

Islamic Banking Glossary

Ajr	Commission, fees or wage charged for services
Amanah	Trust
Arboon (Down Payment)	A non-refundable deposit paid by a potential buyer retaining the right for a specified period either to confirm or cancel the impending sale
Awqaf	Technically appropriation or tying-up of a property in perpetuity so that no propriety rights can be exercised over their use. An endowment of charitable trust in the meaning of holding certain property and preserving it for the confined benefit for a certain charitable objective and prohibiting any use or disposition of it outside that specific objective
Baitul Mal	Treasury management, which is the process of administering to the financial assets and holdings of a business. It handles the company's liquidity, makes sound financial investments for the future with any excess cash, and reduces financial risks
Dhimma / Zimma	The capacity to accept obligations and duties, including financial obligations
Fatwa	A Sharia opinion presented to a person who seeks it with regard to an incidence that has already occurred (the Fatwa incidence) or is expected to occur. It does not refer to answering queries pertaining to hypothetical incidences
Gharim	Insolvent, bankrupt
Halal	Goods/commodities, actions and deeds which are permissible under Sharia
Haram	Goods/commodities, actions and deeds which are not permissible under Sharia
Mudaraba	An Investment partnership. It is a contract in which all the capital is provided by the Islamic bank while the business is managed by the other party. The profit is shared in pre-agreed ratios, and loss, if any, is borne by the investor
Murabaha	A form of credit which enables customers to make a purchase without having to take out an interest bearing loan. The bank buys an item and then sells it on to the customer on a deferred basis
Sharia	Islamic law as revealed in the Quran. A Sharia-compliant product meets the requirements of Islamic law