

Leasing Ended with Ownership between Theory and Practice in the Islamic Banks

Assistant Professor Mohammed Al-Momani

Department of Islamic Banking
Faculty of Business Administration
Ajloun National University
Post pox 43, Ajloun
Post Code 26810
Jordan

Abstract

Islamic banks that have been established in the Islamic world at the present time considered as comprehensive banks working on different investment formulas or statements. However, it has been noted that they don't focus on lease ended with ownership, but on these based on sales in particular the principle of Murbaha to buy something. So, they are effected by banking reality based on usury. In addition to the low risk, or they are not existed in sales, in comparing to high-risk statements. So, the study aims at identifying leasing ended with ownership, and emphasizes on its positive potential expanded in the interest of the financial and Islamic banks and institutions where it was comprehended the investment activities. The study also highlights on leasing formulas ended with ownership. In the end of the study, the researcher has reached for set of results, which considering the leasing formulas ended with ownership important for economic development.

Keywords: leasing ended with ownership, Islamic banks, the Islamic and financial institutions

1. Introduction

In the shadow of economic development recently, the financial formulas have witnessed a great diversity and the result was the speed and easy transformation processes in money among the categories of savers and investors in different channels, and increasing demand on financing services in trade and investment through lease-purchase ended with ownership rapidly. So, it is considered as competitive method and appropriate for other financial formulas because it introduces facilities to obtain various types of real estate and other assets. Leasing allows the lessee to take advantage of the benefits of the leased premises, without introducing guarantee such as mortgage, sponsorship, as well as dispense with the tenant for the cost of the purchase of assets such as buildings, equipments of engineering, while the leasing allows to seller to retain ownership of the leased premises.

1.1. Significance of the Study

The significance of the study comes from the importance of the topic. Multi transactions need to be researched and studied have been spread recently. One of these transactions is leasing ended with ownership. It is an important source for financing the agricultural, tourism, and health projects used by people widely in the present time. So we must taking into account the sides and the factors of this transaction. For this reason the researcher has chosen this study.

1.2. Problem of the Study

Leasing ended with ownership is a part of multi images modern contracts, introducing the great economic importance for the parties of the contract (leaser, and lessee). In addition to the economic importance at the level of the overall economy, therefore, this study attempts to answer on the following questions:

1. What is the image of leasing ended with ownership?
2. Is the formula of leasing ended with ownership finds a great demand and formed a significant proportion of the total formulas that the Islamic banks deal with?
3. What are the economic effects of leasing ended with ownership on the parties of the contract?

1.3. Objectives of the Study

The study aimed at identifying the formula of leasing ended with ownership and emphasize on its great economic positive potential while applying this formula at the financial Islamic institutions and banks. So, this means taking the advantage of technological development renting fixed assets for short periods of time, and to re-lease the most modern equipments to investments as a basis for the purchase of fixed assets, in addition to the statement of the various images of leasing ended with ownership.

1.4. Methodology of the Study

The study is based on the descriptive approach and returning to the references, researches, and Arabic journals related to leasing ended with ownership. Then, it is based on the analytical approach for analyzing information obtained from references, researches, and journals.

2. Literature Review

2.1. A Study of (AL-Masseed 1994)

It is a comparing study between Shareia and contemporary systems aimed at explaining the need of society to identify legislative judgments of leasing ended with ownership. Due to the economic importance of leasing ended with ownership it was applied on the modern systems. In addition to the importance of inserting it in the Islamic world truly, in order to make all the Islamic nations take benefits from it. Also, to refute attempt enemies of Islam reducing attacking toward to the religion of Islam, and shown as a rigid religion can nor keep up with the contemporary systems. It is a modern contract to be applied and the Islamic jurisprudence was able to absorb it.

2.2. A Study of (Shatta 2003)

The study aimed at identifying and analyzing leasing ended with ownership as it is in the Islamic banks. The particular aim of the study is to identify the legality of lease contract ended with ownership, in addition to attempt to devise the measurements and accounting evidence for the processes elated to leasing ended with ownership as conducted in the Islamic banks. Also, to explain the method of displaying information connected with financial statements. It has been recommended that to consider leasing ended with ownership is permissible in Islam, and to expand its usage while maintaining the legitimacy of its assets.

