thought's familiarity regarding lease and participatory mode of financing is high as compared to other school of thoughts (Except only three respondent of Shia Imami Ismaili possessed 100% knowledge), whereas, Ahle-Hadith and Braivli schools of thoughts, relatively have less knowledge on all three variable i.e. identification, legal status and reference to support their arguments.

6.1.11 Knowledge Level Regarding Current Practices about Deposit and Financing Arrangements of Islamic Banking (Mudarabah & Murabaha)

In this section, discussion is about depository and financing arrangement currently practiced in Islamic Banks. Knowledge level has been checked on said arrangements. Overall knowledge level on this arrangement is very low across the board. As per table 5.1.9, overall 28% were able to identify the financing arrangements.

Table 6.1.9: Knowledge about Deposit & Financing Arrangements

		Asad Fasil is maintaining his saving account with Bank Islami deposited Rs.1,00,00,000/-in Mahana Amadani Certificates@10% p.a paid on monthly basis.			Kohinoor Taxile Mills availing financing facility of Dubi Islamic bank purchases 400 units of yarn for Rs.1,00,00,000/- and seles to KTM for Rs.1,10,00,000/- The amount will be paid after 6 months.		
Wafaq * Identification Crossstabulation	Total	Identification	Legal Status	Reference	Identification	Legal Status	Reference
Darul Uloom Muhammadiyah, Ghousia Bhera Sargodha	11	0%	27%	0%	18%	27%	0%
Rabata-ul-Madaris (Jamat-e-Islami)	14	0%	14%	0%	7%	36%	0%
Shia Imami Ismaili Tareka and Regional Education Board	3	0%	100%	0%	0%	100%	0%
Tanzeem-ul-Madaris Al-Arabia (Brailvi)	57	4%	4%	0%	11%	12%	5%
Wafaq-ul-Madaris Al-Arabia (Deobandi)	117	55%	52%	24%	49%	56%	26%
Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith)	17	0%	47%	0%	0%	41%	0%
Wafaq-ul-Madaris-us-Shia (Shia)	22	0%	0%	0%	5%	0%	0%
Total	241	27%	33%	12%	28%	38%	14%

Figure 6.1.9.1 Knowledge Level Regarding Current Practices about Deposit and Financing Arrangements of Islamic Banking (Mudarabah&Murabaha)

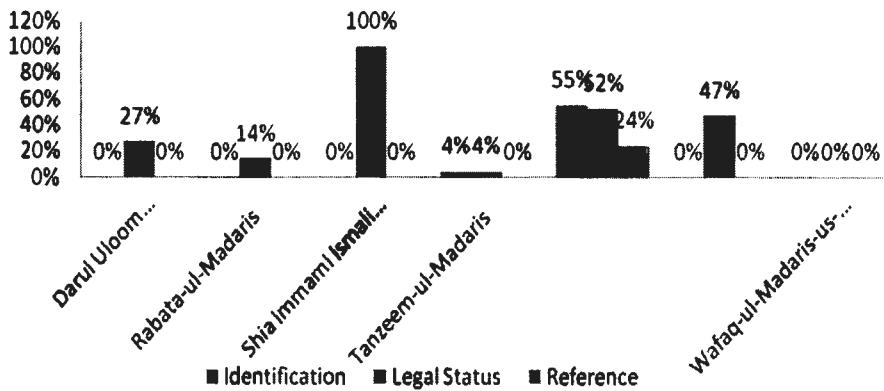
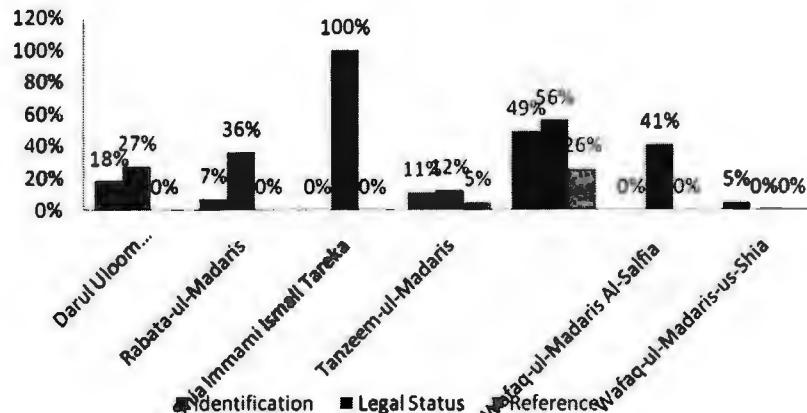


Figure 6.1.9.2 Knowledge Level Regarding Current Practices about Deposit and Financing Arrangements of Islamic Banking

(Mudarabah&Murabaha)



On individual school of thought basis, it has been observed that Deobandi school of thought possess relatively high level of knowledge regarding depository and financing arrangements on all variables i.e. identification, legal status and reference. Other schools of thoughts almost have zero percent knowledge regarding current practices of Islamic Banks.

6.2 Comparison of all school of thoughts regarding Islamic banking and finance

Table 6.2.1 shows the comparison of all wafaqs (School of thoughts) including Wafaq-ul-Madaris Al-Arabia (Deobandi), Tanzeem-ul-Madaris Al-Arabia (Brailevi), Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith), Rabita-tul-Madaris (Jamat-e-Islami), Wafaq-ul-Madaris Shia (Shia), Uloom Muhammadiya Ghousia Bhera (Brailevi), Shia Immami Ismaili Tareka and Regional Education Board.

Analysis that all wafaqs as per three variables the three Identification of financial deal as per shariah, identification of Legal Status on the basis of respective school of thought and supporting References from Quran Hadith and Fiqh.

The correct response of Darul Uloom Bhera is 91% which is lower than the average response rate 96%. The difference is statically insignificant as indicated by T statics (-0.57) in PS and (0.42) in CSA. But overall trend shows that Darul Uloom Bhera response rate for all questions except related to profit & loss sharing modes. The response is significant in most of the cases. It means that the knowledge level of Darul Uloom Bhera regarding identification of financial contract is less then over all knowledge of Madaris graduates. Only 34% of Rabitatual Madaris graduates know about identification of financial contracts.

The correct response of Rabitatul Madaris is 93% which is lower than the average response rate 96%. The difference is statically insignificant as indicated by T statics (-.043). Overall trend shows that Rabitatual Madaris response rate for all questions except related to profit & loss sharing modes. The response is significant in most of the cases. It means that the knowledge level of Rabitatual Madaris regarding identification of financial contract is less then over all knowledge of Madaris graduates .Only 28% of Rabitatual Madaris graduates know about identification of financial contracts.

The correct response of Shia Immami Ismaili Tareka and Regional Education Board is 100% which is higher than the average response rate 96% .The difference is statically insignificant only in TB and CBA as indicated by T statics (-0.11) in TB and (0.70) in CBA .Overall trend shows that Rabitatual Madaris response rate for all questions except related to TB and CBA modes. The response is significant in most of the cases. It means that the knowledge level of Shia Immami Ismaili Tareka and Regional

Education Board regarding identification of financial contract is more than over all knowledge of Madaris graduates. Only 21% of Shia Immami Ismali Tareka and Regional Education Board know about identification of financial contracts.

The correct response of Tanzeem ul Madaris is 91% which is lower than the average response rate 96%. The difference is statically insignificant as indicated by T statics (-1.25) in PS (0.24) in Gharar (2.05) in CSA. Overall trend shows that Rabitatual Madaris response rate for all questions except related to above mentioned modes. The response is significant in most of the cases. It means that the knowledge level of Rabitatual Madaris regarding identification of financial contract is less then over all knowledge of Madaris graduates. Only 40% of Rabitatual Madaris graduates know about identification of financial contracts. The correct response of Wafaq-ul-Madaris Al-Arabi (Deobandi) is 99% which is higher than the average response rate 96%. The difference is statically insignificant only in PS (1.92) and (-0.58) indicated by T statics (-0.11) in TB and (0.70) in CBA. Overall trend shows that Rabitatual Madaris response rate for all questions except related to TB and CBA modes. The response is significant in most of the cases. It means that the knowledge level of Shia Immami Ismali Tareka and Regional Education Board regarding identification of financial contract is more than over Wafaq-ul-Madaris Al-Arabi (Deobandi). 80 per cent of Wafaq-ul-Madaris Al-Arabi (Deobandi) knows about identification of financial contracts.

The correct response of Wafaq-ul-Madaris-Al-Hadis is 100% which is higher than the average response rate 96%. The difference is statically insignificant only in statics (0.50) in PS and (-0.98) and (-0.40) in TB (-0.25) in Gharar (-0.40) in CSA (-1014) in FS and (0.00) in CBA. Overall trend shows that Wafaq-ul-Madaris-Al-Hadis response rate for all questions except related to TB and CBA modes. The response is

significant in most of the cases. It means that the knowledge level of Wafaq-ul-Madaris, Al-Hadis regarding identification of financial contract is more than over Wafaq-ul-Madaris, Al-Hadis. Only 36% of Wafaq-ul-Madaris Al-Arabia (Deobandi) knows about identification of financial contracts.

The correct response of Wafaq-ul-Madaris-us-Shia is 95% which is lower than the average response rate 96%. The difference is statically insignificant only (-0.21) in PS (1.92) and (-0.80) in Ps (-0.46) in TB(0.42) and (-0.47) in L & R (-0.09) in CSA (0.72) in FS and (0.63) in CBA indicated by T statics .Overall trend shows that Wafaq-ul-Madaris-us-Shia response rate for all questions except related to TB and CBA modes. The response is significant in most of the cases. It means that the knowledge level of Wafaq-ul-Madaris-us-Shia regarding identification of financial contract is more than over Wafaq-ul-Madaris-us Shia 39% of Wafaq-ul-Madaris-us-Shia know about identification of financial contracts.

