

# **SALAM TRANSACTION IN CURRENCIES: A DESCRIPTIVE STUDY**

عملية السلم في العملات: دراسة تحليلية

**SYED MUHAMMAD HASSAN BUKHARI**



University of Management and  
Technology



Institute of  
Islamic Banking

# **Salam Transaction in Currencies: A Descriptive Study**

**Syed Muhammad Hassan Bukhari**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



معهد المصارف الإسلامية  
**Institute of Islamic Banking**

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عملية السلم في العملات: دراسة تحليلية

**Syed Muhammad Hassan Bukhari**

**A thesis submitted in partial fulfilment of the requirements for the  
MS degree in Islamic Banking and Finance**



University of Management and  
Technology



Institute of  
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## CERTIFICATE OF APPROVAL

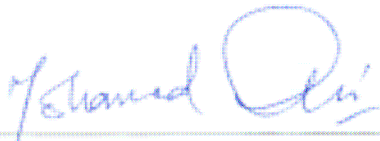
The thesis entitled *Salam Transaction in Currencies: A Descriptive Study* has been accepted in partial fulfillment of the requirements for the degree of MS in Islamic Banking and Finance by the Institute of Islamic Banking, University of Management and Technology, Lahore, Pakistan.



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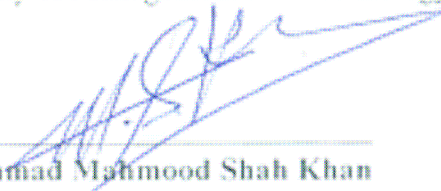
**Dr. Muhammad Ali Jibrán Qamar**  
External Examiner  
Assistant Professor,  
Department of Management Sciences,  
CIIT Lahore



Date: 28/1/15

---

**Dr. Muhammad Amin**  
Research Supervisor  
Professor,  
Institute of Islamic Banking,  
University of Management and Technology



Date: 28/1/15

---

**Muhammad Mahmood Shah Khan**  
Director,  
Institute of Islamic Banking,  
University of Management and Technology

## 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.

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

\_\_\_\_\_  
**Syed Muhammad Hassan Bukhari**

Date: \_\_\_\_\_

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

\_\_\_\_\_  
**Dr. Muhammad Amin**

Date: \_\_\_\_\_

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## **DEDICATION**

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

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**November, 2014**

**Syed Muhammad Hassan Bukhari**

## ABSTRACT

The main purpose of the study is to analyse terms and concepts of currency *salam* product according to *shariah* ruling and the Islamic scholars point of view against and in favour of the currency *salam* transaction. The practical procedure of currency *salam* transaction in Islamic banking is also addressed. To address the first two objectives the literature is thoroughly referred and to cater the last objective 60 questionnaires were distributed among bankers of Islamic banks who deal in currency exchange transactions, out of which 52 were returned and usable. To justify or reject the *salam* transaction, all depends upon the status of money, *bai-sarf* and transaction of *salam* and its conditions in front of Islamic and fiqh scholars which will be analysed thoroughly. The content and descriptive analysis techniques were employed to analyse the data. The SPSS software is used to analyse the data collected by questionnaire. The results suggest that *salam* transaction in currencies of same country is not allowed/prohibited and *salam* transaction in currencies of different countries is permissible. The results indicate that currency *salam* transaction is allowed and most of the bankers believe that practically this transaction is in accordance with the laws of *Shariah*. The study supports the literature and according to data almost 71% respondents of Islamic banks believe that *salam* transaction is practically implemented in selected Islamic banks. As per author knowledge, this proves to be a pioneer study in this area of research in Pakistan. Hence, it is recommended the future studies are recommended firstly to take *shariah* scholars point of view on the procedure of currency *salam* transaction provided by the selected bankers, secondly it should be extended to other banks of different countries as well.

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