2.3. A Study of (Mohammad 2004)

The study aimed to clarify that the Islamic contracts including leasing can be described as changeable during the time, it is being more complicated with development of the civilization. The legislative judgment for these types of transactions come from the Islamic jurisprudence. In addition that leasing ended with ownership is considered as modern method used in the financial and Islamic banks.

2.4. A Study of (Kmalı 2009)

The researcher explains that there is an expanding in leasing contract in Malaysia. The contract has been divided into two parts for what is called leasing and then sell. It is used as an alternative of usury contracts. It enables the customer to lease what he needs as equipments from the Islamic bank. After the expiry of the lease, the tenant enters the second contract for the purchase of equipment that was rented. The results of the study have shown that leasing is a motivator and engine for the productive industries. It helps economy to tolerate inflationary pressures.

2.5. A Study of (Abu-Al-Hole 2010)

The study aimed to explain the reality of investing by using the formula of leasing as conducted by the Islamic bank, as attempt to evaluate the objective of its legislation which is to achieve succession on earth with assurance that lease is one of continuous contracts in developing so as to enhance the march of Islamic banks and highlights the ability to survive but also to competition. The researcher finalizes by announcing that using leasing contract with ownership by the Islamic banks is confirmed with its importance for many considerations as weak awareness of this tool and achieving the advantages, in addition to the fascination with some of the other private profitability financing instruments. What makes the study "Leasing ended with ownership between theory and practice" is distinguished with other previous studies is to appear and explain the economic importance for the leasing ended with ownership on the level of national economy. In addition to clarify the rational importance for this investment formula at the Islamic banks.

3. The Proposal of the Study

Due to the nature and the importance of the problem and to achieve the objectives, the study has been divided into four chapters.

Chapter (1): Definition of leasing ended with ownership.

Chapter (2): Types of leasing at Islamic banks.

Chapter (3): Economic importance for leasing ended with ownership.

Chapter (4): Practical reality of leasing ended with ownership.

Conclusion: Results and the Recommendations.

3.1. Chapter (1): Definition of Leasing Ended with Ownership

3.1.1. Definition

The definitions of leasing are different in wording and similar in meaning by the scholars. Hanafi school defined leasing as contract of benefits with offset (Al-Sarkhasi 2000, 135). Maalikis titling benefits something permissible for informed with offset (Al-Dardier, n.d, 2). Shaafa has defined it as the lease contract on the unintended benefit of information are made and permitted known offset (Al- Sharbeeni, n.d, 332). Hanbali it is a contract on permissible benefit for known period of time from a known party, or described in the disclosure, or a known work (Al-Bahouti 1996, 241). It has been noted that (Hanbali) definition is the accurate from the perspective of the researcher because it comprehends other definitions adding the necessary conditions for leasing contract. It is also characterized between leasing described in disclosure, leasing the objects, and people.

Leasing can be divided into two parts due to its place as the following (Ali 2010, 120-121):

3.1.2. Leasing the benefit of materials: which are contained the materials, that will be paid to those who owned materials used for a known valuable, and leasing can be paid by two types:

3.1.2.1. **Immovable Objects:** such as transportation, clothing and others.

3.1.2.2. **Fixed Objects:** such as real estate, premises, and lands.

3.1.3. **Leasing of Work:** It is held on the performance of the work in return for a known wage and this kind divided into two types by the quality of the employee, namely:

3.1.3.1. **Private employee:** he works for a person or for origination in return for a known wage and period, he shall not work with others without a permission. Private employee deserves to be paid on time not to work, such as government employees.

3.1.3.2. **Common Wage Earner:** he works for common, his own account, those who may not be hired to prevent him to work for others like the tailor.

3.3. Legitimacy of leasing: Leasing is legitimized in Qur'an, Sunnah, and the perspectives of the scholars as the following:

3.3.1. Evidence of the Qur'an on Legitimacy of leasing, including: " One of the women said, "O my father, hire him. Indeed, the best one you can hire is the strong and the trustworthy", He said, "Indeed, I wish to wed you one of these, my two daughters, on [the condition] that you serve me for eight years; but if you complete ten, it will be [as a favor] from you. And I do not wish to put you in difficulty. You will find me, if Allah wills, from among the righteous"(Holy Quran, Surat Al-Qasas, verse 26-27).

