Note: Page numbers followed by "n" with numbers indicate notes.

A	D 1 CA : 200
Accounting and Auditing	Bank of America, 208
Organization for Islamic	Bank selection criteria, 73, 78–79
Financial Institutions	Bank Simpanan National (BSN), 133
(AAOIFI), 202	Banking sector, 49
Adequate capital, 139	Bankruptcy, 114–115
Agro Bank, 133	Barclays, 208
All debt financing corporation,	Bartlett's test of sphericity (BTS), 78
153–154	Benchmark
All-equity financing corporation,	indices, 136
152–153	model, 203
Allowance on Corporate Equity	Benevolent loan (see Qard al-hasan)
(ACE), 146	Bivariate analysis process, 54
Ambiguity and confusion, 117–118	Bonds, 156
Analytic hierarchy processes, 217	Borrower of mortgage, 201
ANOVA, 215	Borrower-centric approach
Arab Barometer, 99, 110n1	analyses and procedures, 77-78
Arellano-Bond generalized method of	commercial banking industry, 92
moments, 231	content validity, 79
Asian investors, 5, 18	data and methodology, 75
Asian Islamic Index, 4–5	data collection process and
Asian Islamic stock market investors, 3	instruments, 75
invest in USA, European, or BRIC	funds of MCIs in Bangladesh, 91
markets, 16–18	Islamic and conventional MCIs, 89
Asset-backed financing, 40–41	Islamic microcredit institutions, 90
Asset-backed Sukuk, 116	literature review and hypotheses
Autoregressive conditional	development, 72–75
heteroscedastic (ARCH), 10	overall satisfaction of microcredit
, , ,	borrowers, 80–81
Bai' Al-Sarf, 44	policy implications, and limitations
Bai' Bithaman Ajil (BBA), 83, 179,	of study, 81–85
195, 197	reliability, 78–79
Bai'al'Inah, 133	results and discussions, 78
Bai'Bithaman Ajil, 133	sampling adequacy, sampling
Bai'Istina, 133	bias, and multi-collinearity
Bangladesh, 38–39	problem, 80
funds of MCIs in, 91	Borrowers, 72
Bank for International Settlement, 50	Breach of contract, 118

BRIC markets, 20	Corporate tax structure, 147–148
Islamic markets, 4–5	Corporation's threshold for debt, 146
Business support, 218	154–156
	all debt financing corporation,
Capital market, 5	153–154
Capital partnership (see Musharakah)	all-equity financing corporation,
Capital structure, 147	152–153
Capital-based models, 179	American corporation, 168
Capitalization, 139–141	Austrian corporation, 160
"Center activity", 79, 80	conventional and Islamic capital
Certainty effect, 150	structure, 149
Christian, 96, 105, 107	corporate tax structure, 147–148
Citibank, 208	corporation's financing choice, 14
Clone property, 53	150–152
Cluster, 50	Czech Republic corporation, 161
Co-movement among financial	Danish corporation, 162
markets, 5–6	debt-bias vs. equity-bias corporate
Commercial banks, 131, 135	tax system, 148
industry, 92	Finland corporation, 163
Commercial PM, 191	Germany's corporation, 164
Community banking, 137	Italian corporation, 165
Component expected shortfall	measure of profit, 159–160
(CES), 51	Norway corporation, 166
Comprehensive Business Income Tax	numerical example, 156–158
(CBIT), 146	in OECD countries, 158
Conditional value, 213	robust approach, 168–169
Conditional value at risk (CoVaR), 51	start from intersection point, 173
Conjuncture fluctuations, 179	Swedish corporation, 167
Consumer experience, 211	Correlation, 78
Contagion effects, 5	coefficients, 80
Content validity, 79	matrix, 78
Continuous mortgage payments, 198	network models, 54
Continuous wavelet transform (CWT),	Credit
4, 13–15	facilities, 133
Conventional bank(ing), 38–40, 54, 191	management, 83
Conventional capital structure of	monitoring, 83–84
corporation, 149	Credit Default Swap (CDS), 51
Conventional debt-based instruments,	Creditor-friendly, 121–122
7–8	Crisis-phase, 51
Conventional financial principles,	Criticisms, 10
71–72	Cross-loadings, 79
	G ,
Conventional MCIs, 89	Crowding out effect, 177 Cultural characteristics, 94–95
Convergent validity 70	
Convergent validity, 79	Customer
Corporate social responsibility	contextual information, 210
(CSR), 131	customer-centric concept, 72

