



Institute for Islamic Culture & Thought



A Quarterly Journal in
Islamic Economics

EGHTESAD-E ISLAMII

Vol. 18 / No. 69/ Spring 2018

الاقتصاد الإسلامي
مجلة اقتصادية إسلامية فصلية

العدد: ٦٩ الربيع ١٤٣٩

3 / The comprehensive method of research on the design of Islamic financial instruments

Seyyed Abbas Mousavian & Hamed Tajmir Rryahi

4 / Economic Analysis on Sensitivity of Iranian Households to Religious Expenditures

Seyyed Mohsen sajjadi & Fahimeh Hemayati

5 / The effect of "religiosity" on "Confrontation between motivations in laboratory environments " implementing a two-stage sequential game with full information

Omolbanin jalali & Zahra Nasrollahi

7 / Iran Usuru Free Banking Challenges (Solutions)

Gholamreza Mesbahi Moghaddam

8 / The effect of the structure of banking facilities on bank profits in Iran (civic participation and installment sales contracts)

Hossien Amiri & Fariba Norouzi Amooghin

9 / Prioritizing Influenced Factors on adverse selection and moral hazard in Usury Free Banking (Case study: Bank of Industry and Mining)

Mohammad Naghi nazarpour & Maryam Oulaad

10 / The Feasibility of Financial Punishmen in Islamic Banking System

Seyyed Amrollah Hossein



Institute for Islamic Culture & Thought
**A Quarterly Journal in
Islamic Economics**



EGHTESAD—E ISLAMAMI

Vol. 18 / No. 69 / Spring 2018

Managing director: Aliakbar Rashad

Editor-in –chief: Abbas Arabmazar

Administrative assistant: Hosein Ghafoorzadeh Arani

Editorial Board:

Sadeq Bakhtiyari (Professor, Esfahan University)

Abbas Aarbazar (Associate professor, Shahid Behashti University)

Asadollah Farzinvash (Professor, Tehran University)

Saeed Farahanifard (Associate professor, Qom University)

Qolamreza Mesbahi Mogadam (Associate professor, Imam Sadeq (as) University)

Seyed abbas Musavian (Professor, Institute for Islamic Culture & Thought)

Meysam Musaei (professor, Tehran University)

Seyedhosein Mirmo'ezzi (Associate professor, Institute for Islamic Culture & Thought)

Ali Asghar Hadavinia (Associate professor, Institute for Islamic Culture & Thought)

Mohammad Naqi Nazarpour (Associate professor, Mofid University)

Ahmad Ali Yousefi (Associate professor, Institute for Islamic Culture & Thought)

Published Jointly by Islamic Culture and Thought institute & Islamic Economic Association of IRAN

Tehran: Tel: (9821) 88743008

Fax: (9821) 88764792

Qom: Tel: (9825) 37602995

Fax: (9825) 37602995

Address: Institute for Islamic Culture & Thought, No 2, Pajhoheshgah st. Ahmad Ghasir
st. Shahid Beheshti Ave, Tehran I.R. of IRAN

E.mail : [eghtesad @ iict.ac.ir](mailto:eghtesad@iict.ac.ir)

[http ://eghtesad.iict.ac.ir](http://eghtesad.iict.ac.ir)

A Quarterly Journal in
Islamic Economics

**EGHTESAD-E
ISLAMI**

3 / The comprehensive method of research on the design of Islamic financial instruments

Seyyed Abbas Mousavian & Hamed Tajmir Rryahi

4 / Economic Analysis on Sensitivity of Iranian Households to Religious Expenditures

Seyyed Mohsen sajjadi & Fahimeh Hemayati

5 / The effect of "religiosity" on "Confrontation between motivations in laboratory environments " implementing a two-stage sequential game with full information

Omolbanin jalali & Zahra Nasrollahi

7 / Iran Usuru Free Banking Challenges (Solutions)

Gholamreza Mesbahi Moghaddam

8 / The effect of the structure of banking facilities on bank profits in Iran (civic participation and installment sales contracts)

Hossien Amiri & Fariba Norouzi Amooghin

9 / Prioritizing Influenced Factors on adverse selection and moral hazard in Usury Free Banking (Case study: Bank of Industry and Mining)

Mohammad Naghi nazarpour & Maryam Oulaad

10 / The Feasibility of Financial Punishmen in Islamic Banking System

Seyyed Amrollah Hossein

The comprehensive method of research on the design of Islamic financial instruments

Seyyed Abbas Mousavian *

Hamed Tajmir Reyahi **

Abstract

One of the economic development factors is various financial instruments in financial markets. An economy is successful when it has the right instrument to attract domestic and foreign investment. The design of new instruments in Iran faces the challenges of adapting tools to the conditions of the money market and capital market and adaptation to Islamic jurisprudence. In addition to complying with Islamic jurisprudence, a financial instrument must be defensible in terms of economics, financial management, law and accounting.