3.3.2. Evidence of Sunnah on Legitimacy of leasing, including: "Our prophet Mohammad peace be upon him says"(AL-Baihaqi 1994,120)

3.3.3. Evidence on Legitimacy of leasing due to the perspectives of scholars: the Islamic nation unanimously agreed on Legitimacy of leasing from the time of Muhammad (PBUH) to the present. Imam Shafi'i said "Sunnah uses it and the companions of the messengers. The scholars of Imssar may not differ on it"(Al-Shafei 1983, 26) . The reason for legitimacy of leasing is to facilitate the ability for obtaining the profits of objects that cannot be owned by the people. So, we don't need to talk about leasing in general but the objective is to discuss the principle of leasing ended with ownership, because it becomes known at Islamic and financial banks and institutions.

3.4. The Elements of Leasing: There are main elements of leasing as follow (Al-Ajlouni 2010, 262):

3.4.1. The Two Contractors: they are the parties of the contract (lessee, and lesser). They shall be mindful and reached for puberty.

3.4.2. The Formula: it means the accepting, and it is limited by wording "leasing" as the lessee says : "I lease you this house for one month in return for 150 Jordan Dinner ", then the lesser says: "accepted".

3.4.3. The Wage or the Benefit: it includes the wage of house or an employee as a tailor. Whereas the profit shall be conditioned by permeating with ability to be received, to be known, and ability to be obtained.

3.5. Characteristics of Leasing: There are set of characteristics that can be followed by the Islamic banks(Khalf 2010,393):

3.5.1. Wage represents money in return for leased object or premises. It is the opposite of sale where we pay in return for owning the premises or an object. In addition, it differs of loan against which do not pay anything.

3.5.2. leasing object shall not be guaranteed because of destruction. It is considered probity by the tenant except the cases of misconduct or negligence.

3.5.3. Leasing shall be limited and known. The time or the period of leasing is limited by specific time where leasing is end by the ending of time.

4. Chapter Two: The Types of Leasing at Islamic Banks: Islamic banks use two types of leasing: operating leasing, and leasing ended with ownership with noticing that jurisprudence discussed the topic of leasing without differentiation between the two types. So, the two types are undertaken to the conditions of leasing in spite of the differentiations made by the contemporary scholars about leasing and how to deal with leasing ended with ownership.

4.1. Operating Lease: Definition: It is when the bank buys rentable assets and leasing them for another sides to be profitable and agreed for limited period of time. Usually, the assets have high value so that they are hard to be owned by the leaser or need time to be produced such as: ships, plans, hard equipments, medical devices, and transportation. The period of leasing is usually short. The leaser tolerates the expenses of maintain and insurance and paying taxes. The Islamic accounting standard number (8) defines it as: "it is leasing not preceded by promise of ownership". It is not ended with ownership (AAOIFI. 2004.286-304).

4.2 The practical steps of operating leasing at Islamic banks (Ali, Ibid, 202):

4.2.1. Bank buys assets to be leased after making a study for market.

4.2.2. Bank is searching for tenants, then negotiate with potential tenants until an agreement is reached with one of the tenants.

4.2.3. Lease is signed with the tenant based on the conditions agreed upon with the Bank, in accordance with the provisions of Islamic Shareia.

4.2.4. Asset is returned at the end of term to the bank by the first tenant, then come back the bank search for a new tenant.

The researcher says that operating lease is important for lease when his need for asset is limited for short time, or when asset is expected to be developed in short run. This clearly appear in the quick industries like computers. This process reflects the type of risk that leaser tolerate and it is represented by the age of asset. He also says that operating lease isn't categorized with in financial intermediation, but it is a commercial operation achieving a profit for who wants at the duration of leasing in return for pay a wage of service obtained by the leased asset.

4.3. Leasing Ended with Ownership: It is a financial instrument used at Islamic banks, where the requests of customers are implemented including assets and premises without need for buying or paying the whole cost.

4.3.1. Definition: it can be defined as banks leases an object such as a car to a person for limited period of time may be more than the lease of fare. It must be owned after the time and paying the premium fare with new contract. It is the same as installment sale due to self-contractors aim and the result (Shabbier 2001, 326). One of the scholars defined it as: an agreement between two parties, the first party leases a particular object to the second party in return for a wage paid as fares for limited period of time. After that, the ownership of the object is transferred for the leaser when he completed paying the last fare with a new agreement (Al-Hafi 1421H, 60).

4.3.2. Features of leasing Ended with Ownership: From mentioned above, it is clear that there are set of features for this types of financing as following:

4.3.2.1. Leasing ended with ownership demands agreeing on the value of assets or a part of thereof during the period of the contract, any full lease payments will cover all or part of the cost of the asset.