level of education, 216–21/	lack of financial inclusion, 130–131
patronage, 218–219	requirements, 134-135
product contextual information,	rising of IFIs, 136–137, 144
214	services provided by, 132–134
product expert insight, 214	Digital inclusion mechanism, 73
product value, 212	"Diminishing <i>musharakah</i> " method,
religion, 217	195, 197, 202
value, 213	Diminishing partnership
Customers' engagement with Islamic	(see Musharakah
banking	Mutanaqisah (MM))
concept and dimensions of	Discrete wavelet analysis, 13
customer patronage,	Discrete wavelet transform (DWT), 11
218–219	Displaced commercial risk, 43
determinants, 209, 215-218	Dividend payments, 147
Shari'ah, 208–209	Dow Jones Islamic Market Index
Customers' product knowledge,	(DJIM), 8, 136
209–211	Dow Jones Supportability World
constructs of, 211–214	Index (DJS), 8
dimensions, 214–215	Dow Jones World Index (DJW), 8
,	Dual-banking systems, 47
Dana Gas Sukuk default, 124–125	Dynamic conditional correlations
Data collectors, 76	(DCC), 10–11
Debt restructuring, 120, 121	,,,
Debt-based Sukuk, 119	Early marriage, 96
Debt-bias corporate tax system, 146,	Economic
150	development, 96, 131
Debt-equity ratio, 159	growth and poverty, 94
Debtor-friendly, 121–122	indicators, 94, 103
Declining Balance Co-ownership	integration, 2
Program, 202	system, 38
Deferred payment sale (see Bai'	Education Financing-I Falah, 133
Bithaman Ajil (BBA))	Emotional value, 213
Delta conditional value at risk	Epistemic value, 213
(ΔCoVaR) , 51, 57	Equity kickers, 192
Democracy, 226, 228	Ethical banking, 137
Democratization, 225	EthisCrowd, 202
and Islamic financial development,	European Islamic Index, 4–5
225–231	European markets, 20
Demographic characteristics, 76, 94–95	Ex ante measures, 203
Descriptive statistics, 15–16	Ex post measures, 203
Deutche Bank, 208	Excessive uncertainty prohibition,
Development Financial Institutions	44–45
(DFIs), 130, 131, 144	Expected return, 198
data and methodology, 137-138	Expected shortfall (ES), 51
and demise, 131, 135–136	Experiences, 211
investment banks, 131-132	Exploratory factor analysis (EFA), 77

