

Performance of Islamic Banks Based on Al-Shari'ah Index and CAMEL
Method evidencing from Pakistan and Bangladesh

By

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01-393191-004

Thesis submitted in fulfillment of the requirements for the degree of
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Dedication

This thesis is dedicated to my parents, my brothers, my friends, and rest of the family, for always believing in me, inspiring me, and encouraging me to reach higher in order to achieve my goals.

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Abstract

Although Islamic banking industry has attained significant growth, researches showed that performance of Islamic banks lag behind its counter partner traditional Banks. In addition some argue that Islamic banks are moving towards the traditional banking system.

The Islamic banking system in Pakistan and Bangladesh have existed for more than forty Years. However, still today the Islamic banks do not have their own performance measurement tools and still use traditional tools that are limited to financial measurement ratios only. In terms of features and commitments of Islamic banks, it is considered inappropriate to use these orthodox measurement tool for evaluating their performance. Therefore, the purpose of this research is to assess the performance of Islamic banks using the Shariah Index and CAMELS method. The population of this research is Islamic Banks of Pakistan and Bangladesh from 2010-2019, and the data analysis technique used is quantitative study with descriptive tactic. The shariah Maqsid Index method has three variables, educate the individuals, establish Justice and achieve public interest. The CAMELS method has five variables; Capital, Asset Quality, Management, Earning, and Liquidity. By the use of these evaluation tools which play as a dual role in attaining financial performance and sharia efficiency.

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LIST OF KEY TERMS

AAOIFI	Accounting and Auditing Organization for Islamic Financial Institution
Al-Maqasid	Usually used as a short form for Maqasid al-Shariah
Al-Tawheed	The process of unification to Allah SWT
Dar al-Mafasid	Prevent harm or vices or corruption
Iqamah al-Adl	Instituting justice
Islamic windows	Dual banking conventional banks allow to open Islamic windows
Jalb al-Masalih	Promote well being
Sadaqah	Charity
Sarrafin or Sayarifah	Financial clerk or coin expert
Sukuk	Islamic bonds
Tahdhib al-Fard	standardize self through education and learning
Gharar	Cause unnecessary risk or uncertainty
Hajiyat	supplementary elements
Daruriyat	Necessities
Ihtikar	Monopoly or hoarding a goods to push up the prices
Jahalah	Information asymmetry between buyer and seller
Tahdhib	Disciplining
Riba	Interest