

Weightages and its application in Islamic Banking

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Abstract

Islamic Banks in Pakistan accepts profit and loss sharing deposits on the basis of Mudarabah, one of the most important provisions of Mudarabah contract is distribution of profit according to pre-agreed ratio between Mudarib and rab-ul-maal. Presently the mechanism for profit distribution among investment account holders (after deduction of banks share as Mudarib) adopted by Islamic Banks is based on the weightage and scoring method. In this paper the scoring method is examined from sharia view point, regulatory requirement is discussed and present practice of banks is elaborated, in the end recommendation has been given regarding the method.

Key words: weightage, scoring method, Islamic banking

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