Export Credit Refinancing-i, 133	Global economic recession, 38
Export-Import Bank of Malaysia	Global financial crisis (2007–2008), 2.
Berhad (EXIM Bank), 133	18–19, 123–124, 190
Extended technology acceptance	Global financial market, 114
model, 216	Global Findex, 137
Extensive monitoring, 85 <i>n</i> 1	Globalization, 2, 5, 6
_	Grameen Bank model, 70
Failure to pay on time, 116	Grubel modeled international
Filtering stationary series, 12	portfolio diversification, 9
Financial	Gulf Cooperation Council (GCC),
crisis, 5, 50–51, 191	48, 117
development, 223, 226	
exclusion, 94	Healthy financial systems, 38
inclusion, 94, 97, 134, 136, 137	Hedonic determinants, 190
intermediaries, 177	Higher income group, 72
market, 147, 224, 233	Housing finance products, 190
network, 54	HSBC, 208
services, 132	
support, 218	i-Biz Cash, 133
system, 38	i-Enterprise Premises Financing, 133
system aggregate risk, 56	i-Rolling Expenditure Advance Cash
Financial Institutions Reform,	Scheme, 133
Recovery, and Enforcement	IDB Co-financing, 133
Act (1989) (FIRREA), 192	Idiosyncratic characteristics, 52
Financial Islamism, 99, 105, 106	Ijara sukuk, 149
Financial Stability Board, 51	<i>Ijarah</i> (leasing), 123, 181, 195, 199
Financing methods, 200	Import Financing-i, 133
Financing models, 178	Inclusive financial services, 94
Firm standardized idiosyncratic	Income groups, 72
residual, 57	Indonesia, Islamic finance in, 98
First Investment Company (FIC), 122	Institutional mechanism, 83–84
Four Ps and Cs in marketing	Institutional uniformity, 224
discipline, 212	Interest and usury prohibition,
Fourier transform, 13	40–41
Frequency, 14	Interest rate, 190
FTSE Global Islamic Indies, 136	Interest rejection, 103
Funding sources, 139	Interest-based conventional financial
	system, 121
Gain international portfolio	Interest-free
diversification benefits, 16	financing methods, 181
Gender inequality, 96	Islamic financing models, 175
Generalized ARCH (GARCH), 10	loans, 41
Generalized linear models (GLM), 231	modeling, 196
Generalized method of moments	Interest-only mortgage, 198
(GMM), 231	Internal rating based risk weighting
Gharar, 44–45, 114, 119, 196	approach, 139

International banks, 208 International equity markets integration, 2 International Islamic Fiqh Academy of Organization of Islamic Cooperation (IFA-OIC), 126	Investment accounts holders, 42 banks, 131 deposits, 42–43 Investor stock holding periods, 18–20 Involuntary financial exclusion, 94 Islami Bank Bangladesh Limited
International Monetary Fund (IMF),	(IBBL), 71
146, 208	Islamic
International portfolio diversification,	MCIs, 89
2, 6–7, 9, 18–20	MFIs, 70
applied methodology, 10	political party systems, 224
Asian Islamic stock market	principles, 95
investors invest in USA,	products and services, 82–83
European, or BRIC	share, 100–101
markets, 16–18	Shariah standards, 45
co-movement among financial	Islamic bank/banking (IB), 38, 136,
markets, 5–6	149, 208
CWT and wavelet coherence,	customers' knowledge, 214-215
13–15	data, 55
data analysis and empirical results,	empirical evidence for stability, 45-49
15	Islamic financial arrangements,
descriptive statistics, 15–16	41–44
Islamic stocks and portfolio	methodology, 55
diversification, 7–9	operating principles, 94
literature review, 5	prohibition of excessive
MGARCH and DCC, 10-11,	uncertainty, 44–45
27–34	prohibition of interest and usury,
MODWT, 11–13	40–41
MODWT-wavelet correlation	prohibition of Shariah non-halal
charts and underlying	transactions, 45
numbers, 35–36	restrictions on money for money
robustness and validation of	transactions, 44
results-application of	results, 59–62
MODWT, 21	risk measures, 55–58
strategy, 18	SRISK definitions and
summary of empirical results,	measurements, 49–54
21–22	systems, 224
theoretical underpinnings, 9–10	theoretical basis for unique risk
time-varying and time-scale-	features, 39–45
dependent correlations, 7	theoretical basis for unique risk
International stock	features of, 39
markets, 2	"Islamic Bonds", 114
portfolios, 6	Islamic capital structure of
Interpretation, 53, 131, 156, 214	corporation, 149
Invest in "people", 82	Islamic Equity Funds (IEFs), 8

