The Islamic credit card as an electronic payment method: the technical trick in the installment payment contract as a financial product

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ProQuest document link

ABSTRACT (ENGLISH)

Purpose

This study aims to examine the validity of the installment payment contract when using the first Islamic credit card (ICC) in Jordan and will explore the hidden techniques that are used to operate such a financial product. The purpose of the study will be achieved by examining the structure and the issues surrounding the first ICC that was introduced to the Jordanian market as a hybrid contract of Qard Hassan (benevolent loan), Murabaha, Wakalah (agency) and Bay' Al Ajjal (credit sale). In addition, a further objective is to examine whether this credit card is a Sharia-compliant financial product.

Design/methodology/approach

A qualitative research method approach was adopted to understand the issues, nature and structure of the first Jordanian ICC. This was due to the explanatory nature of the product, the different financial solutions it offered and the fact that the ICC in Jordan is, to date, relatively unexplored. This paper used the technique of content/thematic analysis that involves multiple sequenced steps to analyze these matters.

Findings

The main finding of this research is that the first ICC in the Jordanian financial market has caused a degree of uncertainty. This is because, once a customer decides to choose the installment payment contract option, the bank does not have real possession of the assets in question. The issue of constructive possession has been denied by several classic and contemporary Islamic scholars, including the General Iftaa Department of Jordan. Therefore, it can be seen that the installment payment contract option does not comply with Islamic principles and particular Fatwas that have been decreed.

Originality/value

This is the first study that shows how the first ICC, being a new Islamic financial product in Jordan, operates in relation to the installment payment contract. In addition, focusing on the concept of changing the nature of the contract from a Qard Hassan (benevolent loan) to a hybrid contract is significant, to encourage Islamic scholars to take a clear, legal stand under Sharia law.

DETAILS

Subject:	Commercial law; Principles; Research methodology; Validity; Banking industry; Islamic law; Medical research; Banking law; Consumer protection; Installment payments; Islamic financing; Electronic commerce; Banks; Customers; Qualitative research; Coronaviruses; Credit cards; Cognition &reasoning; Financial institutions; COVID-19

Business indexing term:	Subject: Commercial law Banking industry Banking law Consumer protection Islamic financing Electronic commerce Banks Customers Credit cards Financial institutions; Industry: 45411 : Electronic Shopping and Mail-Order Houses 52221 : Credit Card Issuing 52211 : Commercial Banking
Classification:	45411: Electronic Shopping and Mail-Order Houses; 52221: Credit Card Issuing; 52211: Commercial Banking
Publication title:	International Journal of Law and Management; Patrington
Volume:	63
Issue:	6
Pages:	599-628
Number of pages:	30
Publication year:	2021
Publication date:	2021
Publisher:	Emerald Group Publishing Limited
Place of publication:	Patrington
Country of publication:	United Kingdom, Patrington
Publication subject:	Law, Business And Economics--Labor And Industrial Relations, Business And Economics--Management
ISSN:	1754243X
e-ISSN:	17542448
Source type:	Scholarly Journal
Language of publication:	English
Document type:	Journal Article
Publication history :	
Online publication date:	2021-05-18
Milestone dates:	2020-06-08 (Received); 2020-10-20 (Revised); 2021-02-11 (Revised); 2021-02-17 (Accepted)
Publication history :	
First posting date:	18 May 2021

DOI:	https://doi.org/10.1108/IJLMA-06-2020-0158
ProQuest document ID:	2594956221
Document URL:	http://myaccess.library.utoronto.ca/login?qurl=https%3A%2F%2Fwww.proquest.com%2Fscholarly-journals%2Fislamic-credit-card-as-electronic-payment-method%2Fdocview%2F2594956221%2Fse-2%3Faccountid%3D14771
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Last updated:	2022-10-16
Database:	ABI/INFORM Collection

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