Table: 6.2.1: Identification of Financial Contracts

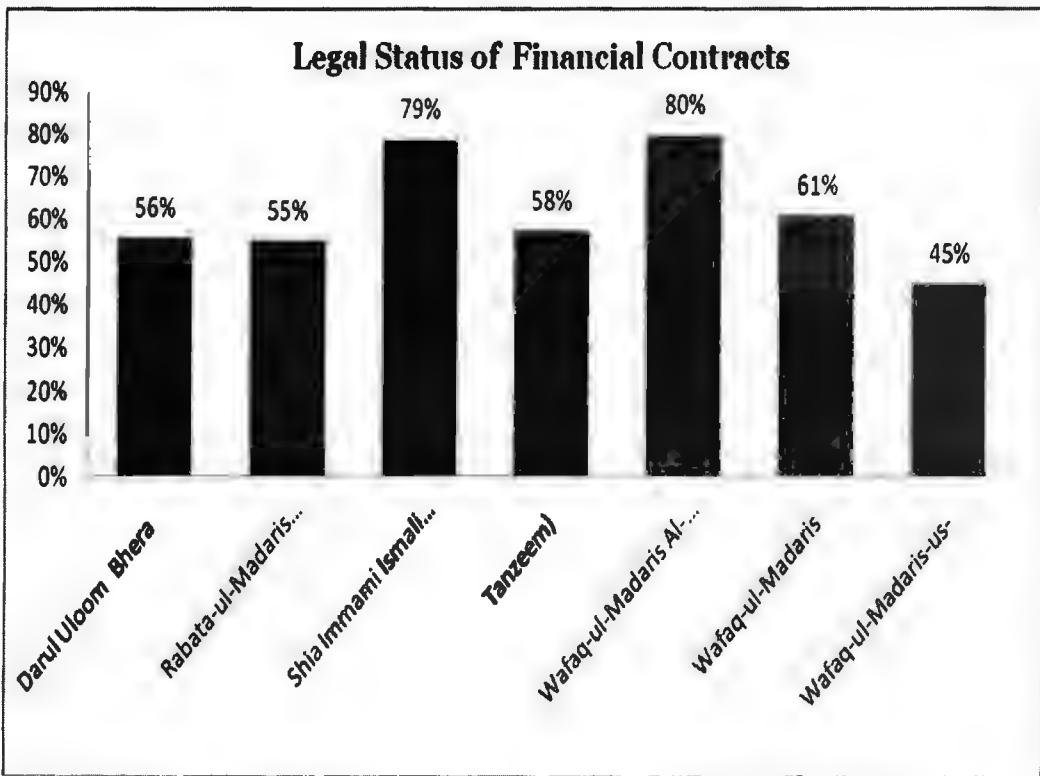
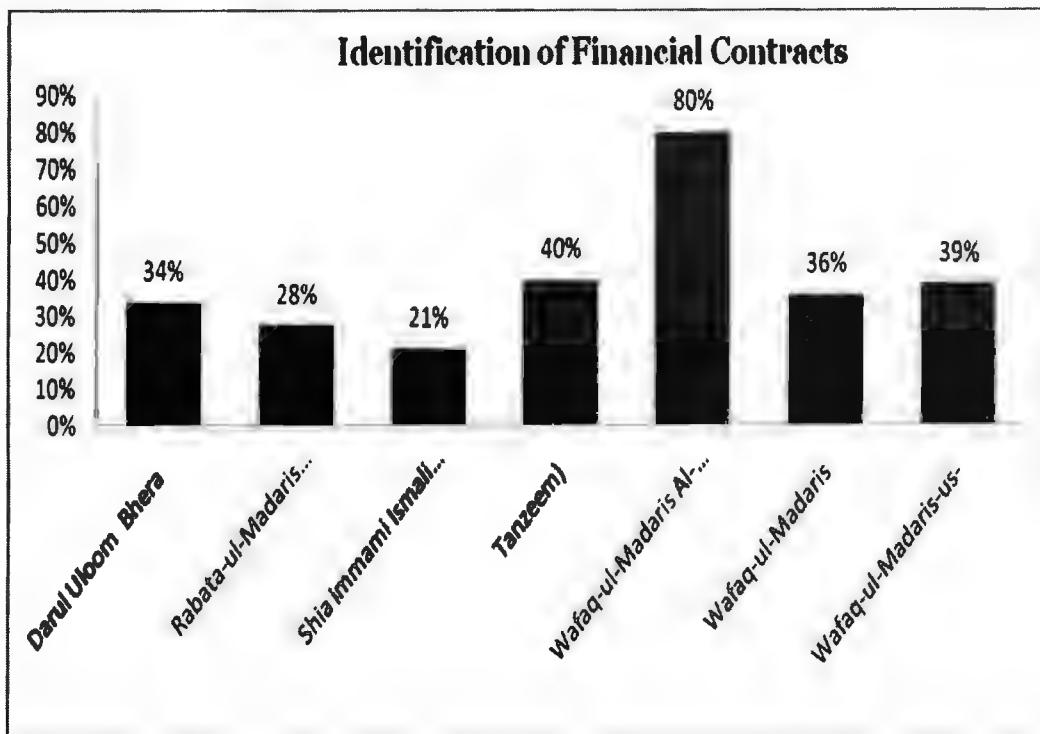
	PS	TB			Gharar			L & R		CSA		FS		CEB		CBA		IBA				
School of Thought	Q1	Q2	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q1	Q2	Q3	Q1	Q2	Q1	Q2	Q3	Q1	Q2		
Darul Uloom Bhera	0.91	0.82	0.64	0.18	0.45	1.00	0.00	0.18	0.82	0.18	0.45	0.36	0.09	0.82	0.09	0.09	0.18	0.00	0.00	0.18		
Rabita-ul-Madaris (Jamat-e-Islami)	-0.57	6.54	-3.21	24.92	8.10	267.78	-651.35	-8.40	6.32	35.65	-0.42	0.50	45.98	6.32	57.95	47.16	32.00	365.15	339.44	0.001	330.14	
Shia Imami Ismaili Tareka and Regional Education Board	0.93	0.86	0.57	0.29	0.29	0.79	0.00	0.00	0.50	0.07	0.36	0.29	0.00	0.29	0.00	0.14	0.21	0.00	0.43	0.00	0.07	
Tanzeem)	-0.4	0.52	-1.03	-2.00	-2.8	-0.98	-	-	-1.67	-8.84	-0.7	-2.57	-	3.53	-	-	-5.24	-1.16	-	-0.37	-	
Wafaq-ul-Madaris Al-Arabi (Deobandi)	1.00	0.00	0.00	0.00	0.67	1.00	0.00	0.00	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.67	0.00	0.00	
Wafaq-ul-Madaris-us-	1.9	0.58	7.27	6.43	7.9	2.81	4.85	3.65	3.31	9.62	2.3	6.21	6.26	4.62	5.59	7.49	8.93	4.76	4.39	5.26	5.17	3.85
Average	0.96	0.91	0.71	0.54	0.64	0.90	0.63	0.30	0.73	0.69	0.46	0.61	0.48	0.73	0.58	0.49	0.34	0.29	0.48	0.27	0.28	

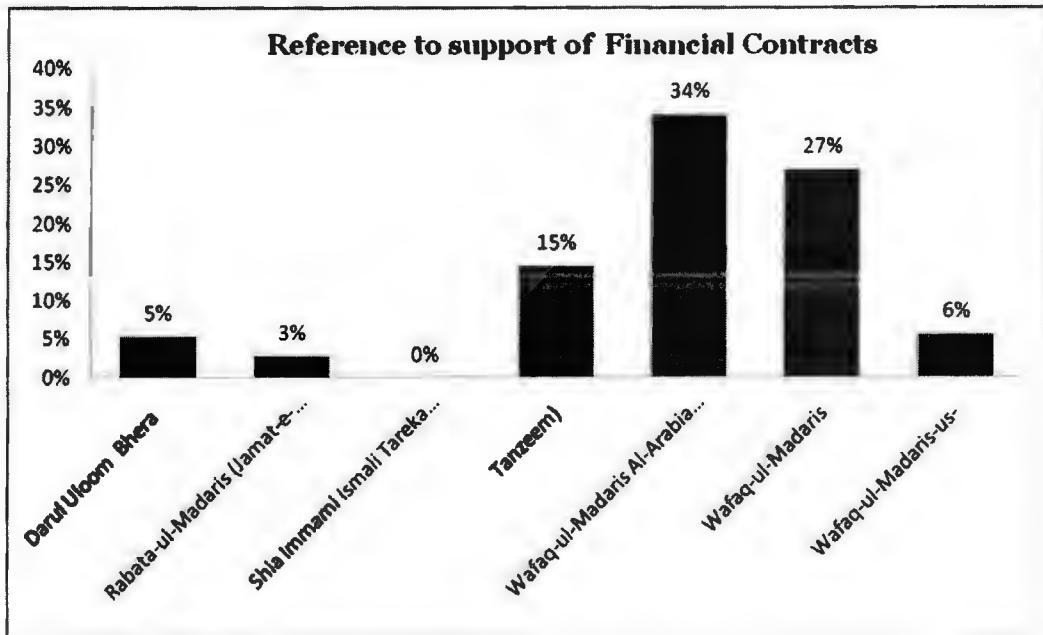
Table: 6.2.2: Legal Status of Financial Contracts

	PS		TB			Gharar			L & R		CSA			FS		CEB		CBA		IBA	
School of Thought	Q1	Q2	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q1	Q2	Q3	Q1	Q2	Q1	Q2	Q3	Q1	Q2	
Darul Uloom Bhera	0.7	0.9	0.8	0.5	0.7	1.0	0.0	0.6	0.8	0.7	0.6	0.7	0.6	0.8	0.4	0.4	0.6	0.3	0.5	0.3	0.3
Rabata-ul-Madaris (Jamat-e-Islami)	-1.4	0.4	-1.0	-1.9	-0.2	5.2	-26.9	0.9	0.8	-0.3	0.1	-0.4	-0.5	0.2	-2.5	-2.8	-1.7	-1.5	0.3	-1.9	-0.5
Shia Imami Ismaili Tareka and Regional Education Board	0.9	0.8	0.9	0.4	0.7	0.8	0.2	0.4	0.5	0.6	0.6	0.8	0.5	0.5	0.4	0.7	0.6	0.5	0.4	0.4	0.1
Tanzeem	1.0	0.9	0.9	0.7	0.7	0.9	0.6	0.5	0.7	0.3	0.7	0.5	0.8	0.5	0.6	0.7	0.2	0.2	0.2	0.0	0.1
Wafiq-ul-Madaris Al-Arabiya (Deobandi)	2.4	0.2	-0.7	-0.1	-1.2	0.2	2.8	1.1	-2.8	-0.8	-3.0	-1.6	-1.2	-0.5	-2.5	-1.4	-1.2	-3.6	-3.6	-5.8	-7.3
Wafiq-ul-Madaris	1.0	0.9	0.9	0.7	0.3	0.9	0.6	0.9	0.9	0.6	0.9	0.8	0.9	0.9	0.9	0.9	0.7	0.6	0.8	0.5	0.6
Average	0.9	0.9	0.9	0.7	0.8	0.9	0.5	0.7	0.8	0.5	0.7	0.8	0.6	0.5	0.7	0.8	0.7	0.5	0.5	0.3	0.4