Islamic financial development	Jakarta Islamic Index, 8
econometric strategy and data,	Japanese stock market, 6–7
225–228	•
evidence, 228–231	Kahlifah, 131
financial development, 223–224	Kaiser-Meyer-Olkin test (KMO test),
GMM estimations, 235	78, 80
models and results, 231–233	Kolmogorov-Smirnov Goodness-
OLS and GLM estimations, 234	of-Fit, 32
political Islam, democratization, and, 225	Kuala Lumpur Shariah Index, 8
Islamic Financial Institutions (IFIs),	Labor and capital partnership
73, 130, 136–137	(see Mudharabah)
Islamic financial/finance, 95	Lease-based contracts, 41
arrangements, 41–44	Limited <i>mudarabah</i> , 179
data, 99	Liquidity risk, 40
economic indicators, 103	Loan
empirical results, 99	application, 75
industry, 82, 114	balance, 198
instruments, 124–125	process, 73, 79
literature review, 95–98	quality, 139
markets, 3	Loan-to-value (LTV), 199
methodology, 98–99	Long-run marginal expected shortfall
pairwise correlations and interest	(LRMES), 52
rejection, 102	Long-term investors, 20
pairwise correlations from religious	Lower income group, 72
responders, 105, 106	Lower meeme group, 72
PM applicability in, 200–201	Machining and Equipment
PM design in, 195–197	Financing-i, 133
principles, 197	Macroeconomic
sector, 2–3	determinants of housing demand,
services, 99	190
summary statistics, 101	level shock, 50
system, 40	variables, 13
total religious index, 100	Malaysia, Islamic finance in, 137
univariate test and interest	Malaysian Talam Corporation Bhd,
rejection, 104	116
Islamic Law of Contracts, 2–3	Marginal expected shortfall (MES),
Islamic microcredit	
	51, 55–57 Market
borrowers, 81	BRIC, 20
framework, 84	
institutions, 90	co-movement among financial, 5–6
Islamic stocks	conventional stock, 5
markets, 5	European, 20
and portfolio diversification, 7–9	factors, 212
profitability, 47	failures, 135
Isolation effect, 150	financial, 147, 224, 233

global financial, 114	partnership financing transactions
international stock, 2	of, 43
Islamic finance, 3	practical problems of classical,
Japanese stock, 6–7	177–179
market-based systemic risk	Mudarip, 177, 180
measures, 55	Multicollinearity problem, 80
real estate, 190	Multivariate analysis
stock, 147	for Islamic practice and economic
Maturity mismatch, 178	indicators, 107, 110
Maximum overlap discrete wavelet	of Islamic practice and social
transformation (MODWT),	indicators., 106–107
4, 11–13	Multivariate Brownian processes, 54
MODWT-wavelet correlation	Multivariate generalized
charts and underlying	autoregressive conditional
numbers, 35–36	heteroscedastic-dynamic
robustness and validation of	conditional correlations
results-application, 21	(MGARCH-DCC), 4, 10,
Maysir, 44–45, 114, 119	27–34
MGARCH, 10–11	Murabahah (see Bai' Bithaman Ajil
Micro-entrepreneurs, 72	(BBA))
Microcredit, 70	Musaqah, 200
industry, 76	Musharakah (see Musharakah
Microcredit borrowers, overall	Mutanaqisah (MM))
satisfaction of, 80–81	Musharakah Mutanaqisah (MM), 83,
Microcredit Regulatory Authority	149, 176, 178, 180, 195,
(MRA), 72	196, 200
Microeconomic level events, 50	Musharakah Sukuk, 149
Microfinance (MCIs), 70, 137, 179	Muslim democratic countries, 224
funds in Bangladesh, 91	Muzara`ah, 200
services, 84	
Microfinance institutions (MFIs), 135	Nakheel Restructuring (UAE),
Mimicking conventional bonds, 117	123–124
Moderate-length filter, 14	National Financial Inclusion Strategy
Modern Portfolio Theory, 9	83
Modus operandi of classical	National income per capita, 95–96
mudarabah, 177	Non-financial support, 218
Money for money transactions,	Non-Muslim countries, 208
restrictions on, 44	Non-profit-oriented microfinance,
Mortgage rate, 194	179
in PM structure, 199	Nonborrowers, 72
Mortgage-based products, 190	Nonstationary process, 12
Mudarabah, 41, 149, 176, 178, 179,	· -
196, 199, 200	Objective knowledge, 210
fund collection method, 176–177	Online Islamic banking patronage,
partnership arrangement with	216
depositors, 42	Ordinary least squares (OLS), 231