4.3.2.2. Lessee tolerates paying the expenses (e.g. the expenses of Operational maintenance). Whereas the survival expenses full in leaser including taxies, insurance premiums of the leased asset during the period of the contract, because it is still as owner's asset.

4.3.2.3. Contract of leasing ended with ownership is considered important, because no one of parties may terminate it before the agreed time, which means either party shall not be entitled to terminate the contract by the will of a single, but may terminate the contract satisfaction of both parties.

4.3.2.4. The main aim of leasing ended with ownership is to own the asset by the lessee. It must be noted that he is optional foe owning the asset or returning it to the leaser.

4.4. Practical steps of leasing ended with ownership at the Islamic banks as follows [20]:

4.4.1. The client offers a rental leasing application for the bank, after the bank had bought, as the client determines the duration of the lease.

4.4.2. The bank reads the request, if the request of client approved he must be notified on the conditions.

4.4.3. Leasing contract shall be signed between the bank and the client in accordance of the agreed conditions with signing on a promise from the bank to the client for owning the leased asset in the end of the duration.

4.4.4. The bank will conceded on the ownership of asset for the lesser in the end of duration, if he commitments in the conditions of the contract. The researcher says that leasing ended with ownership is occurred when the bank leases the asset to the lease achieving a profit return for leasing this asset adding the revenues achieved for the bank. It must be noted that leasing ended with ownership offers revenues for leaser higher than leasing process ended with ownership because asset is leased many times.

5. Chapter Three: The Economic Significance for Leasing Ended with Ownership

Undoubtedly, leasing ended with ownership has a great economic significance, because it performs different services for economy process including agricultural, industrial, and economic activities such as: service sector, and transportation (Khalf Ibid, 366) .This significance clears obviously if activating at the Islamic banks, where its characteristics are reflected on leaser, lessee, and economy.

5.1. The Characteristics of Leasing Ended with Ownership in Accordance to Lessee

5.1.1. The tenant is able to own the assets needed for doing the deeds quickly without the need for significant cash flow, and thus ease the financial burdens borne by.

5.1.2. The tenant is able to obtain the modern and advances assets profits by the best methods quickly. He is able to own the assets in the end of leasing duration if he wants.

5.1.3. Developing the financial situation of leaser, and not to destruct his deficit in the case of leasing the assets where its values appear as a part of deficit, while the debt appears on the liabilities side, and this in turn has an impact on analytical ratios derived from the statement of financial position (Zaid 1996, 33-34).

5.1.4. Reducing the cost face the tenant. So, he can ignore introducing new shares or searching on new cooperation to obtain the financial profits necessary for increasing his economic activity.

5.1.5. Leasing ended with ownership is dispensing loans to buy assets for doing economic activity, which includes forbidden interest in Islamic law.

5.1.6. Reducing from the risks of assets, because the owner of assets tolerate these risks. So, we find that the institutions prefer to lease the assets rather than buying them.

5.2. The characteristics of leasing ended with ownership due to the lessee as follow (Hindi 1998, 563)

5.2.1. Leasing offers a chance for lessees to invest their money in the image of equipment leased for others with the existence of conditions provide them a way to return assets in case of any violation of the conditions.

5.2.2. Leasing offers a chance for leaser to alternate the assets that are leased by deducting a certain percentage of the value of the asset, and profits of the leased funds, allocated demise and consumption of these assets, so they are used to buy new assets. The researcher sees that despite of set of characteristics as mentioned above, but it has some disadvantages includes depriving the tenant of improvements on the assets if he needs any modification, and the tenant tolerates the costs may increase the rental costs for the purchase cost of the asset, as the lesser will receive rental payments that exceed the total cost of the asset.

5.3. The characteristics of leasing ended with ownership due to economy as follow (Zaid Ibid, 34): Leasing ended with ownership helps economic business to obtain the modern new and developmental equipments and the devices. The result will be developing the type of productivity and increasing productivity power, in particular the basic sectors as agriculture which used primary equipments and devices in some cases.

5.3.1. Leasing ended with ownership helps in cases if organization owning the asset is foreign. So, transformation is limited to the outside of the rental payments, over a period of use of the asset. If the equipment has been imported from abroad, has been converted for them once when you buy what is putting pressure on the balance of payments.

