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**«КАЗАХСТАН В МУЛЬТИПОЛЯРНОМ МИРЕ:
ЭКОНОМИЧЕСКИЕ СЦЕНАРИИ»**

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**«KAZAKHSTAN IN A MULTIPOLAR WORLD:
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The particular note is that the Islamic financial system has great potential for resilience in a variety of economic shocks and crises. In addition, Islamic banks have an effective range of tools for a wide range of services. This increases their competitiveness in the global banking system. The entire set of tools of the Islamic economy prevents the emergence and development of crisis phenomena in the financial system and society. Economic resources should not remain idle, for example, turning into treasure, as well as be directed to various speculative operations, but should be rationally used for the well-being of the whole society, for the development of real added value, the increment of the number of goods and services, and not the money supply.

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RISK ANALYSIS OF MURABAHA FINANCING AND LEASING

Kuanova L.A., PhD student,
Khodzakhmed Zh., MSc student,
Al-Farabi Kazakh National University (Kazakhstan)

Аннотация. Мақалада Исламдық қаржы және банк секторындағы қаражатты тарту үшін ең кең таралған Мурабаха деп аталатын құралдардың бірі талқыланды. Авторлар сунниттік және шииттік заң мектептерінің зерттеліп отырған мәселеге түрлі көзқарасы келтіріп, осы тұжырымдардың мәнін ашып көрсетеді. Мурабаханың экономикалық теориясының негізіне Исламдық қаржысы көзқарасын қазіргі заманғы интерпретациямен салыстыруға ерекше көңіл бөлінеді. Мақалада тақырыпты зерттейтін ғылыми әдебиеттерге шолу жасалынады. Авторлар Ислам банкингін және Мурабаханы зерделеу туралы өткен ғасырдың 70-жылдарынан бастап, кейбір Таяу Шығыс елдерінің тәуелсіздік алғанға дейінгі талқылауларды мақұлдады. Мақалада заманауи банктік операциялардың көптеген құрамдас бөліктерінен, әсіресе, лизингтен тұратын, заманауи Мурабаха инструментіне талдау жасалады.

Түйін сөздер: Мурабаха, пайыздық мөлшерлеме, тәуекел, Таяу Шығыс, тәуекелдер портфелі, исламдық қаржыландыру.

Аннотация. В статье рассматривается один из наиболее широко используемых в мусульманских странах инструментов Исламского финансирования и банкинга для привлечения средств под названием Мурабаха. Авторы приводят различные подходы к изучаемому вопросу суннитских и шиитских юридических школ и раскрывают суть этой концепции. Особое внимание уделяется сравнению исламского подхода к основанию экономической теории Мурабаха с современной интерпретацией этого инструмента. В статье дается обзор научной литературы, в которой, так или иначе, исследуется тема статьи. Авторы согласны с утверждением дискуссий исследования Исламского банкинга и Мурабаха в частности, начиная 70-х годов прошлого века до

обретения независимости некоторыми странами Ближнего Востока. В статье дан подробный анализ рисков для современной Мурабаха, состоящей из множества компонентов современных банковских операций, особенно лизинга.

Ключевые слова: Мурабаха, процентная ставка, риск, Ближний Восток, портфель рисков, исламские финансы.

Annotation. The article discusses one of the most widely used by banks in the Muslim East tools of raising funds, called Murabaha. The authors give the different approaches of Sunni and Shiite law schools and reveal the essence of this concept. Special attention is paid to comparison of early medieval Muslim approach of the founders of economic theory to the problem of Murabaha with a modern interpretation of this instrument. The article provides a review of the scientific literature, in which, one way or another, addressed the issue. The authors argue that a revival in discussions of academic economists working on issues of Islamic banking and Murabaha in particular, we had 70-ies of the last century, due to the independence of many countries of the Muslim East. In the article detailed risk analysis is given to a modern Murabaha, which got quite a lot from modern banking operations, especially leasing.

Key words: Murabaha, interest rate, risk, Middle East, risk portfolio, Islamic finance.

In recent years, the popularity of the so-called Islamic banking shows a stable growth not only in the Muslim East, but also in many EU countries, North America and Southeast Asia. For financial sector Republic of Kazakhstan, domestic scientists and specialists in the field of banking Islamic banking has still remain an unexplored sphere, which proves relevance and scientific novelty of the problem. Its lack of knowledge is a significant obstacle to the establishment of a closer economic cooperation of the Republic of Kazakhstan with the countries of the Middle East.