Organization for Economic	Perspective tolerance, 100, 101, 103,
Co-operation and	105, 107
Development (OECD), 146	Policy implications
corporation's stimulated threshold	discussion of findings, 81
for debt in, 158–169	institutional mechanism, credit
online library, 160	monitoring, and social
Organization of Islamic Conference	development, 83-84
(OIC), 47	invest in "people", 82
"Out of gharar", 196, 200–201	Islamic products and services, 82–83
Outstanding loan balance (OLB), 198	limitations of study, 84–85
Overshadowing financial inclusion and	overshadowing financial inclusion
marketing of MCI services, 84	and marketing of MCI
Ownership, 114	services, 84
r,	Political interest, 107
Paddy Cash-i, 133	Political Islam and Islamic financial
Participating mortgages (PMs),	development, 225–231
190, 191	Post-crisis period, 55
applicability in Islamic finance,	Post-default <i>Sukuk</i> restructuring
200–201	practical restructuring examples,
challenges, 201–202	122–123
contributions, 194–195	restructuring of <i>Sukuk</i> , 118–120
design in Islamic finance, 195–197	Shari'ah compliance, 120–122
fields of application, 202–203	Sukuk defaults and importance of
history and literature, 192–193	restructuring, 115–118
implications, 200	Sukuk restructuring case studies,
mechanism, 193	123–125
model, 197–200	Post-financial crisis, 17
securitization, 201	Practical restructuring examples,
types, 192	122–123
Participating Preferred Ijarah (PPI),	Practical value, 213
195, 196	Pre-crisis period, 55
Partnership financing transactions, 43	Probability integral transform, 33
Partnership in agriculture	Profit
(see muzara`ah)	equalization reserve, 43
Partnership in gardening (see	process, 197
musaqah)	responsibility, 82–83
Partnership of profit and loss	sharing, 194
(see Musharakah)	Profit-and-loss sharing modes
Partnership-based contacts, 176	(PLS modes), 149
Partnership-based investments, 44	Profit-oriented microfinance, 179
Patronage, 218–219	Profitability, 141–142
Paying salary, 181	Profit-loss sharing (PLS), 41
Payment system, 75	Prospect theory, 150, 151
Penn World Tables, 160	Public funds, 131
Personal-level surveys, 95	Public Private Partnership financing,
responses, 98	203

