Evaluation of the application of accounting mechanism for lease-purchase or (ownership-ended Ijirah) in the Islamic banks, an Empirical Study of samples of Islamic banks in the Kingdom of Bahrain.

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Abstract

The aim of this study was to evaluate the application of accounting mechanism for lease-purchase or (ownership-ended Ijirah) in Islamic banks in the Kingdom of Bahrain and whether Islamic financial institutions are applying these mechanisms in the manner that it should be.

The researcher follows in this study the descriptive analytical method which is one of the popular methodologies that is appropriate to the nature of the research problem. This study has targeted a sample of Islamic banks in the Kingdom of Bahrain.

Through observation, it can be noticed that some Islamic banks are committed to the proper mechanisms of the process of Ijrah and ownership-ended Ijirah, while others overrides against the contract. This research addresses the ownership-ended Ijirah process through several aspects, starting with its commencement and its definition, objectives and comparison with the operating Ijrah. Then the research mentions the types and situations through which this study had been carried out and discussed by the Fiqh councils, till formal processes and controls had been placed in order to be legally acceptable and in compliance with Islamic banks laws (Shari’a).