Understanding the concept of banking in the Islamic world is impossible without understanding the methodological foundations of the Muslim economy and rights. One of the pillars of economic theory, developed by legal thinkers of the Arab Caliphate, is the rejection of the capital market. This provision has deep philosophical roots, the analysis of which will lead us far beyond the designated research problem. A special methodological approach for Muslim perception the world order was focusing on social aspects, the so-called human rights of the second generation, the ideas of social justice. Such an approach to the conceptualization of economic theory, of course, pushed the question on the possibility of financial assets, in particular, money, to be the object of purchase and sale in the background. Moreover, this aspect of economic activity of society by some theorists of Islamic the justice system was completely ignored. As stated by modern researchers of economic theory, framed within the framework of Islamic legal doctrine, open rejection as a result, the capital market became one of the good reasons for the non-competitiveness of the Muslim model of the economy, which led to the decline of the East in the era New time [1]

Quite widely known to Kazakhstan lawyers and economists of the situation, according to which Islamic law, in the part that regulates financial relations, prohibits interest on loans called RIBA. These rules are reflected in the provisions all legal schools of the Muslim world, regardless of their affiliation to the Sunni, Shiite or Kharijite areas. Impossibility wide application of traditional and customary for us, financial regulators, in particular, the interest rate, has left its mark on the formation of own tools of Islamic banking. One of the most actively used in the past and widely used now in Islamic banking instruments to raise funds is Murabaha.

Murabaha

The practical steps of Murabaha are:

1. The purchaser determines his or her needs and the specifications of the commodity.
2. The buyer signs a promise to purchase agreement. This is essential for the bank to bind the buyer legally.

3. Delivery of the commodity.

4. The Murabaha sale contract according to the terms and conditions included in the promise to purchase.

5. The client pays his installments, principal plus the bank's profit, as agreed in the promise to purchase contract.

According to the classic economic theory, formed in the period the early middle ages, the practical implementation of Murabaha was possible after applying to the Bank the owner of the goods with a request to find a buyer. By this prerequisite was declared value of goods. In other words, the seller had to notify the intermediary at what price it purchased this product or what is its cost if he produced it. A prerequisite was also indisputable or absolute ownership of the owner of the object of sale.

It is believed that the main advantage of Murabaha on the background of all other transactions of sale, which were legally recognized in the Arab Caliphate, was the possibility of selling goods in installments. In this case, the mediator took all the risks non-payment of the buyer's obligations to itself, thus guaranteeing the seller the receipt of funds. Of course, depending on the timing installment payments, risks and implementation difficulties certain type of goods, income requested the seller, and a number of other factors, the amount of profit of the intermediary changed quite strongly.

There are some risk factors in Murabaha financing and leasing has influence to the arising of the problems. Such problems were existing due to lack of payment in agreed time and carry higher risks as same as conventional bank practices which based on interest (Riba).

Ismal, R. (2009) explains that the occurrence of price risk when the entrepreneurs take an advantage to gain the profit by pretending to be default. Based on this statement, he assumes that the condition triggering as well as the probability they take the risk of pretending to be default because of the bank charge the additional cost or penalty to them. Ahmad (2004) meanwhile views that an effective of risk management is depend on how large the bank large extent and how well the bank identify what are the key factors affecting the risk in credit in terms of total asset's size, risk-weighted asset and efficiency in management. The study suggested that since hedging, some of policy implications are not possible in operations in Islamic financing. Besides that, the study also suggested to reduce the adverse selections and strengthening internal control to enhance the activity of mitigating the risk especially in area of credit in Islamic banks.[2]

The other views are given by Wesabi and Ahmad (2016) as both of them argue on the influence of risk and they assume that the risk in banking institutions are affected by two types of factors, which are the factor of macro and firm-specific factor as well as in other countries. It is reveal that both of the factors are largely determined as quality in management, bankruptcy, risky assets in portfolios and Growth Domestic Product (GDP) in the country. Makiyan (2009) in his research on risk management and it challenge in Islamic banking, he mentions that to facing the major challenges in various risk in the future, the risk management concept and understanding of it is still not effective enough and the bankers or manager of the bank should fully understand the issues or problems arises. Therefore, by understanding those problems ethically, an appropriate solution can be applied to prevent the attributions of risk of financial product especially in Murabaha financing. [3]

The other view is shared by Khan and Ahmed (2001) who believed that the determinant of risk in Murabaha financing would arise as the client was unable to complete the payment within agreed time and it is called as payment risk as well as when the banks is not receive the cash after deliver assets to the client. To extent this, the assortment effect in terms of portfolio of granting loans has been showed in the study and they recognize that the meaning of mitigating the risk in credit is to absolutely reduce the risk by constructing a minimum portfolio of risk.