Table: 6.2.3: Reference to support of Financial Contracts

School of Thought	PS			TB			Gharar			L & R			CSA			FS			CEB			CBA			IBA				
	Q1	Q2	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q1	Q2	Q3	Q1	Q2	Q1	Q2	Q1	Q3	Q1	Q2	Q1	Q3	Q1	Q2	Q1	Q3	Q1	Q2
Darul Uloom Bhera	18%	18%	9%	0%	0%	36%	0%	18%	9%	0%	0%	0%	0%	0%	0%	0%	0%	9%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Rabata-ul-Madaris (Janat-e-Islami)	-1.58	-2.00	1.98	8.00	-8.48	-0.34	-10.41	0.67	-1.00	-9.20	-7.27	6.52	-8.72	9.68	-9.44	-8.00	-1.98	-4.26	-5.17	-5.17	-5.73	-5.73	-6.26	-6.26	-6.26	-6.26	-6.26	-6.26	
Shia Imami Ismaili Tareka and Regional Education Board	7%	0%	0%	14%	0%	14%	7%	7%	0%	0%	0%	0%	0%	0%	0%	0%	14%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	-4.00	-13.21	9.44	0.73	-8.48	-2.76	-3.23	2.57	-7.27	-9.20	-7.27	6.52	-8.72	9.68	-9.44	-0.73	-9.44	-4.26	-5.17	-5.17	-5.73	-5.73	-6.26	-6.26	-6.26	-6.26	-6.26	-6.26	
	-11.90	-13.21	9.44	8.00	-8.48	-12.94	-10.41	-9.20	-7.27	-9.20	-7.27	6.52	-8.72	9.68	-9.44	-8.00	-9.44	-4.26	-5.17	-5.17	-5.73	-5.73	-6.26	-6.26	-6.26	-6.26	-6.26	-6.26	
Tanzeem)	32%	14%	9%	21%	30%	26%	30%	2%	5%	0%	7%	21%	18%	33%	18%	33%	12%	19%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Wafaq-ul-Madaris Al-Arabi (Deobandi)	-0.72	-0.70	-2.40	-2.60	-0.33	-1.61	-0.77	0.60	-5.17	-5.20	-7.27	1.96	-0.50	1.71	0.88	-1.79	1.35	-4.26	-5.17	-5.17	-5.73	-5.73	-2.47	-2.47	-2.47	-2.47	-2.47	-2.47	
	2.33	1.96	2.25	1.62	1.77	2.14	2.38	0.20	2.82	3.52	2.82	2.36	2.66	2.23	0.97	2.36	2.25	2.17	2.40	2.40	2.69	2.69	2.59	2.59	2.59	2.59	2.59	2.59	
Wafaq-ul-Madaris	53%	59%	47%	41%	29%	71%	29%	53%	18%	6%	35%	0%	12%	59%	47%	6%	29%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
	1.28	1.38	1.61	1.64	0.53	2.62	-0.18	2.17	0.00	-3.12	1.44	6.52	-1.44	2.53	1.61	-2.37	0.18	-4.26	-5.17	-5.17	-5.73	-5.73	-6.26	-6.26	-6.26	-6.26	-6.26	-6.26	
Wafaq-ul-Madaris-us-	5%	32%	5%	9%	5%	5%	5%	5%	5%	23%	0%	5%	0%	0%	0%	5%	9%	0%	0%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	-5.72	-0.96	4.03	1.81	-3.35	-6.40	-4.71	3.86	-2.47	-0.32	-7.27	1.93	-8.72	9.68	-9.44	-3.00	-2.67	-4.26	-5.17	-5.17	-5.73	-5.73	-6.26	-6.26	-6.26	-6.26	-6.26	-6.26	
Avr.	37%	42%	27%	21%	23%	41%	31%	18%	18%	15%	24%	28%	27%	21%	27%	7%	10%	12%	14%										





The analysis reveal that in Identification of financial deal Wafaq-ul-Madaris Al-Arabia (Deobandi) displayed hightest understanding with 80% score and Shia Immami Ismaili Tareka and Regional Education Board displayed least understanding level with 21% score.

In identification of Legal Status on the basis of respective school of thought Wafaq-ul-Madaris Al-Arabia (Deobandi) displayed hightest understanding with 80% score and Tanzeem-ul-Madaris Al-Arabia (Brailvi), displayed least understanding level with 58% score.

In supporting References from Quran Hadith and Fiqh, Wafaq-ul-Madaris Al-Arabia (Deobandi) displayed hightest understanding with 34 % score and Rabita-tul-Madaris (Jamat-e-Islami), displayed least understanding level with 3% score.

Chapter 7

CONCLUSION AND RECOMMENDATIONS

The results show the comparison of all wafaqs (School of thoughts) including Wafaq-ul-Madaris Al-Arabia (Deobandi), Tanzeem-ul-Madaris Al-Arabia (Brailvi), Wafaq-ul-Madaris Al-Salfia (Ahle-Hadith), Rabita-tul-Madaris (Jamat-e-Islami), Wafaq-ul-Madaris Shia (Shia), Uloom Muhammadia Ghousia Bhera (Brailvi), Shia Immami Ismali Tareka and Regional Education Board.

Analysis of all wafaqs as per three variables the three Identification of financial deal as per shariah, identification of Legal Status on the basis of respective school of thought and supporting References from Quran Hadith and Fiqh. The analysis reveal that in Identification of financial deal Wafaq-ul-Madaris Al-Arabia (Deobandi) displayed highest understanding with 80% score and Shia Immami Ismali Tareka and Regional Education Board displayed least understanding level with 21% score. In identification of Legal Status on the basis of respective school of thought Wafaq-ul-Madaris Al-Arabia (Deobandi) displayed highest understanding with 80% score and Tanzeem-ul-Madaris Al-Arabia (Brailvi), displayed least understanding level with 58% score. In supporting References from Quran Hadith and Fiqh, Wafaq-ul-Madaris Al-Arabia (Deobandi) displayed highest understanding with 34 % score and Rabita-tul-Madaris (Jamat-e-Islami), displayed least understanding level with 3% score.

7.1 Conclusion

Detailed elevation of data reveals that:-

- i) Highest level of understanding exists in faculty and students of religious intuitions regarding Islamic finance products related to profit sharing arrangements (Musharika Mudarabah), at cumulative correct answers on Musharika and Mudarabah with, identification (96%,91) legal status (92%,88) respectively. Up to 42% were able to provide reference to support the financial transaction.
- ii) Least level of understanding exists about contemporary Islamic finance products related to current Islamic depositary and financing arrangements (Mudarbah ,Murabaha). Results reveal cumulative correct answers on Mudarbah, Murabaha (27%, 28%), legal status (33%,38%) and (12%, 14%) were able to provide reference respectively.
- iii) There is very small understanding was displayed regarding contemporary Islamic finance products related to deposit, financing, lease and current practices (Ijarah, Diminishing Musharikah, and Equal shared Musharikah). Results reveal cumulative correct answers on Ijarah, Diminishing Musharikah and Equal shared Musharikah with identification.
- iv) Level of understanding about trade based arrangements (Istisna and Murabaha) was reasonably good. Results reveal cumulative correct answers on Ijarah Istisna and Murabaha with identification (62.5%, 64%) legal status (81.5%, 76%) and 24%, 23% were able to provide reference respectively.
- v) Low level of understanding exists related to Gharrar / uncertainty based arrangements (Gharrar and ambiguity). Results reveal cumulative correct

answers on Gharrar / uncertainty with identification (76.5%, 30%) legal status (82.5%, 52%) and (36%, 26%) were able to provide reference respectively.

- vi) Level of understanding about Sale and Lease based arrangements (Musawamah and Ijarah) was found to be reasonably good. Results reveal cumulative correct answers on Musawamah and Ijarah with identification (73%, 69%) legal status (73%, 77%) and 18%, 26% were able to provide reference respectively.
- vii) Lower level of understanding exists about Credit Sale based arrangements (Bai-Mujal and Murabaha). Results reveal cumulative correct answers on Bai-Mujal and Murabaha with identification (46%, 61%) legal status (53%, 78%) and 18%, 15% were able to provide reference respectively.
- viii) Level of understanding about Future Sale based arrangements (Bai-Salam) in faculty and students of religious intuitions was found to be reasonably high. Results reveal cumulative correct answers on Bai-Salam with identification 60% legal status 70% and 26% were able to provide reference respectively. Level of understanding about Barter and Currency exchange based arrangements (Barter and Bai-Sarf) in faculty and students of religious intuitions. Results reveal cumulative correct answers on Barter and Bai-Sarf with identification (49%, 64%) legal status (73%, 78%) and (21%, 27%) were able to provide reference respectively.
- ix) The comparative analysis of all Wafaqs reveal that, in Identification of financial deal Wafaq-ul-Madaris Al-Arabi (Deobandi) displayed highest understanding with 80% score and Shia Imami Ismaili Tareka and Regional Education Board displayed least understanding level with 21% score. In identification of Legal Status on the basis of respective school of thought

Wafaq-ul-Madaris Al-Arabiya (Deobandi) displayed highest understanding with 80% score and Tanzeem-ul-Madaris Al-Arabiya (Brahimi), displayed least understanding level with 58% score. In supporting References from Quran Hadith and Fiqh, Wafaq-ul-Madaris Al-Arabiya (Deobandi) displayed highest understanding with 34 % score and Rabita-tul-Madaris (Jamat-e-Islami), displayed least understanding level with 3% score.

7.2 Recommendations

The results of the research reveal that the graduates of religious institutions of all schools of thought are not well aware of the contemporary financial transactions and financial terminologies; this limits their ability of in-depth understanding, analyzing and providing Islamic perspective of Islamic banking operations and products. To cover the knowledge gap and bridge the understanding between , Islamic financial institutions, modern education institutions and Islamic religious institutions we recommend that :-

- a. Knowledge gap in understanding of knowledge between religious institutions and Islamic finance institutions should be minimized by collaborations and joint academic sessions for both professionals of Islamic finance and graduates/students of religious academic institutions.
- b. The heads of Islamic religious institution need to reconsider curriculum of their institution and should allow inclusion of books from contemporary scholars on Islamic banking and finance.
- c. Joint research endeavors business schools, financial institutions and Islamic religious schools to find solutions for sharia compliant practices and operations in Islamic banking.

- d. Strong support from government to facilitate collaboration between financial institutions, and Islamic religious schools for integration of qualified madrassa students in Islamic finance sector will encourage teaching of current Islamic finance systems.
- e. Government and Islamic finance institutions need to support and facilitate public awareness programs to clear misperceptions regarding sharia compatibility of Islamic banking & finance. This will increase business by encouraging new customers to engage with Islamic banking and will save people from being victims of fake mudarba scandals.
- f. Government and financial institutions should encourage and support inter-wafaq seminars and discussions for rationalization of conflicting views of different Islamic schools of thought about Islamic banking and finance. This will lead to more unanimous solutions by wafaqs regarding Islamic banking products, thus massively enhancing public participation in it.

