

Globethics Repository

The logo for Globethics, featuring the word "Globethics" in white, sans-serif font centered within a solid blue rectangular background.

Comparative Study of Islamic Credit Card between Indonesia and Malaysia from the Islamic Legal Perspective

This page was generated automatically upon download from the Globethics Repository. More information on Globethics see <https://www.globethics.net>. Data and content policy of Globethics Repository see <https://repository.globethics.net/pages/policy>.

Item Type	Thesis
Authors	Aditiawarman, Walid
Publisher	International Islamic University of Malaysia
Rights	With permission of the license/copyright holder
Download date	2026-06-24 06:37:53
Link to Item	http://hdl.handle.net/20.500.12424/223138



COMPARATIVE STUDY OF ISLAMIC CREDIT
CARD BETWEEN INDONESIA AND
MALAYSIA FROM THE ISLAMIC LEGAL
PERSPECTIVE

BY

WALID ADITIAWARMAN

A dissertation submitted in partial fulfilment of the
requirements for the degree of Master of Comparative
Laws

Ahmad Ibrahim Kulliyah of Laws
International Islamic University
Malaysia

MARCH 2010

ABSTRACT

A credit card facility provided by conventional banks and financial institutions has sparked a debate among the practitioners and scholars regarding the element of interest (*ribā*). However, beginning more than a decade ago, Muslim scholars have come up with alternatives to replace the conventional credit card by applying contracts which are in accordance with *Sharī'ah* principles. Islamic banks and Islamic Financial Institutions (IFIs) have tried to adopt the best Islamic contracts for the Islamic credit card in order to eliminate the element of *ribā* and *gharar*, so the card can be used as long as the credit payment can be made before its due date. The purpose of this study is to provide a better understanding of Islamic credit card as well as to evaluate the instruments and structures involved in the operations. Additionally, through library research, as well as descriptive and comparative approaches, this research attempts to look at the Malaysian and Indonesian banks' practices of Islamic credit card by analyzing their structures and operations of implementing the card. Related *Sharī'ah* issues and legal frameworks used as the basis for the issuance of Islamic credit card are also discussed. The results proved that the structures and operations applied for Islamic credit card of both countries are different in terms of contracts, and in terms of *Sharī'ah* issues that were raised. Nevertheless, the current contracts of Islamic credit card in both countries have been approved by each country's own *Sharī'ah* Advisory Council. The role and responsibility of the *Sharī'ah* Advisory Council is very important to ensure the contracts and operations of Islamic credit card comply with *Sharī'ah* principles.

ملخص البحث

بدأت المناقشة بين العلماء والممارسين حول عنصر الربا في بطاقة خدمة الإئتمان الصادر بواسطة البنوك التقليدية والمؤسسات المالية قبل أكثر من عقد من الزمان، ومع ذلك فقد توصل العلماء المسلمون إلى استبدال بطاقة الإئتمان التقليدية عبر تطبيق العقود التي تتوافق مع مبادئ الشريعة الإسلامية. ولذلك فقد تبنت البنوك الإسلامية والمؤسسات المالية أفضل العقود الإسلامية لبطاقة الإئتمان الإسلامية لكي تتخلص من عنصري الربا والغرر، ولذلك يمكن استخدام هذه البطاقة كأداة دفع دين قبل ميعاد استحقاقه. أما الغرض من هذه الدراسة فهو اعطاء وتقديم فهم جيد لبطاقة الإئتمان الإسلامي وكذلك تقييم الوسائل والتراكيب المتضمنة في هذه العمليات. وقد استخدم الباحث مصادر المكتبة كمنهج بحث في هذه الدراسة بالإضافة إلى استخدام المنهج الوصفي والمقارن. كما أن هذه الدراسة تحاول النظر إلى ممارسة البنوك في ماليزيا واندونيسيا لبطاقة الإئتمان الإسلامي من خلال تحليل تركيبها وعملياتها في تطبيق هذه البطاقة. كما ناقش الباحث في هذه الدراسة القضايا الشرعية والإطار القانوني كأساس لإصدار بطاقة الإئتمان الإسلامي. وقد توصل الباحث بالدليل أن التراكيب والعمليات المطبقة لبطاقة الإئتمان الإسلامي في كلا البلدين تختلف من حيث العقود والقضايا الشرعية التي قد برزت. وبالرغم من ذلك فإن العقود الحالية لبطاقة الإئتمان الإسلامي في كلا البلدين قد قوبلت بواسطة المجلس الإستشاري الشرعي في كلا البلدين. ويعد دور ومسؤولية المجلس الإستشاري الشرعي مهم جداً لتأكيد بأن العقود وعمليات بطاقة الإئتمان الإسلامي تخضع لمبادئ الشريعة الإسلامية.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion; it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Comparative Laws.