Nevertheless, Murabaha financing in the point of view of Shariah, the determinant of risk in Murabaha consists of risk in price, commodity, market and mainly in credit to be mitigated by the bank. Therefore, focus on this paper is to study on the risk issues surrounding in Islamic bank in terms of Murabaha financing and how to manage it by using the proper techniques, thus explores the credit risk management concept that might solve the problems arise.

There exist various types of risk especially in Islamic banking that affect to the worldwide financial landscape. However, the most influential is credit risk that exist from 1997 financial crisis. Many researchers discussed on credit risk in Islamic banking.[4]

Table 1: Risks of Murabaha

Author	Year	View
Sarker	2009	The scholar who found that the bad debts arises in the practices in Islamic financial institution which provided the Islamic financial instrument.
Khan and Ahmed	(2001)	They mentioned that no full understandings about risks involving in Islamic banking nowadays and mentioned in terms of the view of bankers. They found that the determinants and factors of risk that exist is because of the practices in Murabaha instrument financing which is exposed to the counterparties including in the contract agreed.
Khayed and Mohammed	(2009)	They study the existence of risks of Islamic modes of finance in banking instrument offered and they found various types of existence on risks in Islamic banking operation. They view on determinant of risk in Murabaha financing occurs when the banks may result based on their findings that it is critically disadvantaged of cash on hand and it may tend to the inability to meet its financial liabilities and obligations as well as when the borrower repeatedly fail to pay their maturing debts within the agreed time of payment.
Elgari	2003	He elaborates on the existence of the risk in credit in Islamic banking and finance. He claims that direct financing offered by the bank is not reliance on the existence of credit risk. Besides that, the problem arises in terms of acceptance paper and guarantees because of the inability of financial instrument's originator which is owed by the bank to meet his obligations and it is faced by the most of Islamic banking modes of financing that they offered especially in Murabaha financing.
Mousavi and Mahdavi	2008	They thought on the Islamic justification for managing risk in Islamic banking. Both of them revealed that the risk which occurs in Islamic banking system presents in the framework of settlement risk and the risk thus increase when the banks carries assets in Murabaha financing contract before receives their own cash or assets and then they are bring up itself to potential to be loss. In their study, they use primary study to conduct the research.
Al-Jarhi and Iqbal	2001	They view that most Islamic bank in other bank especially they prefer fixed return modes especially in Murabaha financing product. In their research finding, the share in terms of Islamic financing products especially in Murabaha is higher rather than

	<p>other Islamic financing product. Thus, the banks must be fully understanding and well-prepared to mitigate the risks especially in Murabaha financing to ensure that the sustainable of growth in Islamic financing product and maintaining their performance as a purely Islamic banking practices.</p>
<p>*compiled by the authors, source: [5]</p>	

Based on the works of these researchers, it may say that the main risk is related to Murabaha financing is the possibility of non-payment by clients. In conventional banks of borrowing, there exist penalties with additional interest. However, it should be noted that this does not violate Islamic principles as Sharia.

As it mentioned above, Murabaha is an equity-based instrument of Islamic Finance that involves sharing of returns and risks. Possession under this instrument can be constructive and physical, where the investor (bank) may not has taken physical delivery of the commodity, however it is controlling with all rights including even risk of legal responsibility and destruction.

According to the works of researchers, in Murabaha, there will exist a moral obligation when a promise made among bank and client. But there is a big discussing among researchers on whether it is also as legal obligation. A promise that does not enforced by law can result the difficult situations.

Islamic banking financing recognizes three forms, equity based financing, debt based financing and benevolent loan. In practice, debt based financing particularly Murabaha is dominantly occupied by Islamic banks around the globe. However, price risk of the good being financed opens a chance for entrepreneurs to gain profit by pretending to be default. To mitigate such problem, Islamic bank conducts bank's investigation and charging some cost as well as penalty. Hence, entrepreneur will hopefully keep continuing the Murabaha contract until the end of the agreed period.

It could be concluded that in foreign scientific literature there is debate about the legality of the identification Murabaha with leasing transaction. The article discusses the aspects of Murabaha, which attract attention of foreign experts. The authors reveal the essence of the approach to the issue of the two major legal schools – the Hanafi and Shafi, which were widespread among the peoples in the middle ages. It is considered separately the question of what grade Murabaha received in the researches of scientists. The authors note that in economic science the problem of Murabaha as the whole complex of issues related to Islamic economy, has become studied recently. The attitude to this problem of some scientists are cautious and skeptical. While the article emphasizes that the instruments of Islamic banking and Murabaha in particular have found widespread use in the banking system of the EU and North America, allowing the world known financial structures to gain a foothold to establish cooperation with partners in the countries of the Muslim East.

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