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Appendices: 1

وفاق المدارس العربية (ليوبندي)

ثانويه عامه (اول، دوم، سوم)

نمبر شمار	ثانويه عامه سال اول	ثانويه عامه سال دوم	ثانويه عامه سال سوم
١	اسلاميات نهم ، جمال القرآن	مشق قرأت از پاره عم، ربع آخر (حفظ)، مشق قرأت از پاره عم، ربع آخر (حفظ)،	ترجمه و تفسیر پاره عم ٣٤، مشق قرأت از پاره عم، حفظ ربع ثالث ٣٣، فوائد مکیه
٢	اردو نهم ، دیم	اللغة العربية، الطريقة المصرية حصه	حديث، اللغة العربية والاتشاد، زاد الطالبين كامل، القراءة الراسدة، جز اول، معلم الاتشاد جز اول
٣	انگلش نهم ، دیم	الصرف میزان منشعب، پنج گنج یا ارشاد الصرف یا علم الصرف تین حصص	اللغة، قدوری كامل
٤	ریاضی نهم ، دیم	علم التحو (تحو میر، فارسی یا عربی) شرح مائمه عامل مع ترکیب)	(علم الصیفه فارسی، عربی مع خاصیات اقواب از فصول اکبری/علم الصرف حصه ٤)

ثانويه خاصه سال اول (طلب)

نمبر شمار	مضامين	تفصيل
١	تفسير وحديث	ترجمه و تفسیر از سوره عنکبوت تا پاره عم و ریاض الصالحين كتاب الادب فقط
٢	الفقه	کنز الدقائق ما سوا كتاب الفراناض
٣	اصول الفقه	آسان اصول الفقه اصول الشاشی بعده تعیین المعلم
٤	النحو	کافیه
٥	المنطق	شرح التبزیب
٦	اللغة العربية والادب	نفخة العرب حصه نثرو معلم الاتشاد، ج. ٢

ثانويه خاصه سال دوم (طلب)

نمبر شمار	مضامين	تفصيل
١	تفسير وديث	ترجمه و تفسیر سوره یونس تا سوره عنکبوت ریاض الصالحين از كتاب الجہاد تا آخر كتاب الدعوات
٢	النحو	شرح جامی از مرفوعات تامینیات
٣	الفقه	شرح و قایه (آخرين)
٤	اصول الفقه	نور الانوار تا قیاس
٥	المنطق	قطبی تا عکس نقیض
٦	اللغة العربية والادب	مقامات حریری دس مقاله و معلم الاتشاد، ج. ٣
٧	المنطق	قطبی تا عکس نقیض

عالیہ — "بی اے" سال اول

نمبر شمار	مضامین	تفصیل
1	تفسیر و حدیث	ترجمہ و تفسیر سورہ فاتحہ تا سورہ یونس و آثار السنن مکمل
2	بلاغت	مختصر المعانی۔ الفن الاول والثانی برائے مطالعہ البلاغتہ او اضحتہ
3	الفقه	ہدایہ (جلد اول)
4	اصول الفقه	حسامی (مکمل)
5	فلسفہ و عقائد	ہدیہ سعیدیہ متن ہدایتہ الحکمہ، انتباہات مفید عربیہ
6	الفقة العربية	مختارات الادب ج 1۔ ابوالحسن ذنوی سیع المعطقات مکمل
7	تاریخ	التاریخ الاسلامی ابراہیم شریقی

عالیہ — بی اے سال دوم (طلبہ)

نمبر شمار	مضامین	تفصیل
1	تفسیر	الفوز الكبير، جلایں مکمل
2	حدیث و فرائض	خیرالاصول مسند امام اعظم سراجی
3	الفقه	ہدایہ جلد ثانی
4	اصول الفقه	توضیح تا مقدمات اربعہ وتلویح تا بحث الخاص
5	فلکیات	فیم فلیکات
6	اللغة والعرض	دیوان الحماسہ تا باب الحماسۃ متن الكافی برائے مطالعہ اردو، بھرین
7	عقائد	عقیدہ طحاویہ، شرح عقائد

عالیمیہ سال اول (طلبہ)

نمبر شمار	مضامین	تفصیل
1	اصول تفسیر اصول حدیث	النیہان فی علوم القرآن، شرح تخبہ الفکر، آئینہ قادریاتیت
2	تفسیر	بیضاوی ربع پارہ اول
3	حدیث	مشکوٰۃ المصابیح جلد اول
4	حدیث	مشکوٰۃ المصابیح جلد دوم
5	فقہ	ہدایہ جلد ثالث
6	فقہ	ہدایہ جلد رابع

عالیمیہ سال دوم (طلبہ)

نمبر شمار	مضامین	تفصیل
1	حدیث	صحیح بخاری
2	حدیث	صحیح مسلم
3	حدیث	جامع ترمذی شریف
4	حدیث	سنن ابو داؤد
5	حدیث	سنن نسائی ابن ماجہ، شماں ترمذی
6	حدیث	موطا امام مالک، موطا امام محمد، طحاوی

Appendices: 2

تنظيم المدارس (بريلوي)

نصاب تنظيم المدارس ابلاستن پاکستان تنظيم المدارس

ثانويه عامه سال اول

نمبر شمار	علوم	نصابي کتب، تفصيل ابواب
١	ترجمه قرآن مجید	ترجمه پاره اول تا اختتام پاره سوم
٢	تجوید	علم التجوید، سورۃکویرتاسورۃائشاق(حفظ مع التجوید، ترتیل وحدر)
٣	صرف	میزان الصرف و منشف، صرف بہترال
٤	نحو	نحویں، نظم مانہ عامل
٥	عقلاند	قانون شریعت (از ابتداء تا آخر تقلید)
٦	فقہ	قانون شریعت (از نہما تا آخر نہما جمع)
٧	عربی ادب	طریقہ جدیدہ (حصہ اول، دونم سویم)
٨	جزل سانس	مطابق نصاب میٹرک (مطبوعہ تنظيم المدارس ابلاستن پاکستان)
٩	مطالعہ پاکستان	مطابق نصاب میٹرک (مطبوعہ تنظيم المدارس ابلاستن پاکستان)

ثانويه عامه سال دوم

نمبر شمار	علوم	نصابي کتب، تفصيل ابواب
١	ترجمه قرآن مجید	ترجمه پاره ٤ تا اختتام پاره ٩
٢	تجوید	اجرا عقاعد سورۃالنبا عنا سورۃعبس (حفظ معل التجوید، حدر و ترتیل
٣	صرف	علم الصیغہ، فصول اکھری (خاصیات ابواب)، مراد الارواح
٤	نحو	شرح مانہ عامل ببدایتہ النحو
٥	منطق	تعليم المتنطق مجموعہ منطق
٦	فقہ	نورالاپضاح (مکمل)
٧	عربی ادب	المطالعۃ العربیہ (ترجمہ، گرانمر)
٨	حساب	مطابق نصاب میٹرک (مطبوعہ تنظيم المدارس ابلاستن پاکستان)
٩	انگلش	مطابق نصاب میٹرک (مطبوعہ تنظيم المدارس ابلاستن پاکستان)

ثانويه خاصہ سال اول (طلبہ)

نمبر شمار	مضامین	تفصیل
1	قرآن مجید	(ترجمہ قرآن مجید (پاره ١٠ تا اختتام پاره ١٨
2	حیث	(ریاض الصالحین (کتاب الاداب تا آخر کتاب آداب السفر
3	فقہ	مختصر القدوری (مکمل)
4	اصول فقہ	اصول الشاشی (مکمل)
5	نحو	کافیہ ابن حاجب (مکمل)
6	منطق	(مرقات (مکمل)
7	عربی ادب	اریخ ادب عربی مترجم (دوسرا باب) (مصنف استاد احمد حسن زیارت)
8	سیرت	سیرت رسول عربی پہلے چار ابواب مولانا نور بخش توکلی
9	تاریخ	تاریخ الخلفاء (خلافت راشدہ)
10	بلاغت	درس البلاغتہ (مکمل)

ثانويه خاصه سال دوم(طلب)

نمبر شمار	مضامين	تفصيل
1	قرآن مجید	تفسير جلالين (پاره 19 تا اختتام 24)
2	حديث	مسند امام اعظم (مشروع كتاب تا آخر كتاب الطلاق)
3	فقه	بدایه شریف (ربع اول مکمل)
4	أصول فقه	نور الانوار (كتاب الله ' سنت ' اجماع)
5	نحو	شرح جامی (مقتبس و مرفوعات ' منصوبات تا آخر مفعول معه)
6	عربی ادب	سبعه مطلعات (پہلے تین مطلعات)
7	بلاغت	تختیص المفتاح (مقدمه + الفن الاول)
8	منطق	شرح تہذیب

نصاب لرجه عالیه سال اول (بی اے)

نمبر شمار	مضامين	تفصيل
1	تفسير و اصول	تفسير جلالین شریف پاره 25 تا اختتام پاره 30 ، الفوز الكبير في اصول التفسیر
2	حديث	مشکوہ شریف نصف اول (كتاب الایمان ' كتاب العلم ' كتاب الجنائز ' كتاب (البیوی
3	صول حدیث	مقتبس شیخ عبدالحق محدث دیلوی
4	أصول فقه	(حسامی (قیاس مع بحث احکام و متعلقاتها)
5	فقه	بدایه (ربع ثانی مکمل ماسوا نکاح الرفیق و اهل الشرک ' كتاب العناق ' (كتاب السیر ' كتاب الانق
7	بلاغت	مختصر المعانی (مقدمه + فن اول)
8	منطق	قطبی (تصورات)
9	عقائد	العقلاندو المسائل (عربی)

نصاب لرجه عالیه سال دوم (بی اے)

نمبر شمار	مضامين	تفصيل
1	تفسير و اصول	انوار التنزيل للبیضاوی پہلا پاره (نصف اول) ' التہییان للصلابونی
2	حديث	(مشکوہ المصابیح نصف ثانی (باب فصاص و دیت، آداب ، حدود، الرفاق
3	أصول حدیث	تیسیر مصطلح الحديث
4	فقه	هدایه ربع ثالث (منتخب ایواب) كتاب البیوی، ادب القاضی، المضاربه ، الاجارات، الفصل
5	علم مناظره	(مناظره رسیده (مکمل
6	فلسفه	(هدایه لحکمته (مکمل
7	بلاغت	'' المطول ابتداء تا بحث '' ما الاقلت هذ
8	عربی ادب	دیوان لحماسه: (منتخب ایواب) * لکل امری من دھرہ ما تصودا باب الحماسه قصیده نمبر ۱ تا ۱۰۰ * امساور ام قرن شمس هذ باب المراثی قصیده نمبر ۱ تا ۲۵ * الى ل اعلم واللیب خبر باب الادب قصیده نمبر ۱ تا ۲۰ * زهد المسرفیه العوالی

باب النسب قصيدة نمبر ١ تا ١٥ * بقائي شاء ليس هم ارتحال ديوان المتنبي :منتخب ابواب)* لا خيل عندك تدبها ولا مال القلب اعلم ياغفول بدأه * اذاكن مدح فلتنتسب المقدم * بابي المشموس الجاحنات الغواريا * على قدر اهل العزم تلقى العزائم * من الجائز من ذى الاعرب * كفى بك داء ان ترى الموت شافيا *		
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نصاب لترجمه عالميه سال اول (ايم - اے)