.....
Siti Salwani Razali
Supervisor

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Comparative Laws.

.....
Uzaimah Ibrahim
Examiner

.....
Ahmad Azam Othman
Examiner

This dissertation was submitted to the Department of Islamic Law and is accepted as a partial fulfilment of the requirements for the degree of Master of Comparative Laws.

.....
Badruddin Ibrahim
Head, Department of Islamic Law

This dissertation was submitted to Ahmad Ibrahim Kulliyah of Laws and is accepted as a partial fulfilment of the requirements for the degree of Master of Comparative Laws.

.....
Mohd Akram Shair Mohamad
Dean, Ahmad Ibrahim Kulliyah of
Laws

DECLARATION PAGE

I hereby declare that this dissertation is the results of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for my other degrees at IIUM or other institutions.

Walid Aditiawarman

Signature.....

Date.....

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

**DECLARATION OF COPYRIGHT AND AFFIRMATION
OF FAIR USE OF UNPUBLISHED RESEARCH**

Copyright © 2010 by Walid Aditiawarman. All rights reserved.

**COMPARATIVE STUDY OF ISLAMIC CREDIT CARD BETWEEN
INDONESIA AND MALAYSIA FROM THE ISLAMIC LEGAL
PERSPECTIVE**

No part of this unpublished research may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below:

1. Any material contained in or derived from this unpublished research may only be used by others in their writing with due acknowledgement.
2. IIUM or its library will have the right to make and transmit copies (print or electronic) for institutional and academic purposes.
3. The IIUM library will have the right to make, store in a retrieval system and supply copies of this unpublished research if requested by other universities and research libraries.

Affirmed by Walid Aditiawarman

.....
Signature

.....
Date

DEDICATED TO

My beloved father, mother, brothers and sisters

ACKNOWLEDGEMENTS

All praise to Allah (s.w.t.) the Most Gracious and Most Merciful.

Alhamdulillah, above all and always, I am eternally grateful to Allah for His mercy, guidance and every blessing in my life, for without Allah, none of this would be possible. *Salawat* and *Salam* be upon the Prophet Muhammad (S.A.W), his family and companions.

I take this opportunity to express my profound gratitude to my supervisor Dr. Siti Salwani Razali and Dr. Uzaimah Ibrahim as post-examination supervisor, for their invaluable assistance, guidance, tireless advice, and encouragement. I would like to especially thank them for the patience they have given at all times. May Allah reward and give them good in this world and in the hereafter. I would also like to express my appreciation and gratitude to Dr. Ahmad Azam Othman for his criticisms and very useful advices. I hope his suggestions could make me become a better researcher in the future. I would also like to thank faculty members and other staffs who have helped me throughout this research period.

Last but certainly not least, I am forever indebted to the love and care of my parents, brothers, sisters, relatives, and friends who have been a constant support and help. May Allah bless them with bliss in this world and in the hereafter.

TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page	iv
Declaration Page	v
Copyright Page	vi
Dedication Page	vii
Acknowledgements	viii
Table of Contents	ix
List of Figures	xii
List of Arabic Transliteration	xiii
List of Statutes	xiv
List of Abbreviations	xv
CHAPTER 1: OVERVIEW OF THE STUDY	1
1.1 Introduction	1
1.2 Background Summary of the Proposed Dissertation	3
1.3 Statement of the Problem	5
1.4 Objectives of the Proposed Dissertation	5
1.5 Hypothesis	6
1.6 Literature Review	6
1.7 Scope and Limitation of the Study	13
1.8 Methodology	14
1.9 Structure of the Study	15
CHAPTER 2: OVERVIEW OF ISLAMIC CREDIT CARD	16
2.1 Historical Background	16
2.2 Status of Islamic Credit Card in the <i>Shari'ah</i>	19
2.2.1 Definition of Credit Card from the <i>Shari'ah</i> Standard	20
2.2.2 <i>Shari'ah</i> Rulings on Islamic Credit Card	22
2.2.3 Comparison between Islamic Credit Card, Charge Card and Debit Card	25
2.3 Applicable <i>Shari'ah</i> Concepts	26
2.3.1 <i>Bay' al-'inah</i>	27
2.3.2 <i>Ijarah</i>	28
2.3.2.1 Operating Lease	28
2.3.2.2 Financial Lease	29
2.3.3 <i>Murabahah</i>	29
2.3.4 <i>Tawarruq</i>	30
2.3.5 <i>Kafalah</i>	31
2.3.6 <i>Ujrah</i>	31
2.3.7 <i>Hiwalah</i>	31
2.3.8 <i>Wakalah</i>	32

2.3.9 <i>Qard</i>	32
2.4 Structures of Islamic Credit Card	33
2.4.1 <i>Bay' al-ʿīnah</i>	34
2.4.2 <i>Ijārah</i>	36
2.4.3 <i>Murābahah</i>	39
2.4.4 <i>Tawarruq</i>	39
2.4.5 <i>Kafālah</i>	42
2.4.6 <i>Ujrah</i>	42
2.4.7 <i>Hiwālah</i>	45
2.4.8 <i>Wakālah</i>	46
2.5 Conclusion	47

CHAPTER 3: COMPARISON ON STRUCTURES AND OPERATIONS OF ISLAMIC CREDIT CARD AT BANK ISLAM MALAYSIA BERHAD AND BANK DANAMON SYARIAH INDONESIA49

3.1 Introduction	49
3.2 Structure	50
3.2.1 Process of BIC	50
3.2.2 Process of Dirham Card	53
3.2.3 Comparison of Contracts between BIC and Dirham Card	56
3.3 Operations of BIC and Dirham Card	58
3.3.1 Conditions of the Financing Limit	58
3.3.2 Fees and Charges	59
3.3.3 Special Privileges Granted to the Cardholders	61
3.4 Related <i>Sharīʿah</i> Issues with BIC and Dirham Card	63
3.4.1 Bank Islam Card	63
3.4.2 Dirham Card	68
3.5 Conclusion	71

CHAPTER 4: LEGAL FRAMEWORK AND *SHARĪAH* GOVERNANCE OF ISLAMIC CREDIT CARD IN MALAYSIA AND INDONESIA 75

4.1 Introduction	75
4.2 Legal Framework	76
4.3 <i>Sharīʿah</i> Governance	79
4.3.1 The Resolution of <i>Sharīʿah</i> Advisory Council of Central Bank of Malaysia on Islamic Credit Card	81
4.3.2 <i>Fatwā</i> of Indonesian <i>Ulamāʿ</i> Council's National <i>Sharīʿah</i> Board on Islamic Credit Card.....	84
4.4 Conclusion	87

CHAPTER 5: CONCLUSION & SUGGESTION 89

BIBLIOGRAPHY 96

APPENDIX I	: <i>Fatwā</i> of Indonesian <i>Ulamā'</i> Council's National <i>Shari'ah</i> Board (DSN-MUI)	100
APPENDIX II	: Resolution of the National <i>Shari'ah</i> Advisory Council of Central Bank of Malaysia (SAC of BNM)	112
APPENDIX III	: Accounting and Auditing Organization for Islamic Financial Institutions (<i>Shari'ah</i> Standard No.2)	113
APPENDIX IV	: Recommendation Letter for Fieldwork	120

LIST OF FIGURES

<u>Figure No.</u>		<u>Page No.</u>
2.1	<i>Bay' al-ʿinah</i> -based credit cards	35
2.2	<i>Ijārah</i> -based credit cards	37
2.3	<i>Ijārah</i> concept based credit cards	38
2.4	<i>Murābahah</i> concept based credit cards	40
2.5	<i>Tawarruq</i> -based credit cards	41
2.6	<i>Kafālah</i> -based credit cards	44
2.7	<i>Ujrah</i> -based credit cards	44
2.8	<i>Ḥiwālah</i> -based credit cards	45
2.9	<i>Wakālah</i> -based credit cards	47
3.1	<i>Bay' al-ʿinah</i> -based credit cards as practiced by BIMB	52
3.2	<i>Kafālah</i> -based credit cards as practiced by Bank Danamon Syariah Indonesia	56