5.3.2. Leasing ended with ownership helps in cases of establishing more productive project or developing them. The result will be increasing economic development and increasing the opportunity to work in the community and it is too important. The researcher thinks that activating leasing ended with ownership at financial Islamic banks plays an important role for economy and society, in addition the banks will take advantage from this type of leasing. So, these banks expand their services to comprehend multi and different activities including leasing the sectors of industry and agriculture in accordance to Islamic judgments, in particular if these sectors don't have enough capital to buy what they need as assets (equipments, premises, devices... etc). The researcher also thinks that Islamic banks can do a lot of actions as they are common wage earner work to serve the clients in return for a known wage. In this case, banks are guaranteed for what they owned including leased work that may be expanded because they need big capitals Such as that the collection of checks, keeping valuables ... etc, so they provide service to the community and the economy.

6. Chapter Three: Cases and Roles of Leasing Ended with Ownership

6.1. Cases of Leasing Ended with Ownership

The cases of leasing ended with ownership are being different, with notifying that object owning related in the contract to the leaser according to one of ways that agreed on by the contractors. This contract has multi images and cases, the following figure illustrates part of these images.

Figure number (1) illustrates the images and the cases of leasing ended with ownership.

The following is explanation of these images (Al-Salami 2000, 8-13):

6.1.1. Leasing ended with ownership associated with donation: leasing contract is concluded by bank commitment in the donation of asset from leaser to lessee as an independent contract. Once the tenant meets all its obligations to pay the last installment (Hanafi 2004, 76), and the premiums are high enough to enable the Islamic bank to recover the money plus the agreed return (Quhaf 2000, 9).

6.1.2. Leasing ended with ownership of multi-options, where the lessee of assets has multi options in the end of leasing duration means: expanding leasing contract in the light of reveal prices, and returned the leased object to the Islamic bank, and owning the leased object.

6.1.3. Leasing ended with ownership and the option of ownership: in this case, the option will be for the lessee of asset to own during the duration of leasing or in the end of t with new contract and price.

6.1.4. Leasing ended with ownership and the promise of buy: in this case, leasing of asset starts coupled with a promise to sell the asset at the end of the period the tenant if the tenant wishes to do so and then the contract of sale is concluded later, either at the market price or a predetermined and agreed-upon price.

6.1.5. Leasing end with ownership of nominal price: in this case, leasing contract is going to transform in the end of leasing duration to be sale contract of nominal price, in return the tenant is commitment to pay all the premiums for the duration of the rental contract.

The researcher sees that all the mentioned types or cases for leasing ended with ownership achieves the aim to invest in his money and to have the revenue that he wishes. Also, the aim of the leaser is to use the asset or owning it in the end of the tenant duration.

6.2. Roles of Leasing Ended with Ownership: Whatever the case of leasing, but there are roles shall be commitment in by the banks as follows (Accounting & Auditing Ibid, 120-121):

6.2.1. The promise of ownership binding promise to those who issued it, it should be limited promise binding on one party, the other party shall be free to choose, in order to avoid dating binding on the parties banned, because in that case will be in the rule of promise.

6.2.2. In all cases of ownership by the promise of the donation or sale, the contract shall be concluded in a new form of ownership when implementing the promise, nor ownership of object transformed automatically as soon as the certificate of the first promise.

6.2.3. In the case of coupling the lease contract hanging on the payment of all premiums rental condition, and that by a separate document, the object ownership will be passed to the tenant if the condition is achieved without the need for conducting another contract, but if the tenant is failed to pay one premium, the property will not be passed to him, that because the condition was not fulfilled.

6.2.4. If the leased property was purchased from the tenant, before leasing it toward to him as Leasing ended with ownership, the property contract shall be avoided to assign the duration of changing the leased property or the value of the lease contract between the date of sale to the tenant.

6.2.5. The provisions of the lease ended ownership shall be applied. It is be promised by the lesser to make the tenant owns the property and those provisions should not be any violated if the property purchased on the promise of the tenant ownership, or they will end up, or he is committed to increase premiums for taxi parable-like sales premiums, or the man-made laws and traditional financial thoughts. So, it is selling property in installments with the delay.

6.2.6. The ownership shall not be implemented due to conclusion of sale contract added to the long run with conclusion the contract of tenant or leasing.