Qard al-hasan model, 40, 179	SAWIT-i, 133
Qard Hasana system, 83	Secularism, 100
	Securitization, 201
Rabb'ul mal, 177	Shared appreciation mortgages
Random sampling technique, 216	(SAM), 192–193, 200
Real estate market, 190	Shared equity mortgages (SEM),
Real estate property value, 197	192, 193
Redistributive instruments, 97	Shared income mortgages (SIM),
Reliability, 78–79	192, 193
Religious constraints, 94–95	Shari'ah (Islamic law), 149, 208
Religious Piety, 100	compliance, 120
Religious preferences, 94	debtor-friendly vs. creditor-friendly,
Retail banking, 178	121–122
Return on assets (ROA), 138, 141	indices, 3
Return on equity (ROE), 141	issues, 118–120, 124–125
Reverse mudarabah companies	non-halal transactions prohibition,
(RMCs), 176, 180, 183	45
buying idea, 184–185	perspective, 181
case studies on conventional	Shari'ah-compliant approach, 121
practices, 182–183	Shari'ah-compliant financial
institutional alternatives, 185	institutions, 137
interest-free Islamic financing	Shari'ah-compliant nature, 130
models, 175–176	Shariah Supervisory Board, 45
Islamic microfinance, 179–180	Shirkat-ul-inan form, 180
no salary share profit, 185	Short-time Fourier transformation, 13
partnership-based models, 183–184	SMEs, 130, 137, 185
pay salary share profit, 185	life cycle, 181
SME Life Cycle, 181	SME Bank, 133
Riba, 40-41, 44-45, 103, 114	Social capital concept, 179–180
Risk	Social development, 83–84
allocation methods, 53	Social indicators, 94, 102
risk-sharing financing instruments,	Social justice in Islam, 96–97
97	Social responsibility, 82–83
risk-sharing strategy, 193	Social value, 213
sharing, 196	Socially responsible investment, 137
vulnerability, 38	Socioeconomic value, 70
Robustness and validation of results-	Special purpose vehicles (SPVs), 120
application of MODWT, 21	Specialization problems, 178
Royal Bank of Canada, 208	Speculative behavior, 44–45
Run-up phase, 51	Spirit, 120–122
Rural development scheme (RDS), 85n1	Stability evidence of Islamic banks,
Rural financial development, 134–135	45–49
- · · ·	Standard & Poor's Indices, 15
S&P Shari'ah Indices, 136	Standard Chartered, 208
Sampling adequacy, 80	Standardization, 196
Sampling bias, 80	Static trade-off theory, 154

Stationary process, 12	Takaful model, 180
Status quo, 151	Taxation, 178
Stochastic modeling, 202	Theoretical underpinnings, 9–10
Stochastic processes, 107, 197	Time, 14
Stocks, 156	Time-scale-dependent correlations, 7
exchange correlations, 7	Time-variant country-fixed effects,
market, 147	98
market exchanges, 2	Time-varying conditional correlation,
Strict regulations supportive of	54
avoiding <i>Sukuk</i> defaults, 116	Time-varying correlations, 7
Structural integrities, 116–117	Too big to fail (TBTF), 52
Substance, 120–122	Too interconnected to fail (TITF), 52
Substantial risk factor, 123–124	Total religious index, 100
Sukuk, 114, 137, 149	Total religious score, 106
holders, 116–117	index, 95, 98–99
structures, 115	Transparency of balance sheet, 178
Sukuk al-"ijarah", 118	Trinity Corporation Bhd
securities, 114	(see Malaysian Talam
Sukuk al-murabahah structure, 118	Corporation Bhd)
Sukuk al-musharakah structure, 118	Trust, 81
Sukuk al-wakalah, 122	
Sukuk defaults, 115	Underprivileged sectors, 135
additional risks associated with, 117	Univariate test and interest rejection,
ambiguity and confusion, 117–118	104
breach of contract, 118	Unlimited mudarabah, 179
failure to pay on time, 116	Urbanization degrees, 100
mimicking conventional bonds, 117	US Federal Reserve, 194
strict regulations supportive of	
avoiding, 116	Value, 210, 213
structural integrities, 116–117	conditional, 213
Sukuk structuring, 118	customer, 213
Sukuk restructuring, 118–120, 123	epistemic, 213
Dana Gas Sukuk default, 124-125	practical, 213
Nakheel Restructuring (UAE),	real estate property, 197
123–124	social, 213
Supervisory approach, 51	socioeconomic, 70
Systemic risk (SRISK), 51–52, 57	Value-at-Risk (VaR), 51, 58
definitions and measurements,	Variance inflation factor (VIF), 78
49–54	Variance method, 80
literature, 54	Viceregency (see Kahlifah)
measures, 51	Violence against women, 96
Systemically important financial	Volatility, 2
institutions (SIFIs), 51	Volatility spillover, 2

Wakalah-waqf model, 180 Waqf, 179, 185 Wavelet coherence, 13–15 Wavelet cross-covariance, 13 Word of mouth, 219 World Bank, 208 World Development Indicators, 160

z-score indicator, 48 *Zakat*, 179, 180, 203