LIST OF ARABIC transliteration

ء	a	خ	kh	ش	Sh	غ	Gh	ن	N
ب	b	د	D	ص	ṣ	ف	F	و	W
ت	t	ذ	dh	ض	ḍ	ق	Q	هـ	H
ث	th	ر	r	ط	ṭ	ك	K	ي	Y
ج	j	ز	z	ظ	ẓ	ل	L		
ح	ḥ	س	s	ع	ع	م	M		

Short Vowels		Long Vowels	
ـَ	A	ا + ـَ	ā
ـِ	I	ي + ـِ	ī
ـُ	U	و + ـُ	ū

LIST OF STATUTES

Central Bank Act 2009 (Malaysia)
Islamic Banking Act 1983 (Malaysia)
Banking and Financial Institution Act 1989 (Malaysia)
Banking Act No. 10 of 1998 (Indonesia)
Central Bank Act No. 23 of 1999 (Indonesia)
Shariah Banking Act No. 21 Of 2008 (Indonesia)

LIST OF ABBREVIATIONS

AAOIFI	:	Accounting and Auditing Organization for Islamic Financial Institutions
Ambank	:	Arab-Malaysian Bank
B.I	:	Central Bank of Indonesia
BIMB	:	Bank Islam Malaysia Berhad
BIC	:	Bank Islam Card
BAFIA	:	Banking and Financial Institutions Act
CBA	:	Central Bank Act
DPS	:	<i>Shari'ah</i> Supervisory Board Indonesia
DSN	:	National <i>Shari'ah</i> Board Indonesia
DSN-MUI	:	Indonesian <i>Ulamā'</i> Council's National <i>Shari'ah</i> Board
ICFA	:	The International Council of the <i>Fiqh</i> Academy
IFI	:	Islamic financial institution
IBA	:	Islamic Banking Act
KFH	:	Kuwait Finance House
MUI	:	Indonesian Council of <i>Ulamā'</i>
OIC	:	Organization of Islamic Conference
SAC of BNM	:	<i>Shari'ah</i> Advisory Council of Central Bank of Malaysia

CHAPTER ONE

OVERVIEW OF THE STUDY

1.1 INTRODUCTION

Nowadays, most people carry a credit card. A credit card with a magnetic strip was invented with the purpose to provide security, and simplify the complicated banking process for a customer in case he or she has no cash when making purchases at the stores. It is a mode of payments and provides a revolving credit facility, by which the borrower may use or withdraw funds up to a pre-approved credit limit. This amount of available credit increases and decreases as funds are borrowed and then repaid. In other words, the credit may be used repeatedly. The borrower makes payment based only on the amount he or she has actually used or withdrawn, plus interest. The free credit period is determined by the issuing bank/institution. No interest is charged if the payment is made within the given free credit period.¹

A credit card, however, has become a major source of controversy for the Muslims in recent years due to the element of *ribā*. For the Muslims, the usage of the above-mentioned conventional credit cards has become a matter of great concern. It has been questioned whether Muslims are allowed or disallowed to use the credit card to purchase an item. Some Muslims argue that it is allowed, as long as the cardholders can practice self-control and pay on time so as not to incur interest. To these Muslims, this is not against the restrictions of *Sharī'ah* principles. Mufti Taqi Uthmani says credit card has become a necessity without which many transactions

¹ Muhammad Ayub, *Understanding Islamic Finance*, (England : John Wiley & Sons Ltd, 2007), 379.

cannot be made. It is therefore permissible to be used, on the condition that the payments are made before the due date to avoid interest.²

On the contrary, some people are of the opinion that a conventional credit card is not *Shari'ah* compliant. To them, the conventional credit card involves *riba*-based activities and it lacks Islamic features or elements.