6.2.7. If the property has perished or could not be lease contract may not be continued to the end of its termination without cause from the tenant in both cases, it is due to the fare, and the tenant is given the difference between the ideal and the taxi fare is specified in the contract if they are more than a fare goes, and so boost to damage for which the tenant may increase the fare for taxi ideals in return for promise at the end of the lease period.

6.3. The Islamic Fiqh Council decision: The Islamic Fiqh Council has issued a decision has issued a decision number 110(4/12) about leasing ended with ownership and instruments of lease. The International Islamic Fiqh council emerged from the Organization of the Islamic Conference Council at its twelfth session in Riyadh in Saudi Arabia, 25 Jumada II 1421 to the beginning of Rajab 1421 (23 to 28 September 2000). After showing the studies presented to the council about (leasing ended with ownership and instruments of leasing) and listening to the discussions about this topic by participating of the members of councils and the scholars, it was resolved the stating:

6.3.1. The Judgments of Allowing and Preventing

6.3.1.1. The judgment of prevention: there will be two different contracts at the same time and for one property.

6.3.1.2. Judgment of allowing:

6.3.1.2.1. There will be separated and independent contracts in time where conclusion the sale contract will be after leasing contract, or there will be a promise of owning in the term of tenant duration.

6.3.1.2.2. Leasing shall be actual not covers the selling.

6.3.1.2.3. The guarantee of leased property is to the landlord nor the tenant and the landlord tolerates so what cause eye damage is emerging from the longer the tenant or his negligence, and the tenant is not required if missing the property.

6.3.1.2.4. If the contract includes insurance on the leased premises, so the insurance must be cooperative Islamic insurance not commercial tolerated by the owner nor the tenant.

6.3.1.2.5. The provisions of leasing Must be applied on the contract of leasing ended with ownership at the duration of leasing and the provisions of sell while owning the property.

6.3.1.2.6. The operational maintenance expenses are tolerated by on the lesser nor the lessee for duration of lease.

6.3.2. The cases of prevention contract

6.3.2.1. Leasing contract ends to own the leased premises in return for what paid by the tenant of fare within the specified period, without a new contract, so turn at the end of the lease term selling automatically.

6.3.2.2. Leasing a property to a person in return for a known payment with the contract for the sale to all agreed wage during the a known period, or added to a time in the long run.

6.3.2.3. A real leasing contract accompanied by selling condition to leaser and postponed for a long-specific period (the last term of the lease contract). That what the advisory opinions and dictions included and that issued by scientific scholars including Senior Scholars in Saudi Arabia.

6.3.3. The cases of allowing contracts:

6.3.3.1. leasing contract tenant may be benefit for the leaser, in return for payment a known specific period, and accompanied by a denotation for the tenant, commenting on the full payment of the fare in an independent contract, or promise to give the donation after paid all the rent, (according to what came in the council decision for the donation No. 13/1/3 in its third session).

6.3.3.2. leasing contract with giving the owner the option to the lessee after the completion of the fulfillment of all premiums due during the rental period to buy the property leased according to market price at the end of the lease period (in accordance with the council decision No. 44 (6/5) at its fifth session.

6.3.3.3. Leasing contract shall achieve the benefit from the leased property to the leaser, in return for a known payment, and accompanied by a promise to sell the leased property to the lessee after full payment of the fare price agreed upon by the parties.

6.3.3.4. leasing contract can achieve the benefit from the leased property, in return for payment, in a specific period, and the leaser gives the right to own the leased premises at any time, to be selling in a new contract at the market price (according to the former compound Resolution No. 44 (6/5) or according to the agreement in that time.

