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GENERAL REGULATORY FRAMEWORK IN RASTIN PROFIT AND LOSS SHARING BANKING (PART II-LEGAL GROUNDWORK)

Bijan Bidabad
Islamic Azad University, Iran

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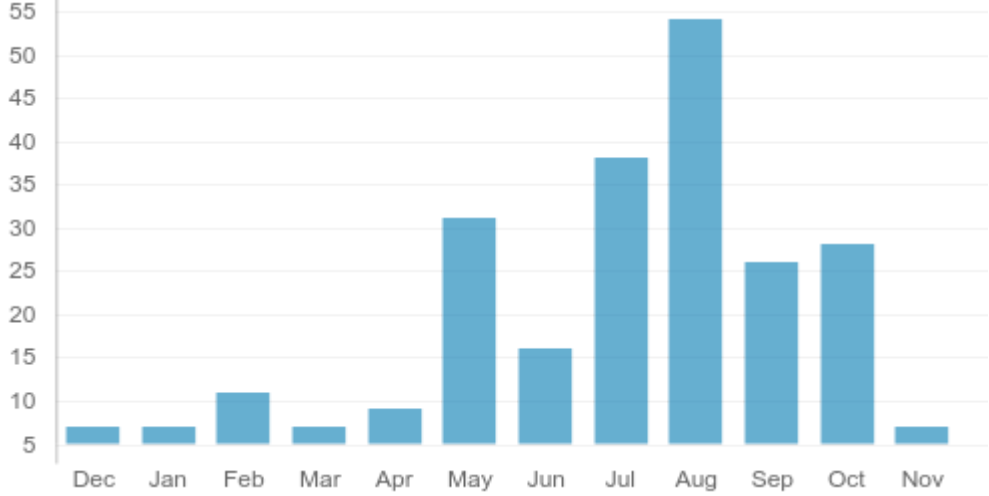
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Abstract

This paper aims to explain the legal infrastructure of Rastin Profit and Loss Sharing (PLS) Banking. Rastin Banking is a full Islamic Banking System with all necessary parts for banking operations that can be installed in conventional and Islamic banks both. In this part, we are going to explain the milestones of Rastin PLS banking regulative groundwork. Rastin Banking complies with the nature of financial intermediary activity (partnership of depositor in the yields of the fund receiver via the bank). In order to fulfil this goal, particular formation, organisational structure, instruments and workflow are defined in a legal framework. To handle Rastin Banking, the particular theoretical and operational regulatory frameworks and legal context of the contracts should be defined to fulfil the participation operations. In this paper, we will have a look at the necessary legal environment to setup Rastin Banking. This system is novel, and requires more elaborations for further practical development and adjustment. In this system, the investment return of the participation is distributed to the parties of financial partnership (depositor, entrepreneur and bank), and it is done by eliminating fixed interest rate, and it is based on the real economy profit (return) of the activity.

Downloads



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