Moreover, Dr. Monzer Kahf, a prominent economist and counselor states that the opponents of credit cards found their view on the basis that it is an interest-based loan contract. Consequently, it is sinful (*harām*) on the ground that it is *riba*. There is no doubt therefore that issuing such an interest-based credit card is not permitted for any Muslim or Islamic financial institutions (IFIs).³

To solve this problem, Islamic financial institutions found an alternative to the conventional credit card, which is a credit card based on *Shari'ah* principles. In practice, no charges are imposed on a customer who delays payment due. If any fee is charged upon the customer because of penalty, it goes to charity. Islam allows the use of credit card as long as it does not involve the element of *riba*/interest.⁴ This is evident in the verses “*If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity, that is best for you if ye only knew*” (Qur’an, *al-Baqarah*: 280).

² Muhammad Taqi Uthmani, “Is It *Harām* To Use Credit Card,” Sunnipath The Online Islamic Academy, <http://qa.sunnipath.com/issue_view.asp?HD=1&ID=377&CATE=43> (accessed 3 March, 2009).

³ Monzer Kahf, “Credit Card between Permission & prohibition,” <http://www.muslimdiary.com/articles.php?article_id=478> (accessed 18 April 2009).

⁴ Mohd Ma’sum Billah, “Islamic Credit Card in Practice,” United Kingdom: Islamic Mortgages, 2008, <<http://www.islamicmortgages.co.uk/>> (accessed 10 March, 2009).

1.2 BACKGROUND SUMMARY OF THE PROPOSED DISSERTATION

The best advantage of a credit card is the possibility of purchasing something without having to pay using cash money. Normally, the time period set for settling the debts is 25-30 days. No interest will be charged on the loan on condition that the credit is paid on time. Unfortunately, in reality, there are very few cardholders who are able to repay the borrowed money within the grace period. Late charges are imposed on customers who delay payment with a certain level of interest.

This is the dilemma for Muslims in using credit card. It is due to *ribā*/interest, which undeniably is one of the things that are strictly forbidden in the Islamic *Shari'ah*. The Qur'an (*al-Baqarah*: 275 and 278) clearly states that:

“Allah has permitted trading and forbidden ribā”. So “those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (The offence) are companions of the Fire: They will abide therein (for ever).” And “O you who believe! Fear Allah and give up what remains (due to you) from ribā (from now onward) if you are (really) believers.”

These verses prohibit the element of *ribā*. On this basis, Islamic banks issue credit cards that are not interest-based. Essentially, the bank withholds from your account a certain amount as a guarantee for the payment at the end of the grace period of the card. Each month, if your current account permits it, the credit card charges will be deducted from the current account. Otherwise, the amount you owe on the credit card will be taken from the amount withheld, and you will be asked to replenish the amount withheld. Islamic banks therefore do not really benefit from the card itself, and they provide it as a service to their valued customers. However, they benefit from the *muḍārabah* deposit withheld as a guarantee as well as fees for services.⁵ This is the illustration for credit card implementation based on *Shari'ah*

⁵ Monzer Kahf, <http://www.muslimdiary.com/articles.php?article_id=478>.

principles. It adopts the Islamic law contract for the credit card in order to eliminate element of *ribā* and *gharar*.

In addition, the historical background and status of Islamic credit card in the *Sharī'ah* will also be explained. The implementation of Islamic credit card can be done with various applicable contracts such as *ijārah*, *murābaḥah*, *bay' al-īnah*, *wakālah* and others. The Qur'an (*al-Mā'idah*: 1) states that “*O ye who believe! fulfil (all) obligations*”. Under these schemes there are different models, features, ways of generating profit, fees and others. The bank also provides Islamic insurance for coverage on outstanding balance. One important thing is the bank's capability to deal with customers, which is to provide credit for purchase of items at the stores. The other important thing is determining which contracts can be used, and when the bank may settle the debts with the merchants. The bank also must follow the rules of *Sharī'ah* principles. Some banks follow the standard made by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) or the International Council of the *Fiqh* Academy (ICFA) to ensure the banks' activities do comply with *Sharī'ah* principles. Furthermore, some banks also have their own rules to determine the policy regarding their activities. These rules are made in order to ensure the Islamic banks' activities are *Sharī'ah* compliant. The study will then be finally concluded together with some recommendations.

There are two reasons for selecting this topic. Firstly, it is to find applicable contracts for Islamic credit card and legal rulings as mentioned above. Secondly, it is to determine whether these contracts are considered as *Sharī'ah* compliant in their implementation.