6.3.4. There are Cases of Contract about Leasing Ended with Ownership and need to be studied in the next time

7. Chapter Four: The Practical Reality for Leasing Ended with Ownership

As mentioned above where we discuss the most important characteristics achieved by leasing ended with ownership for lessee and leaser, in addition to the economic significance for this type of leasing. No landlord is able to utilize his money, at the same time he is nor able to dispense with money. So, money will be frozen and out of economic crucial. Islam prevents this action to be done as mentioned in the Holly Quran. Allah says "Give glad tidings of a painful punishment to those who treasure gold and silver and do not spend it in the Way of Allah" (Holly Quran, Surat, Al-Tawbah, verse 34) The scholars and the professionals have spoken about the importance of leasing including Bin Qudama " the need to profits is similar to need of property, the leasing shall be allowed to the profits and the need of people must not be obvious"(Ibin –Qudama ,1405H, 5). Despite of the importance of leasing ended with ownership, but using this financial formula is not agreed with this importance. The reason of that the importance of this formula is not interested in, or some people trend to other financial formulas and the main one "Murbaha" formula. It is characterized by shortage of age of financing in reflecting with financing by leasing which need medium or long time. In addition that the formula ended with ownership need some experience not existed at the Islamic banks through buying asset prepared for leasing or tenant. The Islamic banks may find difficulties or obstacles in storing these kind of assets (Donia, Islamic Fiqh Council,167-591). The practical reality shows that Islamic banks deal with the operational leasing and leasing ended with ownership. If we look at an important model in this field as Islamic bank of development, we will find that net lease ended with ownership in 1427 equals (782999) Islamic dinar.

Whereas the total assets equals (6107393) dinar in the same year, which means that the percentage of leasing ended with ownership equals (12 %) and the increasing continued by using this formula at the Islamic bank for development, so the net leasing ended with ownership in 1432 reaching for (1788082) dinar from the total assets which equals (103500157) dinar, which means that the percentage of leasing ended with ownership equals (17%) and that is evidence on the continuous interest in the formula of leasing ended with ownership in the Islamic bank for development. The following table illustrates that: Table (1) shows leasing ended with ownership net, total assets, and the percentage of leasing ended with ownership during (1427 H-1432 H). The table indicates that the percentage of Leasing ended with ownership in the Islamic Development Bank was equal to 12% of total assets, during 1427 and this percentage has taken to rise to until reached to (17%) in 1432 which shows that leasing ended with ownership taken into not a fair amount of the total investment which deals with the Islamic Development Bank, and this is evidence of the importance of this investment formula. As well as the researcher believes that this percentage will increase in the long run, and the following diagram illustrates the developing for this formula.

Figure (2) illustrates the percentage of leasing ended with ownership on the total assets at the Islamic bank for development (1427 H-1423 H).

According to operating Islamic banks in Jordan, as a result of opening these banks toward to economy and keeping up with the economic developments, these banks were able to attract huge number of clients. As an example on this, the researcher follows the annual reports of Jordanian Islamic bank. It was cleared that leasing ended with ownership has witnessed a great growth and development. So, this trail was successful, in 2010 the assets of leasing ended with ownership reached to (168539668) Jordan dinar. In 2012 the assets raised its increase until reached to (272454045) Jordan dinar. In 2014 the assets reached to (415315832) Jordan dinar. This indicated that this investment formula is considered important and effective. However, the researcher notifies that the Jordanian Islamic bank doesn't show the number of projects that have been financed by this formula, and there percentage with other investment formulas such as Murbaha and speculation process. Table (2) shows the total assets of leasing ended with ownership in the Jordanian Islamic bank during (2010-2014). The researcher thinks that the lease formula ended with ownership is considered one of the most important investment formulas that generate significant revenue, so Islamic banks trended to this formula, and as proof, this formula revenues in the Jordan Islamic Bank equals in 2010, to 12941163 JD, to be doubled in 2012, reaching the size of these revenues to 25897458 million Jordanian dinars, arriving in 2014 to 30051475 JD. Table (3) shows rental revenue for leasing ended with ownership in the Jordan Islamic Bank during 2010 – 2014. The figure (3) illustrates rental revenue for leasing ended with ownership in the Jordan Islamic Bank during 2010 – 2014.

The researcher thinks that leasing formula ended with ownership becomes competitive at the present time for the most important investment formulas in Islamic banks, namely the deferred sales (such as Murabaha). As an example may follow researcher annual reports issued by the Islamic International Arab Bank, from 2010 until 2014. Those reports showed that the sales revenue deferred represented the lion's share among the investment formulas, followed by leasing formula, the following table illustrated that: Table (4) shows the sales revenue deferred and revenue of assets for leasing ended with ownership in the Islamic International Arab Bank during 2010 – 2014. The table illustrates that the sales revenue deferred in 2010 equals 12,466,549 Jordanian dinars, where continued increases in the following years, reaching in 2013 to 34,598,706 Jordanian dinars, and in 2014 earned a decrease on these revenues to reach 32,060,425 Jordanian dinars, while the revenue of assets for leasing ended with ownership was in 2010 equal to 6,688,242 JD, then got up to sustained increases in 2014 to 29.84807 million Jordanian dinars, almost exponentially 4 times in 5 years. Figure (4) illustrates the sales revenue deferred and revenue of assets for leasing ended with ownership in the Islamic International Arab Bank during 2010 – 2014. The researcher thinks that this is due to the growing interest by the bank's management to attract large numbers of dealers, and who wish to take advantage of the services of the bank, especially in the field of leasing ended with ownership.

