

**PROVISION OF COMMISSION AGENT
AGREEMENT IN ISLAMIC BANKING
TRANSACTIONS:
AN EXPLORATORY STUDY**

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**University of Management
and Technology**



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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



معهد المصارف الإسلامية
Institute of Islamic Banking

PROVISION OF COMMISSION AGENT AGREEMENT IN ISLAMIC BANKING TRANSACTIONS: AN EXPLORATORY STUDY

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**A thesis submitted in partial fulfillment of the requirements for the
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CERTIFICATE OF APPROVAL

CERTIFICATE OF APPROVAL

The thesis entitled “*Provision of Commission Agent Agreement in Islamic Banking Transactions: An Exploratory Study*” by *Muhammad Sohail Bhatti* (ID # 12002130-012) has been examined by the undersigned panel of examiners and has been accepted in partial fulfillment for the degree of **MS Islamic Banking and Finance**.



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DECLARATION

I hereby declare that no portion of the work that appears in this study has been used in support of an application for another degree in qualification to this or any other university or institution of higher learning.

This thesis is a presentation of my original research work. Wherever contributions of others are involved, every effort has been made to indicate this clearly, with due reference to the literature and acknowledgement of collaborative research and discussions.

The work was done under the guidance of Dr. Muhammad Amin, Professor, Institute of Islamic Banking, University of Management and Technology, Lahore, Pakistan.

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In my capacity as supervisor of the candidate's thesis, I certify that the above statements are true to the best of my knowledge.

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DEDICATION

This thesis is dedicated to my parents and family for their love, endless support and encouragement throughout the course of this work.

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ABSTRACT

The banks use agency agreement for appointing customers as its agent to buy the goods required by him under murabaha facility, to sell the goods under salam and istisna facilities and in ijarah to acquire the machinery as per requirement. The agency agreement is not devoid of conflicts. Some of the Islamic banks do not pay agency fee to the customer and those that are in practice of paying the agency fee include it in the cost of the transaction. Many Islamic banks are in practice of charging charity from customers acting as their agents in case of not selling the inventory under salam & istisna facilities by the due date. Brokerage “Samsarah” can be considered as the solution to the above mentioned problems as it motivates the customer working as an agent of the bank to fetch highest price for the inventory in hand from the market.