DEPOSIT MOBILIZATION IN ISLAMIC BANKING

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ABSTRACT

Deposits are the main source of financing of commercial banks, merchant bank, finance companies and discount houses based on the license granted by the Central Bank. Can be either cash deposits, claims, or money, such as checks that are placed in the accounts of depositors, bank loans or money from investments. Depositors are, in essence, the economic surplus units, such as families, companies and investors, the government Thus, banks can and stay alive without a job and deposits are also the use of funds collected for the purpose of lending. Deposits and savings is crucial for a country to develop and they can indirectly help to support the improvement of standard of living of people

Mobilization of funds from surplus units to save the economy is an important task of financial intermediaries. Financial intermediary attempts to achieve this goal by creating and selling a variety of financial products to suit the needs of the rescue unit surplus. Screen Muslims in some ways different. While the requirements relating to, return liquidity and maturity, stability and safety and the like are important for him or her, and stop a Muslim has a unique concern, an issue of Sharia compliance. Islamic deposit products do not allow the swap of the question of Sharia compliance. Participating Islamic banks to mobilize savings from this unique collection of savers by offering products compatible with Islamic law.

KEYWORDS

Bank, deposit, mobilization, customer, finance, funds, islamic banking.

INTRODUCTION

Definition of Deposit in Islamic banking

Deposit is bailment of goods to be kept for the depositor, without reward, and to be returned when he shall require it. A contract, by which one of the contracting parties gives a thing to another to keep, who is to do so gratuitously, and obliges himself to return it when he shall be requested.

Deposit is an agreement whereby a customer deposit his money or other items with the bank for safekeeping and the bank must seek permission from the customer to use the deposit at the bank's own risk as long as the funds remain with the bank.

The important of deposit mobilization in Islamic banking

Deposits are the main source of funding which is used to derive income. It is the cheapest method of financing compared with the other financial components. Developed Islamic financial institutions as well as sources of funds and types of financing proposed by the international financial institutions over time. In addition, it can be classified as sources of funds in current accounts and savings accounts, investment accounts, plus, and deposit products in the international financial institutions are judged strictly Islamic principles. As for the conventional banks operating or service Islamic banking, and deposits are the main source of funding that is used to produce income. The study showed that the deposits contributing 75 percent of total Bank financing. Customer deposits are mainly used by banks to provide loans to deficit economic units or borrowers. Apart from this, banks also deposit mobilization through the purchase of securities trading and investment and keep some cash in hand to meet withdrawals on demand. The largest amount of deposits in the Bank receives from its customers, is the best of their ability to grant loans, high interest income is. He also stated that due to this positive relationship between deposits and loans and interest income, banks are competing strongly and intensely among other deposit-taking institutions for higher deposits by offering interest rates on deposits or attractive prices attractive addition to other depositors packages. Islamic Banks aggressive on an equal footing to attract additional deposits.

In the banking sector, the basic concept is borrowed public funds, while lending itself to make a profit. Used to reward the interests of depositors, while borrowers must pay interest on the loans. The same is true in the international financial institutions, but the application of contracts are not based on debt-interest bearing, but it's Bay Company, which basically means the sale. In the international financial institutions, and a reward will be given in the form of a gift (a gift), and Islamic banks can not promise to give depositors a fixed income contract because it makes them no different from conventional banks. Grant such a gift from calculated on the basis based on the Bank's performance and some of the formulas are designed well and which are also compatible with Sharia values.

CONCLUSION

The fundamental requirement of Islamic finance requires the mobilization of funds for productive investments. This means that there should not be idle money at any point. Each carries a cash or idle demand deposits than a quorum more than a year must pay Zakat. This is one way how Islam does not encourage people to hold the cash idle for an indefinite period. Deposits are equally important for Islamic banks as a source of funds as is the case in conventional banks. But unlike its counterparts, Islamic banks need to comply with the principles of Islamic law, which prohibits any payment of interest or return on fixed deposits.

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