نمبر شمار	مضامين	تفصيل
1	علم الكلام	شرح عقائد نسفي (مكمل)
2	علم الفرائض	سراجى في الميراث (مكمل)
3	حديث شريف	مؤطا الامام محمد (منتخب ابواب) ابواب وقوت الصلواة * القراء في الصلواة خلف الامام * صلوة الخوف * ابواب الجنائز ابتدأ تا باب الصلواة على الميت والدعا * باب الكنز * باب زكوة الفطر * باب القران بين الحج والعمره * باب المحرم ينزووج * بات النكاح بغير ولى * كتب الضحايا وملجزى منها تا آخر باب الذبائح * (كتاب البيوع والتجارات والسلم (تا آخر شراء الحيوان باللحم * (كتاب الصرف وابواب الربوا (تا آخر احياء الارض باذن الامام *
4	التطبيق المجد على مؤطا الامام محمد	التطبيق المجد العاشرة و لفاندة الحادية عشر
5	مؤطا الامام مالك	(منتخب ابواب) باب جامع قضاء الصيام، كتب الصيد، كتاب العقيقة، كتاب الرضاع، كتاب المنق والولاء ، كتاب الشفعة، كتاب الحدود.
6	شرح معانى الآثار	(كتاب الصلوة (مكمل)
7	أصول حديث	شرح نخبة الفكر في مصطلحات اهل الاثر
8	أصول تحقيق	(أصول التحقيق والتاريخ (مصنف دكتور خالق داد
9	فقه	هدايه ربع آخر (منتخب ابواب) كتاب الشفعة ، كتاب الذبائح والاضحية، كتاب الكراهة كتاب الاشربة، كتاب الرهن، كتاب الجنایات، كتاب الوصايا
10	أصول فقه	(الوضيح مع التلويح (ابتداء تا بحث عام
11	منطق	سلم العلوم (ابتداء تا احكام قضايا
12	حكمت و فلسفة	(ميبدى (ابتداء تا آخر طبعيات) فتاوى رضويه طبع جديد (جلد ٢٧

نصاب الشهادة العالمية ايم اے سال دوم

نمبر شمار	مضامين	تفصيل
1	صحيف البخارى	جلد اول (مكمل)
	صحيف البخارى	جلد ثانى (كتاب الاكراه و كتاب الحيل)
2	صحيف مسلم	جلد ثانى (مكمل)
3	جامع الترمذى	اول تا ابواب السير

باب صلوٰۃ الخوف ، کتب النکاح ، کتب الجہاد ، کتب الضحايا ، کتب الخارج والأملأة والفقیء ، کتا الصنۃ،کتاب الائمه	سنن ابی داؤد (منتخب ابواب)	4
کتاب المیاه کتاب المساجدو کتاب القبلہ ، کتاب صلوٰۃ العبدین کتاب مناسک الحج ، کتاب الوصایا، کتاب الاستعذۃ .	سنن لنسانی (منتخب ابواب)	5
باب فی القدر، باب فضل من تعلم القرآن تامن سدل عن لم فکته.ابواب ماجاء فی الصیام ، ابواب الڈیات، ابواب الذبائح، ابواب الصدیق شروع تا آخر کتاب الوتر مع ابواب التراویح .	سنن ابن ماجہ (منتخب ابواب)	6
تنظيم المدارس ابی سنت پاکستان کی طرف نالیے گئے عنوانات میں سے کسی ایک عنوان پر کم از کم پھلی صفحات پر مشتمل تحقیقی مقالہ لکھنا ہو گا۔ نوث : منهج البحث ، مندرجات کی تفصیل اور نمبرات کی تقسیم بارے ہدایات و شرائط اور حدود قیود کیلئے الگ مراسلمہ ملاحظہ فرمائیں ۔	آثار السنن تحقیقی مقالہ	7 8

Appendices: 3

الجامعة السلفية شعبہ علوم اسلامیہ مکمل نصاب الصف الاول

نمبر شمار	مضامین	تفصیل
1	ابواب الصرف	
2	بلوغ المرام	كتاب الجامع و كتاب الصلوة
3	ترجمة القرآن	سورة فاتحة ، یونس ، هود ، یوسف
4	اقراء	
5	مہر نبوت	
6	اسلامی عقیدہ	
7	علم الصرف اولین	
8	نورانی قاعدہ مع تجوید	
9	علم النحو	

الصف الثاني

نمبر شمار	مضامین	تفصیل
1	بلوغ المرام	شروع کتاب سے " کتاب الحیض " کے آخر اور باب سجود السہود سے " کتاب الحج " کے آخر تک " سورہ " الرعد " سے سورہ " الحج " کے آخر تک
2	ترجمة القرآن	
3	رحمت عالم	
4	تفویہ الایمان	
5	ابتدائی قواعد الصرف	
6	شرح ماءہ عامل	
7	اقراء	جزء 3
8	أسان عربي	
9	ابتدائی قوائد نحو	
10	تحفیظ القرآن	پارہ عم یتسالون
11	تحبیر التجوید	

الصف الثالث

نمبر شمار	مضامین	تفصیل
1	مشکاة المصابح	جلد اول مکمل
2	ترجمة القرآن	سورة " البقرة " سے " التوبہ " کے آخر تک
3	قواعد النحو	جزء 1 . 0
4	دروس اللغة	جزء 3 . 0

مخصوص سورتين	تحفيظ القرآن	5
كتاب الطهارة	فقه السنة	6
	كتاب التوحيد	7
شيخين ابوبکر ، عمر (رضي الله عنهم)	تاريخ اسلام حیات	8
جزء 1.	قواعد الصرف جزء	9
	من أطيب المنح	10
	أصول فقه پر ایک نظر	11
	تسهیل المنطق	12

الصف الرابع

تفصیل	مضامین	نمبر شمار
	سنن النسائي	1
	تسهیل الوصول	2
جلد دوم مکمل	مشکاة المصایب	3
سورة "المؤمنون" سے "الناس" تک	ترجمة القرآن	4
	شرح العقيدة	5
	الواسطیہ	
ابتدائی پانچ مقامے مکمل	مقامات حریری	6
عثمان، علی (رضي الله عنها)	تاريخ اسلام	7
جزء ٢٠	قواعد النحو	8
جزء ٢٠	قواعد الصرف	9

الصف الخامس

تفصیل	مضامین	نمبر شمار
	سنن ابی داود	1
پارہ "عم یتساء لون" مکمل	فتح القدیر	2
	أصول الشاشی	3
	شرح نخبة الفکر	4
	فقہ الموارث	5
	حماسة	6
	دروس البلاغة	7
	الہدایۃ کتاب الطهارة وکتاب الزکاة	8
شروع کتاب سے "آن و اخواتها" کے آخر تک	شرح ابی عقیل	9

الصف السادس

نمبر شمار	مضامين	تفصيل
1	سنن الترمذى	
2	الراجى	
3	تاريخ اسلام	
4	خلافت بنو امية	
5	الهداية	كتاب الصلاة
6	مباحث في علوم القرآن	
7	الكامل للمبرد	
8	شرح ابن عقيل	لا نفى جنس " کی بحث سے کتاب کے آخر تک
9	ديوان متبنى	منتخب نصاہ
10	مقدمة في أصول التفسير	
11	نيل المرام	
12	البلاغة الواضحة	
13	مفتاح الإنشاء	
14	تيسير مصطلح الحد بث	

الصف السابع

نمبر شمار	مضامين	تفصيل
1	الصريح لمسلم	
2	لموطا	
3	دراسة الأسانيد	
4	الفوز الكبير	
5	الوجيز	مشروع كتاب سے "الاجماع" کے آخر تک
6	بداية المجتهد	كتاب النكاح وكتاب الطلاق
7	شرح العقيدة الطحاوية	مشروع كتاب سے "الاسراء والمعراج" سے پہلے تک
8	مفتاح الإنشاء	
9	منهج البحث والتحقيق	

الصف الثامن

نمبر شمار	مضامين	تفصيل
1	الجامع الصريح للبخاري	
2	تفسير بيضاوي	پارہ، "الم" مکمل
3	تاريخ التشريع الإسلامي	
4	السنة و مکانتها	
5	شرح العقيدة اطحاویة	بحث، "الاسراء والمعراج" سے کتاب کے آخر تک
6	الوجيز	بحث، "القياس" سے آخر تک
7	بداية الجهد	كتاب البيوع و كتاب الاجارات
8	حجۃ الله البالغة	مقدمة و المبحث السابع
9	المقالة العلمية	آخری کلاس کے طالب علم کا کسی علمی اور جدید موضوع پر ایک مقالہ لکھنا ضروری ہے

Appendices: 4

وفاق المدارس

الشیعہ

الشهادة الثانوية العامة

نمبر شمار	مضامين	تفصيل
1	صرف	صرف میر + تصریف
2	نحو	عوامل + شرح ماقنه عامل
3	فقہ	توضیح المسائل تا اکر عبادات (کسی بھی مجتہد کی)
4	قرآن/اخلاق	قرآن : پارہ نمبر 30 نصف آخر (ترجمہ و حفظ) / اخلاق : آداب المعلمین
5	منطق/سیرت	ایسا غوجی ، رابنگلیان اسلام (محسن ملت علامہ سید صدر حسین نجفی □)
6	زبانی	مندرجہ بالا کورس کے مطابق

خاصہ

نمبر شمار	مضامين	تفصيل
1	نحو	ہدایہ + صعبہ
2	منطق	الموجز فی المنطق
3	اصول الفقہ	مہادی الا صول
4	فقہ	(توضیح المسائل از تجارت تا آخر توضیح المسائل (کسی بھی مجتہد کی
5	قرآن/اخلاق	ترجمہ قرآن مجید (سورہ بقرہ مکمل) / جامع الا خبر
6	عقائد	عقائد اسلامیہ (علامہ شیخ مظفر مرحوم)
7	زبانی	(مندرجہ بالا کورس کے مطابق)

الشهادة العالیہ

نمبر شمار	مضامين	تفصيل
1	نحو	سیوطی مکمل
2	منطق/ فلسفہ	منطق، تا آخر قضایا (شیخ مظفر) + آشنائی با فلسفہ (شہید مرتضی مطہری)
3	اصول الفقہ	الموجز فی الاصول (آیت اللہ جعفر سیحتی)
4	فقہ	شرائع الاسلام تا (آخر حج)
5	عقائد/ عربی	شرح باب حادی عشر، مطم الائشاء جلد 1 (مولانا عبدالماجد ندوی)
6	تفسیر	پیام قرآن جلد 1 (ترجمہ محسن ملت علامہ سید صدر حسین نجفی □)
7	حدیث	اصول کافی جلد 1 (كتاب العقل) + نبیع البلاعہ کلمات فصل
8	زبانی	مندرجہ بالا کورس کے مطابق