1.3 STATEMENT OF THE PROBLEM

Islamic banks or Islamic Financial Institution (IFIs) have issued the Islamic credit card. Various concepts of contracts have been applied. The contract can come under *ijārah*, *murābahah*, *bay' al-īnah*, *tawarruq*, *kafālah/damān*, *ujrah* and *hiwālah* or *wakālah*. There are some contracts that have been argued as controversial due to the implementation of the contracts themselves. However, Islamic banks or IFIs try to find preferable contracts for Islamic credit card transactions that can eliminate the element of *ribā*, *gharar* and *maysir*. At the moment, Bank Islam Malaysia Berhad (BIMB)'s Bank Islam Card (BIC) falls under the contract of *bay' al-īnah*, whereas Bank Danamon Syariah Indonesia's Dirham Card is using *kafālah*. Both cards have the structures, operations, *Shari'ah* issues and resolutions as the legal basis for implementation of the Islamic credit card. Therefore, by looking into these above issues, the questions on the structures and operational practices of Islamic credit card scheme will emerge. This research intends to answer the following: How does the Islamic credit card work under these schemes? What are the operations and procedures involved in implementing BIC and Dirham Card and what are the differences between the two? What would be the possible legal issues and whether the credit cards issued by both banks are considered as *Shari'ah* compliant? What are the legal basis for the issuance of Islamic credit card?

1.4 OBJECTIVE OF THE PROPOSED DISERTATION

The objectives of this dissertation are:

1. To present the variety of structures of Islamic credit card that can be applied.

2. To identify the differences of structures and operations between BIC and Dirham Card.
3. To know if BIC and Dirham Card are complying with the *Shari'ah* rulings in Malaysia and Indonesia.
4. To find out the legal frameworks and the *Shari'ah* governance of Islamic credit card in Malaysia and Indonesia.

1.5 HYPHOTHESIS

Various contracts are applicable in accordance to *Shari'ah* principles. Every contract has its own structure and operation. The structures and operations between BIC and Dirham Card are different. The BIC and Dirham Card are *Shari'ah* compliant according to the resolutions of the *Shari'ah* Advisory Council of Central Bank of Malaysia (SAC of BNM) and *fatwā* of the Indonesian *Ulamā'* Council's National *Shari'ah* Board (DSN-MUI) respectively, the contracts used however are still controversial among Muslim scholars. These resolutions are the legal basis for the issuance of Islamic credit card. The Dirham Card has a better concept of contract for Islamic credit card as compared to BIC. It adopts the three principles pertaining to contracts of guarantee (*kafālah*), leased (*ijārah*) and benevolent loan (*qard ḥasan*) in Islamic law as the underlying contract for credit cards. In practice, *kafālah* contract is thus preferable to *bay' al-ḥinah* contract.

1.6 LITERATURE REVIEW

Islamic scholars have done many studies, but there are no clear illustrations in books to explain the legal meaning and structures of Islamic credit card. However, the author manages to review several previous studies about Islamic credit card, which

will be explained in the next paragraph. Additionally, there are many articles that concentrate on Islamic credit card. Some of these literatures are briefly described as follows:

Aboubacar Salihou Kante, “Credit Cards from the Islamic Legal Perspective”.⁶

The author explained the concept, historical development and characteristics of the credit card. He also elaborated *Shari'ah* issues with regards to credit card and the revolution of Islamic credit cards in Malaysia. This book has explained comprehensively about the contract of credit cards from the Islamic perspective and has given solutions, as well as how these contracts should be applied to the Islamic credit card implementation in Malaysia. In line with this, the researcher believes that these kinds of contract may also be applicable for credit card issued by banks in Indonesia. This book can also be used as a reference by researchers on the implementation of Islamic credit card. It has deeply attempted to present a comprehensive and critical analysis of major issues of credit card implementation from the Islamic viewpoint.

Nik Norzul Thani, Mohamed Ridza Mohamed Abdullah and Megat Hizaini Hassan, “Law and Practice of Islamic Banking and Finance”.⁷ The book explains legal aspects of electronic Islamic banking. Chapter Eight of this book elaborates the definition of E-banking and gives explanation such as consumer electronic banking, corporate electronic banking, interbank electronic banking and products (plastic cards). The book also covers Malaysia’s legal framework on e-banking, the legality of e-Islamic banking under the *Shari'ah*, and legal issues on e-Islamic banking. This

⁶ Aboubacar Salihou Kante, *Credit Cards from the Islamic Legal Perspective*, (Kuala Lumpur: Ilmiah Publisher, 2006).

