ISLOMIC BANKS MANAGEMENT SYSTEM

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Annotation: Islamic banking refers to bank operations that adhere to Sharia law. The Sharia law is in opposition to the fundamental principles of banking because it forbids the collection of interest as well as any transactions that allow for speculation. Meeting people's financial requirements while adhering to Sharia law is thus a difficulty for Islamic banking. It appears that Islamic banks have discovered a business strategy that enables them to do so. We may learn more about the management system used by Islamic banks in this article.

Keywords: *Islamic banks, management system, operation, improvement, financial needs.*

The use of money as a means of generating more money is forbidden by numerous religions all over the world. Islam, Judaism, and Christianity all forbid the idea of interest. Only Islamic countries and people, however, still abide by the laws that forbid the collection of interest in the modern world. The idea of a bank was foreign to entire countries in the Middle East, Northern Africa, and South East Asia. In the following decade or so, more Islamic banks were established in nations like Malaysia. Islamic banking has become widely accepted in the modern world and is practiced in numerous nations. This business model is basically made of three different modes. These modes further branch out into banking products that are used by individuals. The three modes are as follows:

Mode based on partnerships. Customers of Islamic banks cannot be charged interest. When they sell items, they are permitted to make a profit. Therefore, a Muslim consumer can approach banks for financing when they need to buy a house. The bank has the option to initially buy the property in its own name. The customer may later purchase the residence from the bank. The bank may charge a substantial profit margin while carrying out this sales transaction. The bank may also allow customers to pay in installments. Thus, just like if they had taken out a mortgage, the buyers could pay the banks in installments.

However, loans provided by Islamic banks are distinct from those provided by conventional banks. Evidently, there is no concept of amortization because there is no concept of interest. As a result, interest is not assessed on a regular basis. Instead, it is spread out among the numerous installments that the consumer must pay as a fixed amount. To ensure that it is in accordance with Islamic beliefs, the fundamental essence of the borrower-lender connection is converted to a buyer-seller relationship. Additionally, certain requirements set forth by Islamic law must be met in order for the sale to be legal. For instance, it is prohibited to sell nonexistent products, and the purchase must be final and binding.

Mode Based on Trade. In the trade-based option, the bank can give the consumer financing in the form of an advance payment. The goods for which this payment is made must be delivered at a later time. The advance payment can be less than the market price for the products at hand. As a result, a bank may offer financing that is less than the value of the items, and the borrower must deliver the goods to the bank. The borrower can then purchase the products from the bank at the spot price. The bank makes a profit as a result of the discrepancy between the smaller amount it advanced and the larger sale earnings it received. Therefore, the bank acts as a trading partner who purchases the products at a lower price and then sells them back at the correct price. Money generated by the bank is therefore the result of proceeds of trade and it is not in the form of interest which is outlawed by Sharia.

Mode based on rentals. The renting mode is the final category. In this scenario, the bank makes the asset purchase on the client's behalf. The customer is then awarded a lease on the same asset for a specific amount of time. Normally, the customer is not permitted to terminate the lease during that time. Through a separate sale agreement, the asset is then transferred to the client at the conclusion of the lease period for a predetermined nominal price. Financing for vehicles frequently employs this kind of approach. Customers can utilize the cars that the bank leases to them for a set amount of time. After the time is up, they can pay the bank a very little amount to buy the car. Thus, Islamic banks do not collect any money in the form of interest. However, they are still able to meet the financial needs of individuals who want to buy a car for instance!

Regarding stakeholder interests in Islamic banking, all respondents agree that they believe the interests of the institution's economic and financial performance are what the stakeholders desire most. According to information provided by Respondent BS2, depositors frequently request talks over the percentage of profit sharing they can get. Depositors always contrast the profit sharing offered by Islamic banks with the interest rate they would receive if they kept their money in interest-bearing institutions. Respondent BS1 added that a similar phenomenon existed. Respondent N1, a client of an Islamic bank, was even unable to define Islamic banking, the Islamic financial system, the Islamic contract (aqad), or profit-sharing. This phenomenon is also found in other Islamic banking customers who become respondents of this research. The economic and financial performance of Islamic banking that have an impact on increasing the economic benefits of customers are the main thing for customers.

Conclusion. Islamic banks offer a variety of goods in addition to those that were already listed. Modern consumers' needs have prompted the development of numerous Sharia-compliant financing options for new items. Additionally, Islamic banking is growing in acceptance across national boundaries and in many nations with sizable Muslim populations. In nations like India that do not have Islam as their official religion, Islamic banks have also begun to emerge.

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