الشهادة العالمية (سلطان الأفضل)

نمبر شمار	مضامين	تفصيل
1	منطق/ فلسفه	منطق: حصہ دوم (علامہ شیخ مظفر □) + فلسفہ بدایہ الحکمہ
2	أصول فقه	أصول الفقه جلد اول (شیخ مظفر □)
3	فقہ	شرح لمعہ جلد اول تا آخر متاجر
4	تاریخ/ ادب	تاریخ: الارشاد - شیخ مفید □ (اردو ترجمہ) + ادب نہج البلاغہ مکتوبات
5	تفسیر	پیام قرآن جلد ۲ (ترجمہ محسن ملت علامہ سید صدر حسین نجفی □)
6	پیام قرآن	جلد ۲ (ترجمہ محسن ملت علامہ سید صدر حسین نجفی □)
7	عربی	معلم الانشاء جلد نمبر ۳.۲ (مولانا عبدالماجد ندوی)
8	حدیث	أصول کافی جلد ۱ (كتاب التوحید)
9	زبانی	مندرجہ بالا کورس کے مطابق

ترجمہ ابتدائیہ (پر انصری)

سال اول	سال دوم	سال سوم	سال چہارم	سال پنجم
قاعدہ قرآنی نورانی قاعدہ	آخری پارہ ناظرہ	پاتج پارے اول ناظرہ	از پارہ 6 تا پارہ 15 ناظرہ	از پارہ 16 تا آخر ناظرہ
شش کلمہ ثناء مع ترجمہ	آخری دس سورتیں حلفظ نماز	نماز کا طریقہ و احکام سنت کے مطابق	تعلیم الاسلام- حصہ نوم نماز مسنون کی چالیس احادیس	تعلیم الاسلام- حصہ نوم نماز مسنون کی چالیس احادیس
قواعد اردو' کتاب اردو جماعت اول	کتاب اردو جماعت دوم	کتاب اردو' جماعت سوم- عبارت نویسی	کتاب اردو چہارم' املازیاتی	کتاب اردو چہارم' پنجم' لکھائی بطور املاء
مفردات نویسی 100 نک گنتی 2 کا پہاڑہ	مرکبات نویسی ریاضی جماعت دوم	ریاضی جماعت سوم	ریاضی جماعت چہارم	ریاضی جماعت پنجم
انگریزی جماعت اول	انگریزی جماعت دوم	انگریزی جماعت سوم	انگریزی جماعت چہارم	انگریزی جماعت پنجم
ضروری اسلامی آداب سلام' سورۃ فاتحہ	اسلامی آداب' ملن بایب' اساتزہ	معاشرتی علوم جماعت سوم	معاشرتی علوم جماعت چہارم	معاشرتی علوم جماعت پنجم
سورۃ اخلاص	قرابت داروں مسلمانوں کے حقوق	توحیدورسات آخرت' اسلامی حکومت	پیغمبروں کی کہانیاں	سائنس جماعت پنجم صحابہ کی کہانیاں

ترجمہ مفوستہ (مڈل)

سال بیشم	سال بیتم	سال ششم
آخری لعن پارے مع تجوید'	لس پارے 11 تا 20' مع تجوید صفات حروف مع ثلث پارہ عم(سورۃ الشفاق تا اللیل)	پہلے لعن پارے مع تجوید' خارج حروف مع ثلث پارہ عم حلفظ(سورۃ الضحی تا الناس)
اسلام کیا ہے؟ از مولانا منظور نعمانی رح	سیرت خاتم الانبیاء □ از مفتی محمد شفیع رح	تعلیم الاسلام حصہ سوم و حصہ چہارم
کتاب اردو جماعت بیشم' املاءاز کتاب اردو	کتاب اردو جماعت بیتم' املاءاز کتاب اردو	کتاب اردو جماعت ششم' املاءاز کتاب اردو

رياضي جماعت پشتم	رياضي جماعت پفتم	رياضي جماعت ششم
انگریزی جماعت پشتم	انگریزی جماعت پفتم	انگریزی جماعت ششم
معاشرتی علوم جماعت پشتم سانس	معاشرتی علوم جماعت پفتم سانس	معاشرتی علوم جماعت ششم سانس
عربی جماعت پشتم	عربی جماعت پفتم	عربی جماعت ششم

ثانویہ عامہ سال اول

نمبر شمار	مضامین	تفصیل
1	القرآن والحديث	سورة فاتحہ تا سورۃ النساء۔ آخری پارہ۔ جمال القرآن۔ اربعین نووی
2	الصرف	علم الصرف مکمل۔ تمرین الصرف
3	النحو	علم النحو۔ شرح مائتہ عامل تمرین النحو
4	اللغة العربية	طریقہ جدیدہ فی تعلیم العربیہ، 3 حصے قصص النبیین، حصہ اول، دوم
5	الفقه	قدوری نصف اول
6	السیرة	حیات طبیہ
7	اللغة الانجليزية	متعلقہ ٹیکسٹ بک بورڈ کی انگریزی پرائی جماعت نہم
8	اللغة الاردية	متعلقہ ٹیکسٹ بک بورڈ کی اردو برائی جماعت نہم
9	الرياضيات	متعلقہ ٹیکسٹ بک بورڈ کی ریاضی پرائی جماعت نہم
10	دراسة پاکستان	متعلقہ ٹیکسٹ بک بورڈ کی مطالعہ پاکستان برائی جماعت نہم

ثانویہ عامہ سال دوم(طلبہ)

نمبر شمار	مضامین	تفصیل
1	القرآن والحديث	سورة ماندہ تا سورۃ توبہ۔ زاد الطالبین (مع تراکیب التحویہ) فوائد مکیہ
2	الصرف	علم الصیغہ (مکمل)، خاصیات اہوای از فصول اکبری
3	النحو	ہدایۃ النحو۔ التحویلۃ الوضع، 3 حصے
4	اللغة العربية	قصص النبیین، حصہ سوم و چہارم معلم الائشاع جلد اول
5	الفقه	قدوری نصف ثانی
6	المنطق	تيسیر المنطق محرقات
7	اللغة الانجليزية	متعلقہ ٹیکسٹ بک بورڈ کی انگریزی پرائی جماعت دہم
8	اللغة الاردية	متعلقہ ٹیکسٹ بک بورڈ کی اردو برائی جماعت دہم
9	الرياضيات	متعلقہ ٹیکسٹ بک بورڈ کی ریاضی پرائی جماعت دہم
10	دراسة پاکستان	متعلقہ ٹیکسٹ بک بورڈ کی مطالعہ پاکستان برائی جماعت دہم

ثانویہ خاصہ سال اول(طلبہ)

نمبر شمار	مضامین	تفصیل
1	القرآن والحديث	ترجمہ سورۃ یونس تا سورۃ عنکبوت ریاض الصالحین (باب الاخلاق تا باب الصحیحة)
2	الادب	نفحۃ العرب معلم الانشای، حصہ 2
3	الفقه	کنز الدفائق
4	أصول الفقه	الصول الشاشی
5	النحو	کافیہ
6	المنطق	شرح التہذیب

ثانويه خاصه سال دوم(طلب)

نمبر شمار	مضامين	تفصيل
1	القرآن والحديث	ترجمه سورة عنکبوت تا مراسلات بریاض الصالحين(كتاب الادب تا آخر كتاب)
2	النحو	شرح جامی تا مبني/شرح ابن عقیل تا بحث التمیز
3	الفقه	شرح وقایه(آخرين)
4	أصول الفقه	نور الانوار
5	المنطق	قطبی
6	اللغة العربية	مختارات يا مقامات حریری. معلم الانشاء.ابدی مقالے

عالیه سال اول(طلب)

نمبر شمار	مضامين	تفصيل
1	القرآن والحديث	تفسير جلالین(نصف اول)بلو غالمرام
2	البلاغه	مختصر المعانی.البلاغة الواضحة
3	الفقه	بیادیه(اول)كتاب الطهارة تا کتاب النکاح بیادیه(ثانی)كتاب النکاح تا کتاب الوقف
4	أصول الفقه.میراث	حسامی(مکمل)سراجی
5	فاسفه	هدیه سعیدیه
6	اللغة العربية	دیوان منتبی (ابتداعتا قافية العین)

عالیه سال دوم(طلب)

نمبر شمار	مضامين	تفصيل
1	القرآن	تفسير جلالین(حصہ دوم)
2	حديث	مشکوہ شریف (حصہ دوم)
3	الفقه	هدایة الثالث
4	أصول الفقه	توضیح حصہ اول
5	الكلام. عقائد	عقیدة لطاحویه.شرح عقائد نسیفی
6	اللغة العربية	دیوان حماسہ تا باب الحماسة سبع معطقات(تین معلقے)محبظ الدائزہ

عالیمیه سال اول(طلب)

نمبر شمار	مضامين	تفصيل
1	التفسير و اصوله	تفسير بیضاوی(سورۃ البقرۃ)،الفوز الكبير
2	الحديث	موطا امام مالک رح
3	أصول حديث، اصطلاحات اور علوم	تيسیر مصطلح الحديث
4	فقہ،افتاء	بیادیه(جلد4)
5	أصول فقه	شرح معانی الاثار
6	تاریخ التفسیر والحديث والفقہ	مؤطرا امام محمد

عالیمیہ سال نوم (طلبہ)

تفصیل	مضامین	نمبر شمار
صحیح بخاری (حصہ اول و دوم)	حدیث	1
صحیح مسلم (حصہ اول و دوم)	حدیث	2
جامع ترمذی شریف (حصہ اول و دوم)	حدیث	3
ابو داود شریف	حدیث	4
سنن نسائی	حدیث	5
سنن ابن ماجہ	حدیث	6

Appendix 5

Questionnaire for Faculty Members Shariah /Final Stage Students

Assalam-o-Alaikum

Dear Respondent I am student of MS Islamic Banking & Finance at International Islamic University Islamabad ,my research ongraduates of religious institutions and their knowledge about Islamic banking business and financial teachings in Pakistan). This questionnaire is part of the research project .The objective of this research is to find out the opinion of six schools of thoughts. All responses will be held in the strictest confidence. Your anonymity is guaranteed. You are requested to kindly give impartial opinion. We are thankful for giving us time from your busy schedule.

The questionnaire consists of two main sections:

A) Classical Islamic Transaction

B) *Maqasid al Shariah*

The questions pertaining to the Shariah scholars and final stage students

Name of Institution: _____

Your position in the institution (tick the most appropriate)
[Teacher/Organizer/Student]

The list below provides name of classical financial transaction present at the time of Prophet ﷺ. Some of these transactions are Hallal and permissible by Islamic Shariah, while some other are prohibited. In the questions forthcoming, you have to choose appropriate type of transaction and determine its nature as permissible/prohibited. You are also being asked to provide reference, but this is optional, and you can skip it if you want.

