PATH 03 / INTERMEDIATE / REVISION SHEET

Islamic Banking

Read an Islamic banking product as a sequence of contracts, risks and operational responsibilities.

The path in three lessons

01	**The banking balance sheet**	Accounts, financing, liquidity and capital remain central to intermediation.
02	**Home finance structures**	Compare total cost with ownership, risk, flexibility and contractual obligations.
03	**Governance in practice**	Shariah governance operates alongside legal, regulatory and corporate oversight.

Key language

Investment account	An account whose return may depend on an underlying pool.
Liquidity	Ability to meet payment obligations when they fall due.
Diminishing musharakah	Co-ownership in which one party gradually buys the other's share.
Early settlement	Ending finance before scheduled maturity.
Shariah board	Scholars advising or supervising stated compliance.
Shariah audit	Review of transactions against approved requirements and controls.

RECALL / APPLY / DISCUSS

Questions worth keeping

Try answering these without notes. Then compare your reasoning with the prompts below.

01 What contract governs the account and how does return arise?

02 Who owns the home, pays which costs and bears each risk?

03 How are product approval, operations, audit and issue escalation connected?

Answer prompts

01	The contract explains access to funds, return and risk.
02	A responsible comparison goes beyond the monthly payment.
03	Credibility requires ongoing implementation and transparent control.

Continue online

Open the interactive lessons, definitions and knowledge checks at soaseifs.com/education/islamic-banking

Use this sheet as a starting point for study. Structures, standards and interpretations can vary across institutions and jurisdictions.