8. Results

In the end, it has been reached for the following results.

8.1. Leasing ended with ownership is one of the cases allowed in legitimacy, because it includes two spirited contracts. We must not link between them avoid the requirement of a contract, there will not be a presentation promise version of one party to lease or rent.

8.2. Leasing ended with ownership is considered as one of the important formulas to increase the economic development, because the nature of this formula is long run and this is appropriate the nature of Islamic banks work, and considered a motivator for productive industries.

8.3. According to reports issued by Islamic banks, the growing interest in the lease form ending with ownership, and increasing the share of this formula among Islamic banks and investments, so that became occupies the second degree, after Murbaha to buy something, which demonstrates the importance of this formula, and they are growing and evolving and are accelerated.

8.3. Without doubt, leasing ended with ownership has characteristics make it differentiae with other formulas and other financial sources. that the rapid development and success that I have received this formula is a testament to the importance of the various economic projects.

9. Recommendations

According to the results, the researcher recommends in the following:

9.1. I recommend the managers of Islamic and financial institutions and banks to expand and utilize the features of leasing ended with ownership in financing different commercial, land, and industrial sectors in the light of legislative provisions. I recommend the manager on Islamic banks and financial institutions to do publicity and promotion campaigns in different media video and audio, so this formula and marketing show to their customers better, and even be close to their customers.

9.3. I recommend the manager on Islamic banks and financial institutions to continue the work of scientific conferences, and a review of international experiences and models in this area to extract the results of those applications and take advantage of them.

10. References

- AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions). 2004.
- Al-Ajlouni, Mohammad Mahmud. 2010. the Islamic banks. 2nd ed .DAR- AL-Masera for publishing: Amman.
- Abu-AL-Hole. Mohi AL-Deen Yacoub Mnansel, 2010. leasing as new investment statement. the international conference for Islamic banks between law and applying, 15-16/6/2010. West Asia studies center. national university of Malaysia.
- Al-Bahouti. Mansur bin younes.1996.Shareh Montha Aleradate. the world of books. sec2: Beirut.
- AL-Baihaqi. Ahmad bin Hussein bin Ali.1994. Sunnan ALBhiqi. investigated by Mohammad Abd- Al-Qadir Atta. sec 6. the library of AL-Bar: Mecca.
- AL-Dardeir. Abu-AL-Barakat Side Ahmad . Al-Shareh Al-Kabeer .n.d. investigated by Mohammad Oloiesh. sec 2. Dar- AL-Faker: Beirut.
- AL-Hafi, Khalid bin Abdullah. 1421H. leasing ended with ownership in the light of Islamic law. 2nd ed. Dar- AL-Faker Al- Aljamei :Alexandria.
- Ali, Ahmad Shaaban. 2010.the Islamic banks in facing the global crisis. 1st ed. Dar- AL-Faker Aljamei: Alexandria.
- AL-Masseed, Suleiman Ward .1994."leasing contract ended with ownership a comparison study between Islamic law and the modern systems". Master diss., Yarmouk University. Irbid, Jordan.
- AL-Salami, Mohammad AL-Mokhtar. 2000. leasing ended with ownership and Leasing Securities. the journal of Islamic law. sec 12: Jeddah.
- Al-Sarkhasi. Mohammad Bin Sahel. 2000. Kitab al-Mabsut. investigated by Kalil Mohi-den AL-Mays.1st ed. sec 15th . Dar AL-Faker: Beirut.
- Al-Shafei, Abe Abdullah bin Idrees. 1983. Al-om. 2nd ed, sec 4.DAR- AL-Faker for publishing: Beirut.
- Al-Sharbeen. Moahammad Al-hateeb .n.d. Mogni Almhtage. sec 2. Dar- AL-Faker: Beirut.
- Donia, Shoji Ahmad, 2003,leasing ended with ownership, the Islamic Fiqh council, Session12:Al-Riyadh.
- Hanafi. Abd AL-Ghafar.2004.the financial leasing, AL-Dar AL-Jameeia for publishing: Alexandria.
- