Review Essay

The Importance of *Murabaha* in Long-Term Finance Programs in the Islamic Banking Industry

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Since the start of the Islamic banking industry many questions have been raised about Islamic finance policies used by Islamic banks and their long-term finance programs. The most interesting questions on Islamic finance policies are those related to *murabaha* finance. The argument concerning *murabaha* has two sides, one for and the other against. The questions normally are concentrated on whether Islamic banks should use *murabaha* in their finance, and whether Islamic banks heavily depend on it in their finance. The aim of this article is to examine the importance of *murabaha* compared to other Islamic finance policies in long-term finance programs in the Islamic banking industry. The article suggests that *musharaka* and *mudaraba* are as important as *murabaha* in financing long-term programs in the Islamic banking industry.

Definitions

In Islam, there is no interest on loans; Islamic banks use Islamic finance policies to finance programs. Perhaps, however, it is more reasonable, before going any further, to briefly define these policies: *musharaka*, *mudaraba*, *murabaha,* and *muzaraha* (collectively referred to as 4M).

Musharaka is an Arabic term which simply means "partnership." An Islamic bank becomes a partner in a project. In this form of Islamic finance all partners share the project financing. The partners do not need to have equal shares; however, the contributed capital should be known and specified. An Islamic bank is a partner and owner of the *musharaka* project, so

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the bank should take an active part in controlling the project side by side with other partners.

A *musharaka* project can take one of the following forms: a permanent *musharaka* in which there is no time limit stated in the contract; a timed *musharaka* in which the project ends at a certain time; and a *musharaka* in which a bank agrees to sell its share to the other parties either gradually or at a specified time in the future. The methodological principle is to finance the project and then sell the bank shares to the other partners.

Mudaraba is an Arabic term which means "equity finance" and is based on sharing the profit or loss of a project. Sometimes it is considered a company[1] or specific form of *musharaka*. In *mudaraba*, the entrepreneur does not have funds but has a program idea and management expertise. He/she asks an Islamic bank to finance this program while the entrepreneur's contribution is labor.[2] Profits are distributed according to an agreed ratio and if losses are suffered, the entrepreneur loses the value of his/her labor and the bank loses its funds.[3]

Murabaha is an Arabic term which means "resale with specification of gain."[4] Most *murabaha* practices are related to purchase orders. An Islamic bank buys a product, normally at the request of a client, who promises to buy it from the bank. The bank takes the risk while it owns the product.[5] The bank then sells the product to the client. If the payment is not made at the establishment of the agreement, it becomes a debt and it is treated as a normal debt.

Muzaraha is an Arabic term which means "crop sharing." The major components of the *muzaraha* contract are land, labor, and others things such as seeds.[6]

Introduction

The Islamic finance policies — *musharaka*, *mudaraba*, *murabaha*, *muzaraha* (4M), and a few others — are not used by the Islamic banks with the same frequency. By and large Islamic banks use *murabaha* heavily.[7] What is more, *murabaha* is considered to be the backbone of finance in the Islamic banking industry.[8] This implies that Islamic banks rarely use *musharaka*, although it is generally agreed among Muslim economists[9] that *musharaka* is the most effective Islamic finance policy, to the extent that Islamic banks are often called *musharaka* banks.[10] *Musharaka* is very suitable for long-term and development programs,[11] and there is no controversy over whether it is lawful from the Shari'ah point of view.

However, the questions arising over Islamic finance policies in general, and *murabaha* in particular, are of special importance in the Islamic banking literature.[12] While enormous theoretical explanations, speculations, and arguments have been made about these policies, they have never been empirically examined in long-term finance programs in the Islamic banking industry.

The question whether *murabaha* is purely an Islamic finance policy is beyond the scope of this paper; however, there are many opinions which say that there is no doubt that *murabaha* is an Islamic finance policy and is not against Islam.[13]

Homud,[14] who describes *murabaha* as the backbone of long-term Islamic financing, does not specify exactly what the term "backbone" means nor does he examine it empirically. Moreover, the other writers[15] who state that *murabaha* is used heavily by Islamic banks do not specify any quantitative measures for their arguments. This article attempts to empirically examine the importance of *murabaha* in long-term finance programs in the Islamic banking industry.

The main argument is that *murabaha* is the most important long-term finance policy in the Islamic banking industry. To accept or reject this argument, however, four hypotheses will be analyzed and tested. The analysis will focus on *murabahà* compared to the other Islamic finance policies.

> *Hypothesis 1: Murabaha* is the most popular policy in the application to long-term finance programs and Islamic banks rarely use the other Islamic finance policies.
>
> *Hypothesis 2:* Islamic banks invest a higher proportion of their long-term finance resources in long-term finance *murabaha* programs than long-term finance *musharaka*, *mudaraba*, and *muzaraha* programs.
>
> *Hypothesis 3:* Islamic banks are involved in a higher degree in long-term finance *murabaha* programs than long-term finance *musharaka*, *mudaraba*, and *muzaraha* programs.
>
> *Hypothesis 4: Murabaha* is the least risky amongst the 4M Islamic finance policies in terms of getting the finance back. Therefore, it is expected that the Islamic banks require lower rate of return on long-term finance *murabaha* programs than the rate of return on long-term finance *musharaka*, *mudaraba*, and *muzaraha* programs.

The results of testing these hypotheses will determine whether one policy, *murabaha*, is the backbone of long-term finance in the Islamic banking industry.

Method

A questionnaire was designed as a research instrument (see Appendix) and mailed to 41 Islamic banks around the world. Answers were collected from 34 Islamic banks (a response rate of 83 percent). Enormous problems were encountered in collecting the data. It took about two years to collect the required data (1991 and 1992). Independent loglinear models were used in the analysis.

Table 1 shows where the surveyed banks' headquarters were located. Three countries (Sudan, Iran, and Pakistan) are especially important in the Islamic banking sample. These countries are undertaking Islamization processes in their economies.

Table 1. Banks' Headquarters by Countries/Regions

	Frq.	%
Jordan	1	2.9
The Gulf States	10	29.4
Sudan	5	14.7
Remaining Arab States	4	11.8
Iran	5	14.7
Pakistan	6	17.6
Other Countries	3	8.8
Total	34	100.0

Table 2 shows the surveyed banks' age. (Banks that have been operating for more than 21 years are converted banks and located mainly in the three countries: Sudan, Iran, and Pakistan.)

Table 2. Islamic Banks Classified by Years in Operation

Age (Years)	Frq.	%
00–10	14	41
11–20	14	41
21–30	1	3
More than 30	5	15
Total	34	100

Table 3 shows the surveyed banks' capital in 1991.

Table 3. Islamic Banks Classified by Their Capital in 1991

Capital (Millions)	Frq.	%
$000–50m	11	32
$50–749m	10	29
$750 and Above	7	21
Missing Data	6	19
Total	34	100

The Application of 4M in the Islamic Banking Industry

The analysis will include 4M use in long-term finance programs (LTFP); 4M and long-term finance (LTF) ratio; 4M and contribution ratio; 4M and rate of return; and a summary of results.

The Use of 4M

The aim of this subsection is to examine the use of 4M Islamic finance policies (IFP) in LTFP in the Islamic banking industry (i.e., Hypothesis 1). Table 4 represents a two-variable loglinear model examining Islamic finance policies (i.e., 4M with four categories) and the use/non-use of the policy with two categories. This table also shows the Islamic finance policies classified by their observed number and expected number in each use/non-use category. One hundred and thirty-six weighted cases are used in the analysis.

Table 4. IFP Classified by Use in LTFP in the Islamic Banking Industry

Policy	Observed No. & (%)	Expected No. & (%)	Adj. Resid.
Musharaka			
Use	27 (19.85)	23 (16.91)	1.6932
No use	7 (5.15)	11 (8.09)	-1.6932
Mudaraba			
Use	23 (16.91)	23 (16.91)	0.0000
No use	11 (8.09)	11 (8.09)	0.0000
Murabaha			
Use	28 (20.59)	23 (16.91)	2.1165
No use	6 (4.41)	11 (8.09)	-2.1165
Muzaraha			
Use	14 (10.29)	23 (16.91)	-3.8097
No use	20 (14.71)	11 (8.09)	3.8097

Goodness-of-fit test statistics
Likelihood ratio chi-square = 16.08611, df = 3, p = .001.

The observed significance level associated with chi-square is = 0.001; hence, the independence model that the finance policies do not influence their use in the long-term finance programs is rejected. In other words, the analysis of this model suggests that type of policy influences its degree of application to long-term finance programs.

The foregoing analysis is supported by the high adjusted residual between the observed and expected numbers of some categories in the model Table 4 as follows:

Murabaha

A higher than expected number of Islamic banks used *murabaha*, resulting in a high positive adjusted residual (2.1165), which is contrary to the non-use category, where a less than expected number of Islamic banks avoided using *murabaha*, resulting in a low negative adjusted residual (–2.1165). The absolute numerical value of the adjusted residual exceeds 2, suggesting that there is an important discrepancy between the observed and expected numbers of the two categories.

The analysis of *murabaha* categories (on the basis of the independence model) reflects the fact that a higher number of Islamic banks than expected prefer to employ *murabaha* in their long-term finance programs.

Muzaraha

The observed number of Islamic banks that do not use *muzaraha* is higher than expected, resulting in a high positive adjusted residual (3.8097), contrary to the use of the policy where a lower number of Islamic banks than expected use it resulting in a low negative adjusted residual (–3.8097). The absolute numerical value of the adjusted residual exceeds 2, suggesting that there are important discrepancies between the observed and expected numbers of the two categories. The analysis of long-term finance *muzaraha* programs (on the basis of the independence model) reflects the fact that a higher number of Islamic banks than expected do not employ *muzaraha* in their long-term finance programs.

Summary

It seems that (1) a smaller than expected number of Islamic banks do not use *murabaha* in their long-term finance programs; (2) a larger than expected number of Islamic banks prefer to use *murabaha* in their long-term finance programs; (3) a larger than expected number of Islamic banks do not use *muzaraha* in their long-term finance programs; (4) a smaller than expected number of Islamic banks use *muzaraha* in their long-term finance programs; (5) otherwise, there is no significant difference in the employment of any of the 4M (i.e., *musharaka*, *mudaraba*, *murabaha,* and/or *muzaraha*) to long-term finance programs in the Islamic banking industry.

This analysis leads to the conclusion that Islamic banks vary in the employment of 4M in their LTFP. However, *murabaha* does not seem to be the most used finance policy while the other policies are rarely used.

It seems that *muzaraha*, for reasons that will be discussed later, is the least used. But there is no significant difference in the use of *musharaka*, *mudaraba,* and *murabaha* in LTFP in the Islamic banking industry. Therefore, it seems reasonable to reject the hypothesis that *murabaha* is mainly used.

4M and Long-Term Finance Ratio

Long-term finance 4M ratio is the ratio of long-term finance *musharaka*, *mudaraba*, *murabaha,* or *muzaraha* to total long-term finance, e.g., long-term finance *musharaka* to total long-term finance.

The aim of this subsection is to examine the long-term finance *musharaka*, *mudaraba*, *murabaha,* and *muzaraha* (4M) policies in relation to total long-term finance in the Islamic banking industry (i.e., Hypothesis 2).

Table 5. Islamic Finance Policies Classified by Their Annual LTF Ratio

Policy	Observed No. & (%)	Expected No. & (%)	Adj. Resid.
Musharaka			
0–30%	16.00 (17.39)	12.62 (13.72)	1.5513
31–60%	10.90 (11.85)	9.36 (10.18)	0.7399
61–100%	0.10 (0.11)	5.02 (5.45)	-2.8949
Mudaraba			
0–30%	11.00 (11.96)	10.75 (11.68)	0.1206
31–60%	8.00 (8.70)	7.97 (8.67)	0.0126
61–100%	4.00 (4.35)	4.28 (4.65)	-0.1702
Murabaha			
0–30%	6.00 (6.52)	13.09 (14.22)	-3.2184
31–60%	10.00 (10.87)	9.71 (10.55)	0.1387
61–100%	12.00 (13.04)	5.20 (5.66)	3.9583
Muzaraha			
0–30%	10.00 (10.87)	6.54 (7.11)	2.0108
31–60%	3.00 (3.26)	4.85 (5.28)	-1.1309
61–100%	1.00 (1.09)	2.60 (2.83)	-1.1955

Goodness-of-fit test statistics
Likelihood ratio chi-square = 25.11658, df = 6, p = .000.

Table 5 represents a two-variable loglinear model containing Islamic finance policies (i.e., 4M with four categories) and the ratio of long-term finance with two categories. This table also shows the Islamic finance policies classified by their observed number and expected number in each ratio category. Ninety-two weighted cases will be used in the analysis.

The observed significance level associated with Chi Square is very low, about 0.001; hence, the independence model that the finance policies do not influence the long-term finance ratio is rejected. In other words, the analysis of this model suggests that this type of policy influences its degree of application in long-term finance programs.

The foregoing analysis is supported by the high adjusted residual between the observed and expected numbers of some categories in the model Table 5 as follows:

Musharaka

The observed number in the third category is less than expected, with low discrepancy between the observed and expected numbers expressed by a low negative adjusted residual (-2.8949). In fact, the analysis of the category suggests that no Islamic bank invests more than 60 percent of its long-term finance resources in long-term finance *musharaka* programs.

Murabaha

The observed number in the first category is less than expected by contrast with the third category, where the observed number is higher than expected. The numerical values of the adjusted residual exceed 2, suggesting that there are important discrepancies between the observed and expected numbers. The analysis of the first category suggests that more Islamic banks than expected prefer not to allocate less than 30 percent of their long-term finance resources to long-term finance *murabaha* programs.

Also, the analysis of the third category suggests that more Islamic banks than expected allocate more than 60 percent of their long-term finance resources to long-term finance *murabaha* programs.

Muzaraha

The observed number in the first category is higher than expected, with a high positive adjusted residual (2.0108), suggesting that more Islamic banks than expected allocate less than 30 percent of their long-term finance resources to long-term finance *muzaraha* programs.

Summary

It seems that (1) Islamic banks do not allocate more than 60 percent of their long-term finance resources to long-term finance *musharaka* programs; (2) Islamic banks prefer not to allocate less than 30 percent of long-term finance resources to long-term finance *murabaha* programs; (3) Islamic banks prefer to allocate more than 60 percent of their long-term finance resources to long-term finance *murabaha* programs; (4) Islamic banks prefer to allocate less than 30 percent of their long-term finance resources to long-term finance *muzaraha* programs; and (5) otherwise, there is no significant difference in the proportions of long-term finance resources allocated to long-term finance 4M programs.

This analysis leads to the conclusion that the proportion of long-term finance resources allocated to each long-term finance 4M program varies from one policy to another. For certain reasons, which will be discussed later, it seems that Islamic banks do not allocate more than 60 percent of their LTF resources to LTF *musharaka*. However, it does not appear the case that Islamic banks allocate most of their LTF resources to LTF *murabaha* programs.

The proportion of LTF resources allocated to LTF *murabaha* does not appear significantly different from the proportion allocated to LTF *mudaraba* programs. Therefore, it seems reasonable to reject the hypothesis that Islamic banks invest most of their LTF resources in LTF *murabaha* programs.

4M and the Contribution Ratio

The contribution ratio is the maximum finance that an Islamic bank is willing to contribute to long-term finance programs. This ratio also measures the degree to which Islamic banks get themselves involved in long-term finance programs. The aim of this subsection is to present the results of examining the long-term finance *musharaka*, *mudaraba*, *murabaha*, and *muzaraha* policies in relation to the long-term finance contribution ratio in the Islamic banking industry (Hypothesis 3).

Murabaha is the easiest and safest form of finance, in terms of getting the finance back, in the Islamic banking industry. Islamic banks can ask for suitable security;[16] therefore, it is expected that Islamic banks would be most involved (measured by the contribution ratio) in individual long-term finance *murabaha* programs. In other words, the contribution ratio to individual long-term finance *murabaha* programs is expected to be extremely high compared to the contribution ratio to individual long-term finance *musharaka*, *mudaraba*, and *muzaraha* programs.

Goodness-of-fit test statistics
Likelihood ratio chi-square = 5.57693, df = 6, p = .472.

The observed significance level associated with chi-square is 0.472; hence, the independence model that the contribution ratio is not influenced by policy applied in long-term finance programs is accepted. In other words, the analysis of this model suggests that the finance policy does not appear to influence the Islamic bank's decision in contributing to individual long-term finance 4M programs. This analysis leads to the conclusion that Islamic banks involve themselves in similar degrees in all individual long-term finance 4M programs. Therefore, the hypothesis that Islamic banks involve themselves heavily in long-term finance *murabaha* is rejected.

4M and the Rate of Return

The rate of return is the required minimum after tax rate of return on long-term finance programs in the Islamic banking industry. The aim of this subsection is to present the results of examining the long-term finance 4M programs in relation to the required rate of return (Hypothesis 4).

Goodness-of-fit test statistics
Likelihood ratio chi-square = 6.68973, df = 6, $p = .350$.

The observed significance level associated with chi-square is 0.350; hence, the independence model that the finance policies do not influence the required rate of return on the long-term finance 4M programs is accepted. In other words, the analysis of this model suggests that the type of policy (either *musharaka*, *mudaraba*, *murabaha*, or *muzaraha*) appears not to influence the required rate of return on long-term finance programs.

This analysis leads to the conclusion that finance policy has no impact on the Islamic banks' decision as to what minimum after tax rate of return is required on long-term finance programs. Therefore, the hypothesis that Islamic banks require lower rate of return on long-term finance *murabaha* programs than long-term finance *musharaka*, *mudaraba*, and *muzaraha* programs is rejected.

Summary of Results

Table 6 summarizes the findings of the current section.

Table 6. Summary of Findings Related to the Islamic Finance Policies

The Application	Findings
Use of 4M in LTFP	Similar with exceptions
4M and LTF ratio	Similar with exceptions
4M and contribution ratio	Similar
4M and the required rate of return	Similar

Discussion of the Findings

The main hypothesis addressed in this paper is that there is an Islamic finance policy, i.e., *murabaha*, which is the backbone of long-term finance programs in the Islamic banking industry. The term "backbone" was first used (as discussed earlier) with no quantitative definition. So, the interpretation of "backbone" is that it is the most important in terms of use, resources, involvement, and rate of return. However, it is perhaps more reasonable before drawing any conclusion to discuss the findings.

It seems that the employment, resources committed, involvement, and the required rate of return on the long-term finance 4M programs in the Islamic banking industry are similar except in the following ways:

Musharaka

It was found that Islamic banks do not allocate more than 60 percent of their long-term finance resources to long-term finance *musharaka* programs. This could be due to the nature of the *musharaka* program, where an Islamic bank is a partner and where it pays only a small share of the project finance. In other words, an Islamic bank might be involved in many individual long-term finance *musharaka* projects but these would not, in total, exceed 60 percent of its long-term finance resources.

Murabaha

It appears that Islamic banks avoid using *murabaha* in their long-term finance programs, as well as allocating less than 30 percent of their long-term finance resources to long-term finance *murabaha* programs. In other words, it appears that *murabaha* is more common in the application of long-term finance programs and that Islamic banks prefer to allocate more than 60 percent of their long-term finance resources to long-term finance *murabaha* programs.

This could be due to the fact that *murabaha* is easier to conduct and safer for the bank than the other finance policies, in terms of getting the finance back. Another important factor leading to these results is the fact that, unlike the other finance policies, *murabaha* is suitable for domestic use and can be used to buy domestic products for ordinary people. This alone makes it more popular than the other finance policies.

Muzaraha

It appears that *muzaraha* is the least applied policy to long-term finance programs in the Islamic banking industry. The main reason could be that *muzaraha* is only suitable to agricultural programs and that most Islamic banks are located in urban societies. Also, the nature of the policy requires the bank either to provide the land or to provide the finance and labor, which seems hard to fulfill.

Conclusions

The main hypothesis in this paper is that *murabaha* is the backbone (i.e., the most important method) to finance long-term programs in the Islamic banking industry. As discussed earlier, there is no empirical evidence to determine what "backbone" means. Therefore, this paper investigated *murabaha* from different standpoints in an attempt to determine its importance compared to *musharaka*, *mudaraba,* and *muzaraha* in the long-term finance programs.

The 4M were in terms of long-term finance ratio, contribution ratio, and rate of return.

The findings of this paper suggest that (1) the applications of *musharaka*, *mudaraba,* and *murabaha* to long-term finance programs are similar in the Islamic banking industry where *muzaraha* is the least used; (2) the proportions of long-term finance resources allocated to long-term finance *murabaha*, *mudaraba,* and *murabaha* programs are similar; (3) the involvement (measured by the contribution ratio) in long-term finance *musharaka*, *mudaraba*, *murabaha,* and *muzaraha* programs are similar; and (4) the after tax minimum required rate of return on long-term finance 4M programs are also similar.

These findings by no mean confirm that one of the 4M policies is more important than the others in the long-term finance program in the Islamic banking industry. Consequently, it seems reasonable to reject the idea that *murabaha* is the backbone of long-term finance programs in the Islamic banking industry.

Movement in the Application of 4M

One thing is clear from the findings of this study: there is a move in the application of Islamic finance policies, and *murabaha* is no longer the backbone of long-term finance in the Islamic banking industry. *Musharaka, mudaraba,* and *muzaraha* are equally important for financing long-term programs, for the following reasons:

1. The writers[17] who described the use of *murabaha* as a backbone described it in the early stages of Islamic banking, i.e., the 1970s and early

1980s. Since then the Islamic banks have gained more experience and become more confident about conducting riskier policies, such as *mudaraba*.

2. Islamic finance policies, other than *murabaha*, have become clearer and more developed since the start of the Islamic banking industry. There is a growing amount of research concerning the applications of *musharaka* and *mudaraba*. For example, in 1985 the International Association of Islamic Banks in Cairo devoted one whole volume to *musharaka*. Islamic governments also legislated for the conduct of *mudaraba* and the other finance policies.

3. It seems that interest-based banks, i.e., traditional banks, compete with Islamic banks. For example, one Islamic bank used to invest a high proportion of its resources in buying cars for its clients, i.e., a *murabaha* contract. Later, however, interest-based banks started to penetrate the car market with higher incentives than that of the Islamic bank concerned. The Islamic bank could not (nor did it want to) match the traditional banks, so it reduced its dealings with the car market and, consequently, it reduced the proportion of resources allocated to *murabaha* programs.

4. Also, in the summer of 1992, at a seminar in Jeddah, Saudi Arabia, a researcher pointed out that Islamic banks face some problems in *murabaha* applications. As an example, he described how Islamic banks do not have enough guarantees once the ownership of a product, such as a car, is transferred to the client by a *murabaha* contract. He pointed out that Islamic banks have started to apply an installment purchase through which the Islamic banks can still own the product until the whole price is paid.

5. Mohamad[18] found that most of the bad debt cases in an Islamic bank are on through *murabaha*. It seems the reason was lack of fast communication and exchange of information between branches in the concerned Islamic bank.

6. *Murabaha* also has some limitations:[19] it can only be used when goods are involved. It is not suitable to finance running expenses such as salaries. In addition, a profit margin is added to the production costs.

4M and Islamic Banking Literature

It was discussed earlier that theorists of Islamic banking and Islamic economics consider *musharaka* to be the most suitable finance policy for both development and long-term finance programs. The findings of this research suggest that, on the one hand, *musharaka* is as important as *murabaha* and *mudaraba* in the application to long-term finance programs.

On the other hand, *murabaha* can by no means be the most important finance policy in long-term finance programs, i.e., the backbone of long-term finance programs in the Islamic banking industry. Consequently, it appears that *musharaka* is being recognized by the Islamic banking institutions and that it is becoming more important to long-term finance programs.

Further Research

The findings of this paper suggest that there is a movement in the frequency of employment from one policy to another. The reasons for this change of emphasis are not well understood. Further research is urgently needed in Islamic banking to explore these changes. The research should not predetermine the finance policies, but should investigate the historical employment of Islamic finance policies.

Appendix 1: Questionnaire

1. Where is the bank headquarters located?
2. When was the bank established?
3. What was the bank's capital (in million U.S. dollars) in 1991?
4. Which of the following policies do you use in financing the LTFP?

   Musharaka ( ) *Mudaraba* ( ) *Murabaha* ( ) *Muzaraha* ( )

If you use any, please answer the following questions :

5. What is the ratio of long-term finance of each Islamic finance policy (IFP) to the total of long-term finance (e.g., LTF *musharaka* program to total long-term finance programs).

Ratio of Long-Term Finance

Ratio	*Musharaka*	*Mudaraba*	*Murabaha*	*Muzaraha*
00–30%				
31–60%				
61–100%				

6. Specify the maximum percent of a project's finance that the Islamic bank can offer using 4M?

Maximum Percent of a Project's Finance

Ratio	*Musharaka*	*Mudaraba*	*Murabaha*	*Muzaraha*
00–30%				
31–60%				
61–100%				

7. What is the after tax minimum rate of return required on LTFP using 4M?

After Tax Minimum Rate of Return

Ratio	*Musharaka*	*Mudaraba*	*Murabaha*	*Muzaraha*
00–30%				
31–60%				
61–100%				

Notes

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