Investigating research on designing financial instruments shows that most of these studies do not have a scientific and standard research methodology, and each researchers has chosen a method based on their expertise, they do not have a definite scientific credibility. The codification of a scientific and standard research methodology can facilitate the research process in this field and enhance its findings in terms of credibility. This paper tries to suggest a standard methodology for designing Islamic financial instruments with the help of the Pathology of Research on the Design of Islamic Instruments and using their strengths and weaknesses. In this way, the researcher step by step expands the idea of a new financial instrument, including the need for

*. Professor at Islamic Culture and Thought Research Institute; Email: samosavian@yahoo.com.

** . Ph.D. in Financial Management, Imam Sadiq University; Email: hamedtajmir@gmail.com.

issuer, investors, and reviewing the opinions of Jurisprudents, economists, and lawyers and accounting professors..

Keywords: *Islamic financial instrument designing, financial engineering, Islamic jurisprudence.*

JEL Classification: G19 .G29 .Z12.

Economic Analysis on Sensitivity of Iranian Households to Religious Expenditures

*Seyyed Mohsen sajjadi**

*Fahimeh Hemayati***

Abstract

The economic behavior of the society from the point of view of Islam can be a symbol of the institutionalization of the foundations of religion in people's thinking and thought. The study of the trend of economic behavior changes also helps to study the impact of policies on people's religiosity. For this purpose, the economic indicators of the society are important.

One of the most important economic indicators for the classification of goods and services is the calculation of income elasticity. According to the teachings of Islam, it is expected that the elasticity of the obligatory and recommended expenditures of kindness be less than one and the necessities of the life of Muslims, and other religious expenditures are among the luxury items. In this paper, in an empirical study, the income elasticity of the religious expenditures of urban and rural households related to the period of 1393-1398 was estimated using the seemingly unrelated regression method (SUR) and it was estimated that

*. Faculty Member of Faculty of Economics, Mofid University; Email: sajjadi@mofidu.ac.ir.

** . Graduate Student of Economic Development and Planning, Allameh Tabataba'i University; Email: fahimeh.hemayati@yahoo.com.

expenditures Religious trips and expenditures are for the purpose of organizing urban and rural communal and rural personal expenses, in line with the expectations of luxury goods. Moreover, in spite of the expectation of the costly nature of rural villages, it was ranked among luxury goods. In addition, due to the lack of significance of the coefficients related to the independent variable of income in relation to other religious expenditures, there was no possibility of calculating their income growth (cost).

Keywords: *Islamic economy, religouse expenditure, income elasticity, seemingly unrelated regression method (SUR)..*

JEL Classification: D12 ,D64 ,C19 ,Z12.

The effect of "religiosity" on "Confrontation between motivationsin laboratory environments" implementing a two- stage sequential game with full information

Omolbanin jalali *

Zahra Nasrollahi **

Abstract

The main purpose of this research is to measure the religiousness factor on the Confrontation of individual motivations in the form of a group work. "Confrontation between motivations" represents a situation in which increasing team rewards only leads to some members' efforts. The

*. Ph.D. student of economics, Faculty of Economics, Management and Accounting, Yazd University; Email: omijalali@gmail.com.

** . Associate Professor of Economics, Faculty of Economics, Management and Accounting, Yazd University (responsible author); Email: nasr@yazd.ac.ir.

study of the effect of "religiosity" on "Confrontation between motivations" is an empirical question, and behavioral economists refer to laboratory environments for their response. In this study, the effect of religiousness on individual decision was analyzed by implementing a two-stage sequential game with full information in a sample of 210 people from the target community (students from Yazd and Ayatollah Haeri Meybod). The results showed that, firstly, religious people offer more work in exchange for more rewards, that is, they are less likely to interact with motivations. Secondly, the more religious people are less influenced by the decisions of other members than others. Thirdly, by increasing the cost of decision-making, the religiosity of individuals has reduced the level of Confrontation between motivations and the non-punishment of other groups.

Keywords: *Confrontation between motivation, game theory, Group production, laboratory study, behavioral economics.*

JEL Classification: C92 ,D23 ,J31 ,J33 ,J41 ,M12 ,M52.

Iran Usury Free Banking Challenges (Solutions)

Gholamreza Mesbahi Moghaddam *

Abstract

Usury free banking in Iran is currently facing significant challenges that require comprehensive and urgent action to resolve them so that the banking system does not face a major crisis by these challenges.

The main question of the research is: "What are the most important challenges for usury free banking system in Iran and the ways to get out of them?" the author addresses the challenges of the banking system and uses the descriptive analytical method to explain the causes of the most important challenges and solutions of that.

