

# Malaysian banks

Finance



The concept of shariah compliant banks has been a huge focal point for many years. First and foremost, shariah banks have strict guidelines, which all banks adhere to. Bank Negara Malaysia (The central bank of Malaysia) is one of the banks that is compliant with sharia. One of the focal points to understand is the fact that

Bank Muamalat Malaysia Berhad for instance charges interest that is contributed as a service fee. Hence, masking of this not shariah compliance because service fees are masked with interest. Additionally, it is clear that the interest rates in the mortgage setting are 6%. One of the most premiere cases where it is not shariah compliant that it most incur loss and gains in the house or business regardless of circumstances. A notable case was noted when an individual went to the Bank and said he cannot pay, but the bank refused to sell his house. This is completely against shariah in which the bank must split the loss. Hence, the concept of shariah finance is extremely hard because each country wants some revenue when it comes to financial securities. For the sake of assurance, most banks sugarcoat this with hidden fees and even charge a higher interest rate that are usually hidden in original clause terms. The concept of ‘service fee’ is highly demised because it is a vague term that all Malaysian banks utilized.

Before understanding this issue, it is cognizant to understand the elements that surround Islamic Banking. Without a doubt, the Islamic law dictates that the asset must not be a ribawi material or in the medium exchange of gold, not silver. Additionally, a contract between two or more parties to accumulate in partnership. HSBC Malaysian bank also is one of these banks that is not shariah approved because of this issue.

Another bank that is not confirm with the shariah standards is the fact

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Citibank Malaysia. Citibank Malaysia also offers these instruments along with the JP Morgan Malaysia Ltd. These banks financial statements dictate that these credit statements must be approved the counsel that is Shariah Compliant. Schrodgers Malaysia is also under the same scrutiny as they sell bonds and other financial instruments that charge an interest rate and are not compatible with equal loss or gain since all payments for purchases are made in money. It is clear that not all banks have the understanding to conduct shariah and even do have an approval, tend to look for their own understanding of financial security. Additionally, the banks make it very clear in clause and terms that interest rates will be still be embedded. In this situation, this affects the output of money and banking internationally. One of the most important element to look in the financial transactions is called the balance sheet. A balance sheet provides detailed information about a company's assets, liabilities and shareholders' equity. An income statement is a report that shows how much revenue a company earned over a specific time period. After a conducive analysis, it seems that the balance I gave a "best practices presentation" in which the company consolidated their statements for better investments. The principle amount that was compounded from this banks was not compliant and are under heavy scrutiny.

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