Bai Murabaha

Musharakah

Diminishing Musharakah

Bai Musawamah

Bai Muqayada

Bai Surf (sale of currency)

Bai Salam (Payment at spot and Delivery deferred)

Bai Istisna (Commodity transitioned before its existence)

Bai Muajjal (Delivery on spot, payment is differed but cost not known)

1- A and B start a business with a seed investment of Rs: 20,000 form A and Rs:30,000 form B. Both agree share in running the business.

a. Choose appropriate name of this deal from the list above

b. Discuss the legal status [permissible/ not permissible] of this deal according to Islamic Shariah

c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

2- A and B decide to start a business. A will provide all the capital required for the business Whereas ,B will operate the business.

a. Choose appropriate name of this deal from the list above

b. Discuss the legal status [permissible/ not permissible] of this deal according to Islamic Shariah

c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

3- A has asked B to prepare 100 chairs for his school. A has made all the payment to B and B has promised to deliver the chairs by the end of July.

a. Choose appropriate name of this deal from the list above

b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

4- A has sold his calf to B which is not born yet, i.e. it is in the mother's womb for the Rs:10, 000.

- a. Choose appropriate name of this deal from the list above

- b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

- c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

5- A sells rice B for Rs:100 per Kg without telling him the purchase price that, A has paid to producer.

- a. Choose appropriate name of this deal from the list above

- b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

- c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

6- A sells motor bike to B from his showroom for Rs: 50,000/- to be paid after one month. Whereas the cash Prize of bike is Rs: 45,000/-.

- a. Choose appropriate name of this deal from the list above

- b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

- c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

7- Aslam has barrowed 5 kg Ajwa dates from Junaid on the promise that he shall pay 10 kg of Local Pakistani dates after one month .(Is permissible / Non permissible transaction)

- a. Choose appropriate name of this deal from the list above

- b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

- c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

8- Asif of Sargoda sells his un-ripened farm of orange for Rs.100, 000/- to AK Traders at Rawalpindi. (Is permissible / non permissible transaction)

- a. Choose appropriate name of this deal from the list above

- b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

- c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

9- Rahim receive Rs: 50000/- on December ,2014 for cultivation of land against sale of 200Kg wheat from A.K Traders and promise to deliver wheat on April, 2015.

- a. Choose appropriate name of this deal from the list above

- b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

- c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

10- D. Watson requires 5 Honda Cars for its Executive employees for that purpose they contact Meezan Bank to avail Islamic financing facility and parties agreed on 20% Down payment and equal installments of 5years. Cars will be given on Ijarah basis .After compilation of 5 years cars will be sold to D.Watson against Down payment.

a. Choose appropriate name of this deal from the list above

b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

c. If permissible , please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

11- Ali has paid Rs: 2000/-as advance payment for 20 Kg of rice in Feb, 2015 to Javed for rice to grow. Javed has promised to give of rice by the end of May, 2015 after harvesting the crop.

a. Choose appropriate name of this deal from the list above

b. Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

c. If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer.

12- A wants to purchase a House approaches Bank ABC who agrees to participate with him in purchase of required house .20% paid by A and 80% paid by Bank, at the same time the share of the Bank is further divided in to eight equal units , each unit represents 10% ownership of the House . The client promises to purchase one unit after every three months. During this period client will live in the house and pay agreed rent to the bank which will decline in proportion of Ownership.

- a) Choose appropriate name of this deal from the list above
- b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

C) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer.

13- Bank Al-Barakah and Abid started a joint business venture Rs:10 Million comes from AIB and Rs: 5 Million from Abid. Profit will be shared by the partners based on the ratio of 50:50 % and loss will be shared based on the ratio of investment by each partner. Abid will manage the business.

- a) Choose appropriate name of this deal from the list above
- b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah.
- c) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer.

14- Asad is maintaining his Saving Account with Bank Islami deposit Rs:1,000,000/- in Mahana Amadani Certificate@ 10% P.a paid on monthly basis.

- a) Choose appropriate name of this deal from the list above
- b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah
- b) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer.

15- **Kohinoor Textile Mills Limited availing facility of financing from Dubi Islamic Bank. Dubi Islamic Bank purchases 400 units of Yarn for Rs: 1,000,000/- and sales to KML for Rs: 1,100,000/-. The amount will be paid after Six months.**

a) Choose appropriate name of this deal from the list above

c) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

d) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer.

16- **A needs a marker and goes to B at Book Corner, purchases it against 30 PKR and paid at spot against possession.**

a) Choose appropriate name of this deal from the list above

b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

c) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

17- **A needs a marker and goes to B at Aslam Book Corner, purchases it against 30 PKR, B tells it costs me 26 PKR and A paid at spot against possession.**

a) Choose appropriate name of this deal from the list above

b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

c) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

18- **Two farmers A and B exchange 5 KG potato and 3 KG onion mutually on sport basis.**

a) Choose appropriate name of this deal from the list above

b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

c) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

19- **Yaser purchases 845 PKR against 1000 JPY on spot basis from Zarko Currency Exchange Shop Blue Area.**

a) Choose appropriate name of this deal from the list above

b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

c) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

20- **A as grower , is in shortage of funds to harvest rice, B as purchaser paid full price on 11 January, 2015 with promise of delivery of rice on 31 May 2015 by grower.**

a) Choose appropriate name of this deal from the list above

b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

c) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer

21- **A as carpenter, is in shortage of funds to make furniture, B as purchaser paid full price on 11 July, 2015 with promise of delivery of furniture on 31 August, 2015 by carpenter.**

- a) Choose appropriate name of this deal from the list above

- b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

- c) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer.

22- **A needs a book and goes to B at Ideal Book Corner, purchases it against 400 PKR and Promised to pay the price after three weeks.**

- a) Choose appropriate name of this deal from the list above

- b) Discuss the legal authority [permissible/ not permissible] of this deal according to Islamic Shariah

- c) If permissible, please provide reference of relevant Ayat/Hadith/Fiqh text to support your answer.

Appendix 6

GLOSSARY ON ISLAMIC BANKING

Amanah (أمانة)

It refers to deposits in trust. A person can hold a property in trust for another, sometimes by express contract and sometimes by implication of a contract. Amanah entails absence of liability for loss except in breach of duty. Current Accounts are regarded as Amanah (trust). If the bank gets authority to use Current Accounts funds in his business, Amanah transforms into a loan. As every loan has to be repaid, banks are liable to repay full amount of the Current Accounts.

Arbun (عربون)

Down payment; a nonrefundable deposit paid by a buyer retaining a right to confirm or cancel the sale

Al-'Aariyah (Gratuitous loan of non-fungible objects) (العارية)

Al-'Aariyah means loan of a particular piece of property, the substance of which is not consumed by its use, without anything taken in exchange. In other words, it is the gift of usufruct of a property or commodity that is not consumed on use. It is different from Qard that is the loan of fungible objects which are consumed on use and in which the similar and not the same commodity has to be returned. It is also a virtuous act like Qard. The borrowed commodity is treated as liability of the borrower who is bound to return it to its owner.

Bai' Muajjal (بيع مُؤجل)

Literally it means a credit sale. Technically, a financing technique adopted by Islamic banks that takes the form of Murabaha Muajjal. It is a contract in which the seller earns a profit margin on his purchase price and allows the buyer to pay the price of the commodity at a future date in a lump sum or in installments. He has to expressly mention cost of the commodity and the margin of profit is mutually agreed. The price fixed for the commodity in such a transaction can be the same as the spot price or higher or lower than the spot price.

Bai' Salam (بيع سلام)

Salam means a contract in which advance payment is made for goods to be delivered later on. The seller undertakes to supply some specific goods to the buyer at a future date in exchange of an advance price fully paid at the time of contract. According to normal rules of the Shariah, no sale can be effected unless

the goods are in existence at the time of the bargain, but Salam sale forms an exception given by the Holy Prophet (SAW) himself to the general rule provided the goods are defined and the date of delivery is fixed. It is necessary that the quality of the commodity intended to be purchased is fully specified leaving no ambiguity leading to dispute. The objects of this sale are goods and cannot be gold, silver or currencies because these are regarded as monetary values exchange of which is covered under rules of Bai al Sarf, i.e. mutual exchange is hand to hand without delay. Barring this, Bai Salam covers almost everything which is capable of being definitely described as to quantity, quality and workmanship.

Bai' bil Wafa (بَيْعٌ بِالوَفَا)

Sale with a right in the seller, having the effect of a condition, to repurchase (redeem) the property by refunding the purchase price. According to majority of Fuqaha it is not permissible.

Daman (ضمان)

- (1) Contract of guarantee, security or collateral;
- (2) Responsibility of entrepreneur/manager of a business; one of two basic relationships toward property, entailing bearing the risk of its loss; compare Amanah.

Dayn or Debt (دَيْن)

A Dayn comes into existence as a result of any other contract or credit transaction. It is incurred either by way of rent or sale or purchase or in any other way which leaves it as a debt to another. Duyun (debts) ought to be returned without any profit since they are advanced to help the needy and meet their demands and, therefore, the lender should not impose on the borrower more than what he had given on credit.

Falah (فَلَاح)

Falah means to thrive, to become happy or to have luck and success. Technically it implies success both in this world and in the Akhirah (Hereafter). The Falah presumes belief in one God, the apostlehood of Prophet Muhammad (Peace be upon him), Akhirah and conformity to the Shariah in behaviour.

Fiqh (فِقْه)

Islamic law, The science of the Shariah. It is an important source of Islamic economics.

Gharar (غُرر)

It means any element of absolute or excessive uncertainty in any business or a contract about the subject of contract or its price, or mere speculative risk. It leads to undue loss to a party and unjustified enrichment of other, which is prohibited.

Al Ghunm bil Ghurm (الغنم بالغرم)

This provides the rationale and the principle of profit sharing in Shirkah arrangements. Earning profit is legitimized only by engaging in an economic venture, risk sharing and thereby contributing to the economy.

Hadith (Hadith)

(see Sunnah)

Halal (حلال)

Anything permitted by the Shariah

Haram (حرام)

Anything prohibited by the Shariah.

Hawalah (حوالة)

Literally, it means transfer; legally, it is an agreement by which a debtor is freed from a debt by another becoming responsible for it or the transfer of a claim of a debt by shifting the responsibility from one person to another – contract of assignment of debt. It also refers to the document by which the transfer takes place.

Hibah (هبة)

Hibah means Gift.

Ijab (إيجاب)

Offer, in a contract; see also qabul.

Ijarah (إيجار)

Letting on lease. Sale of a definite usufruct of any asset in exchange of definite reward. It refers to a contract of land leased at a fixed rent payable in cash and\

also to a mode of financing adopted by Islamic banks. It is an arrangement under which the Islamic banks lease equipments, buildings or other facilities to a client, against an agreed rental.