⁷ Nik Norzul Thani, Mohamed Ridza Mohamed Abdullah and Megat Hizaini Hassan, *Law and Practice of Islamic Banking and Finance*, (Selangor: Sweet & Maxwell Asia, 2003).

book can be used as a reference for comparative study of legal frameworks between countries.

Muhammad Ayub, “Understanding Islamic Finance”.⁸ The book is divided into three parts titled Fundamental, Contractual Bases in Islamic Finance and Islamic Finance-products and Procedures. The latter discusses the application of the system’s financing and practices. The author wrote about Islamic credit cards of Emirates Islamic Bank, Bank Islam Malaysia (BIC), AmBank Berhad (Al-Taslif Card), Kuwait Finance House (Al Tayseer Credit Card), and Kuwait Finance House (Bahrain, *Ijārah* Card). This book can be used as guidance for researchers concerning Islamic credit card and Islamic finance. It can also be used as a foundation for comparative study on Islamic credit card, or case study of Indonesia.

The International Centre for Education in Islamic Finance (INCEIF), “Applied *Shari‘ah* in Financial Transactions”.⁹ This book elaborates the *Shari‘ah* principles in financial transactions. It also explains the various principles such as sale-based, profit sharing, lease-based, fee-based, free-of-charge principle, and supporting contract. The book discusses definition, sources of law, types, mechanism, subject matter as well as the application to modern commercial transactions. This book is very detail and comprehensive, even though there is no explanation about Islamic credit card. It may still however be used by researchers as reference.

Mohammed Obaidullah, “Islamic Financial Services”.¹⁰ The author wrote on any kind of contracts which is relevant to the transactions in Islamic banking. This book elaborates on the Islamic financial system, fund management, investment in banking as well as insurance. Unfortunately, there is little discussion related to

⁸ Muhammad Ayub, *Understanding Islamic Finance*, (England: John Wiley & Sons Ltd, 2007).

⁹ INCEIF, *Applied Shari‘ah In Financial Transactions*, (Kuala Lumpur: INCEIF, 2006).

¹⁰ Mohammed Obaidullah, *Islamic Financial Services*, (Jeddah: n.p., 2005).

Islamic credit card. The author wrote about Islamic credit card based on the contracts of *bay' al-īnah* and *tawarruq*. The author also explained the Islamic credit card applied by BIMB. The book can be a reference for the study on Islamic credit card in Malaysia or for comparative study of other countries.

Adil Manzoor Bakhsi, "Developing a Financial Model for Islamic Credit Card for the UK".¹¹ This paper attempted to develop a financial model for an Islamic Credit card for the Islamic Bank of Britain for the UK market. It attempted to achieve this by using the basis of existing models for Islamic credit cards that are available in the Gulf and Malaysia.

The author has proposed two model structures which can form a basis on which Islamic Bank of Britain can develop a credit card for the UK market, and offer it to customers enabling them to use present day payment methods that will be in line with their religious beliefs. The author proposed some concept of credit card contracts that can be used by Islamic bank. The first model is based on *kafālah* and can be defined closely to a charge card model, whereas the second model is a combination of *tawarruq* and *wadī'ah* contracts. Although the author did not offer a complete solution, it can still be considered as an important work that could be combined with existing research undertaken by other researchers in this field.

Mohd. Ma'sum Billah, "Islamic Credit Card in Practice."¹² The author has examined credit card from the Islamic legal perspective. The article focused on Islamic credit card issued by Ambank Berhad, pertaining on how Ambank applies the concept of *bay' al-īnah* in its Taslif Islamic credit card. The author wrote on the principle of *bay' al-īnah* in Islamic credit card, although only in brief. However, he

¹¹ Adil Manzoor Bakhsi, "Developing a Financial Model for Islamic Credit Card for the UK," (Master. dissertation, Salford University, 2006).

¹² Mohd Ma'sum Billah, "Islamic Credit Card in Practice," United Kingdom: Islamic Mortgages, 2008, <<http://www.islamicmortgages.co.uk/index.php?id=262>> (accessed 10 March, 2009).