The most important challenges include: competition in increasing the "down payment rate" of deposits, high rates of bank's non-current claims, low capital adequacy rates of banks, a large number of branches of banks and credit financial institutions, the non-functioning of banks and credit financial institutions in sale based and partnership contracts, accumulated crimes, late payment fees and the nature of usury for that, the tendency of the public (non government) sector to create banks and credit institution the ownership of companies by banks, money creation by operating banks and the occurrence of corruption in the banking and administrative system, the findings of this article, in addition to proving these challenges explain the solutions that came out of them.

Keywords: *Usury free banking, monthly down payment rate, bank's non-current claims, capital adequacy, non-real function of transaction.*

JEL Classification: D82.G21 .G30.

*. Associate Professor at Imam Sadegh University; Email: Gh.Mesbahi@Gmail.com.

The effect of the structure of banking facilities on bank profits in Iran (civic participation and installment sales contracts)

*Hossien Amiri**

*Fariba Norouzi Amooghin***

Abstract

This paper examines the effect of the structure of banking facilities on bank profits in Iran by using panel data during the period (2005-2014). For this purpose, two variables including macro variables and interbank variables have been used. In order to achieve this purpose, among the private banks 9 banks were selected, which provide their retail facilities in the form of Islamic contracts.

Since the installment sales and civic participation were respectively 33.40% and 34.10%, the most share of the total facilities were allocated in these form. Therefore, in order to examine the profitability of the banks, the above variables were considered as representative of the facility sector. Also, the profitability criteria used include return on equity, return on assets and net profit margin.

The results of the research show that there is a positive, negative and significant relationship between civic participation and installment sales with profitability criteria respectively.

Keywords: *Profitability, sale based contracts, partnership contracts, return on assets rate, and return on equity rate, net profit margin.*

JEL classification: G21.

*. Assistant Professor and Faculty Member of Faculty of Economics, Kharazmi University, Tehran (Corresponding Author); Email: hossienamiri@gmail.com.

**.. Master of Islamic Banking, Faculty of Economics, Kharazmi University; Email: fariba.norouzi1367@gmail.com.

Prioritizing Influenced Factors on adverse selection and moral hazard in Usury Free Banking (Case study: Bank of Industry and Mining)

*Mohammad Naghi nazarpour**

*Maryam Oulaad***

Abstract

The banking system is one of the pillars of every country's economy, whose efficiency or inefficiency can directly and indirectly affect the performance of its economy. The challenges posed by the usury free banking system are the asymmetric information issue between the bank and the facility applicant in partnership agreements. The existence of asymmetric information leads to the adverse selection and moral hazard in the markets. Since the 1970s, asymmetry of information has become one of the key issues in the economy.

The present research is to answer the question; the factors affecting the formation of moral hazard and adverse selection in partnership contracts used in Specialized banks in usury free banking, using a combination of AHP and TOPSIS math's and using field data (questionnaire) to examine These hypotheses suggest that several factors such as the lack of attention to the customer credit risk score and the lack of incentive and punishment mechanisms for customers is effective on the formation of moral hazard and adverse selection. The results of the research indicate that the abovementioned factors have a greater effect on moral hazard and

*. Associate Professor of Faculty of Economics, Mofid University; Email: mnnazarpur@gmail.com.

** . Master of Science in Economics, Mofid University; Email: maryam.oulaad@gmail.com.

adverse selection. Supervision and control have the most important effect and widespread use of civic participation contracts has the least importance in moral hazard and adverse selection.

Keywords: *Usury free banking, asymmetric information, moral hazard and adverse selection, the process of fuzzy hierarchy analysis.*

JEL classification: D82, G21, G30.

The Feasibility of Financial Punishment in Islamic Banking System

*Seyyed Amrollah Hossein**

Abstract

One of the major challenges of the banking system is how overdue claims are collected, although today, in our banking system, we use penalty clause funds, but it is possible to use other options as well. One of the suggested solutions is the “financial punishment” to offend customers. Of course, this solution also faces challenges, including whether ta'zir can be done in a variety of ways, such as financial punishment, or, as some people have said, it solely to use for physical punishment. In addition, what is the reason for shariah compliance? Moreover, with the assumption of its shariah compliance, is it possible to exercise for our problem? And in the end, how can you enforce financial punishment against the offender? The present study attempts to cross the mentioned jurisprudential challenges by the descriptive-analytical method and show that the suggested solution in the Islamic banking system is compatible and applicable.

Keywords: *Ta'zir, Financial punishment, Penalty clause funds, overdue claims.*

JEL classification: Z19, Z12.

*. Member of the faculty member of Imam Khomeini International University; Qom, Iran; Email: hosseini156@yahoo.com.