Ijarah-wal-Iqtina، إجارة والاقتناع

A mode of financing, by way of Hire-purchase, adopted by Islamic banks. It is a contract under which the Islamic bank finances equipment, building or other facilities for the client against an agreed rental together with a unilateral undertaking by the bank or the client that at the end of the lease period, the ownership in the asset would be transferred to the lessee. The undertaking or the promise does not become an integral part of the lease contract to make it conditional. The rental as well as the purchase price are fixed in such a manner that the bank gets back its principal sum alongwith with some profit, which is usually determined in advance.

Ijtihad، اجتهاد

It refers to an endeavor of a qualified jurist to derive or formulate a rule of law to determine the true ruling of the divine law in a matter on which the revelation is not explicit or certain, on the basis of Nass or evidence found in the Holy Qur'an and the Sunnah. Express injunctions have no room for Ijtihad. Implied injunctions can be interpreted in different ways by way of inference from the accepted principles of the Shariah.

‘Illah، علة

It is the attribute of an event that entails a particular Divine ruling in all cases possessing that attribute. ‘Illah is the basis for applying analogy for determining permissibility or otherwise of any act or transaction.

Ijma، اجماع

Consensus of all or majority of the leading qualified jurists on a certain Shariah matter in a certain age.

‘Inah (A kind of Bai)، عين

Double sale by which the borrower and the lender sell and then resell an object between them, once for cash and once for a higher price on credit, with the net result of a loan with interest.

‘Inan (A type of Shrikah)، عنان

It is a form of partnership in which each partner contributes capital and has a right to work for the business, not necessarily equally.

إِسْتِحْسَان (Istihsan)

It is a doctrine of Islamic law that allows exception to strict legal reasoning, or guiding choice among possible legal outcomes, when considerations of human welfare so demand.

إِسْرَاف (Israf)

It refers to immoderateness, exaggeration and waste and covers spending on lawful objects but exceeding moderation in quantity or quality; spending on superfluous objects while necessities are unmet; spending on objects which are incompatible with the economic standard of the majority of the population. See also Tabzir

إِسْتِصْنَاع (Istisna'a)

It is a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment and future delivery. A manufacturer or builder agrees to produce or build a well described good or building at a given price on a given date in the future. Price can be paid in installments, step by step as agreed between the parties. Istisna'a can be used for providing the facility of financing the manufacture or construction of houses, plants, projects, and building of bridges, roads and highways.

جَهَل (Jahl or Jahala)

Ignorance, lack of knowledge; indefiniteness in a contract, sometime leading to Gharar.

جِعَال (Jua'alah or Ji'alah)

Literally, Joalah constitutes wages, pay, stipend or reward. Legally, it is a contract for performing a given task against a prescribed fee in a given period. A similar contract is 'Ujrah' in which any work is done against stipulated wage or fee.

كَالِي بِالْكَالِي (Kali bil-Kali)

The term Kali refers to something delayed; appears in a maxim forbidding the sale of al-Kali bil-Kali i.e. the exchange of a delayed counter value for another delayed counter value.

الْكَفَالَة (Al-Kafalah) (Suretyship)

Literally, Kafalah means responsibility, amenability or suretyship, Legally in Kafalah a third party become surety for the payment of debt. It is a pledge given to a creditor that the debtor will pay the debt, fine etc. Suretyship in Islamic law is

the creation of an additional liability with regard to the claim, not to the debt or the assumption only of a liability and not of the debt.

Kharaj bi-al-Daman (الغراج بالدمان)

Gain accompanies liability for loss; a Hadith forming a legal maxim and a basic principle – see also Al- Ghunm bil Ghurm.

Khiyar

Option or a power to annul or cancel a contract. Khiyar al-Majlis: Option of the contracting session; the power to annul a contract possessed by both contracting parties as long as they do not separate.

Khiyar al-Shart

A right, stipulated by one or both of the parties to a contract, to cancel the contract for any reason for a fixed period of time.

Mal-e-Mutaqawam

Things the use of which is lawful under the Shariah; or wealth that has a commercial value. Legal tenders of modern age that carry monetary value are included in Mal-e-Mutaqawam. It is possible that certain wealth has no commercial value for Muslims (non Mutaqawam) but is valuable for non-Muslims. Examples are wine and pork.

Maisir

An ancient Arabian game of chance played with arrows without heads and feathering, for stakes of slaughtered and quartered camels. It came to be identified with all types of hazard and gambling.

Mithli (Fungible goods)

Goods that can be returned in kind, i.e. gold for gold, silver for silver, US \$ for US \$, wheat for wheat, etc.

Mubah

Object that is lawful (i.e. something which is permissible to use or trade in).

Mudarabah

A form of partnership where one party provides the funds while the other provides expertise and management. The latter is referred to as the Mudarib. Any profits accrued are shared between the two parties on a pre-agreed basis, while loss is borne by the provider(s) of the capital.

Murabaha

Literally it means a sale on mutually agreed profit. Technically, it is a contract of sale in which the seller declares his cost and the profit. This has been adopted by Islamic banks as a mode of financing. As a financing technique, it can involve a request by the client to the bank to purchase a certain item for him. The bank does that for a definite profit over the cost which is stipulated in advance.

Musawamah

Musawamah is a general kind of sale in which price of the commodity to be traded is bargained between seller and the purchaser without any reference to the price paid or cost incurred by the former.

Musharakah

Musharakah means a relationship established under a contract by the mutual consent of the parties for sharing of profits and losses in the joint business. It is an agreement under which the Islamic bank provides funds which are mixed with the funds of the business enterprise and others. All providers of capital are entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by every partner strictly in proportion to respective capital contributions.

Qabul

Acceptance, in a contract; see also Ijab.

Qard (Loan of fungible objects)

The literal meaning of Qard is 'to cut'. It is so called because the property is really cut off when it is given to the borrower. Legally, Qard means to give anything having value in the ownership of the other by way of virtue so that the latter could avail of the same for his benefit with the condition that same or similar amount of that thing would be paid back on demand or at the settled time. It is that loan which a person gives to another as a help, charity or advance for a certain time. The repayment of loan is obligatory. The Holy Prophet is reported to have said ".....Every loan must be paid.....". But if a debtor is in difficulty, the creditor is expected to extend time or even to voluntarily remit the whole or a part of the principal. Qard is, in fact, a particular kind of Salaf. Loans under Islamic law can be classified into Salaf and Qard, the former being loan for fixed time and the latter payable on demand. (see Salaf)

Qimar

Qimar means gambling. Technically, it is an arrangement in which possession of a property is contingent upon the happening of an uncertain event. By implication it applies to a situation in which there is a loss for one party and a gain for the

other without specifying which party will lose and which will gain.

Qiyas

Literally it means measure, example, comparison or analogy. Technically, it means a derivation of the law on the analogy of an existing law if the basis ('illah) of the two is the same. It is one of the sources of Islamic law.

Riba

An excess or increase. Technically, it means an increase over principal in a loan transaction or in exchange for a commodity accrued to the owner (lender) without giving an equivalent counter-value or recompense ('iwad) in return to the other party; every increase which is without an 'iwad or equal counter-value.

Riba Al-Fadl

Riba Al-Fadl (excess) is the quality premium in exchange of low quality with better quality goods e.g. dates for dates, wheat for wheat, etc. – an excess in the exchange of Ribawi goods within a single genus. The Concept of Riba Al-Fadl refers to sale transactions while Riba Al-Nasiah refers to loan transactions.

Riba Al-Nasiah

Riba Al-Nasiah or riba of delay is due to exchange not being immediate with or without excess in one of the counter values. It is an increment on principal of a loan or debt payable. It refers to the practice of lending money for any length of time on the understanding that the borrower would return to the lender at the end of the period the amount originally lent together with an increase on it, in consideration of the lender having granted him time to pay. Interest, in all modern banking transactions, falls under purview of Riba Al-Nasiah. As money in present banking system is exchanged for money with excess and delay, it falls, under the definition of riba. A general accord reached among scholars about its prohibition.

Ribawi

Goods subject to Fiqh rules on Riba in sales, variously defined by the schools of Islamic Law: items sold by weight and by measure, foods, etc.

Al- Rahn

Pledge, Collateral; legally, Rahn means to pledge or lodge a real or corporeal property of material value, in accordance with the law, as security, for a debt or pecuniary obligation so as to make it possible for the creditor to recover the debt or some portion of the goods or property. In the pre-Islamic contracts, Rahn implied a type of earnest money which was lodged as a guarantee and material evidence or proof of a contract, especially when there was no scribe available to

put it into writing. The institution of earnest money was not accepted in Islamic law and the common Islamic doctrine recognized Rahn only as a security for the payment of a debt. Salaf or Loan / Debt The word Salaf literally means a loan which draws forth no profit for the creditor. In wider sense, it includes loans for specified periods, i.e. short, intermediate and long-term loans. Salaf is another name of Salam as well wherein price of the commodity is paid in advance while the commodity or the counter value is supplied in future; thus the contract creates a liability for the seller. Amount given as Salaf cannot be called back, unlike Qard, before it is due. (see Qard).

Al-Sarf

Basically, in pre-Islamic times it was exchange of gold for gold, silver for silver and gold for silver or vice versa. In Islamic law such exchange is regarded as 'sale of price for price' (Bai al Thaman bil Thaman), and each price is consideration of the other. It also means sale of monetary value for monetary value – currency exchange.

Shariah

The term Shariah refers to divine guidance as given by the Holy Qur'an and the Sunnah of the Prophet Muhammad (PBUH) and embodies all aspects of the Islamic faith, including beliefs and practice.

Shirkah

A contract between two or more persons who launch a business or financial enterprise to make profits. In the conventional books of Fiqh, the partnership business has been discussed under the option of Shirkah that, broadly, may include both Musharakah and Mudarabah.

Sunnah

Custom, habit or way of life. Technically, it refers to the utterances of the Prophet Muhammad (PBUH) other than the Holy Quran known as Hadith, or his personal acts, or sayings of others, tacitly approved by the Prophet.

Tabarru'

It is a donation/gift the purpose of which is not commercial but is seeking the pleasure of Allah. Any benefit that is given by a person to other without getting anything in exchange is called Tabarru'. Gracious repayment of debt, absolutely at lender's own discretion and without any prior condition or inducement for reward, is also covered under Tabarru'. Repaying a loan in excess of principal and without a pre-condition is commendable and compatible with the Sunnah of the Holy Prophet (peace be upon him). But, it is matter of individual discretion and cannot be adopted as a system because this would mean that loan would necessarily yield a profit. If such reward takes the form of a system, it would be considered Riba.

Tabzir

Spending wastefully on objects which have been explicitly prohibited by the Shariah irrespective of the quantum of expenditure. See also Israf.

Wakalah

A contract of agency in which one person appoints someone else to perform a certain task on his behalf, usually against a certain fee.(Source: SBP Publication, 'Islamic Banking and Finance: Theory and Practice' by Muhammad Ayub, Sr. J.D. IBD, SBP)