

Monthly Tips

Islamic Investment funds, Why it is so popular?

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Islamic banking is popular among Muslims and is recently increasing in popularity among non-Muslims around the world. The demand for this investment is increasing among conventional banking too.

The Islamic banking industry is changing and evolving almost all the time. Most common form of asset is the Shariah compliant equity funds, real estate funds and commodity funds.

However, most of the investments are involved in the equity market. The Islamic products attract most investors from other faith. Most of the investment options follows Shariah compliant investment.

It is compulsory that the investment must be structured according to the Shariah law, whereby most of the products must follow the rules of the specific underlying concepts of contracts.



Sources :

1. <https://www.volaw.com/Briefing%20Notes/Islamic%20Investment%20Funds%20Nov%202004.pdf>
2. Islamic financial market ,principles and operation , 2nd edition , Cagamas and ISRA publisher
3. https://2.bp.blogspot.com/rZGFWu9P7pM/Vx86zkmkC4I/AAAAAAAAr8s/Ag4Qk5_3CrclWfn0TJV8qtM5IDRn9G7AAClC/s1600/islamicbanking.png

The most distinctive element in Islamic investment is they must be free from riba' and gharar. Most of the investors pooled their resources in one shares to purchase or acquire a bigger portfolio of shares.

The shares are being selected with the selection process guided by the rulings of the Sharia Supervisory Board. All the selected investment must follow certain criteria for qualitative and quantitative groups.

In conclusion, Islamic investment is still new in the market and is growing over the years. Currently, the products offered are small in quantity but the demand for it is expected to rise.



Sources :

1. <https://www.volaw.com/Briefing%20Notes/Islamic%20Investment%20Funds%20Nov%202004.pdf>
2. Islamic financial market ,principles and operation , 2nd edition , Cagamas and ISRA publisher
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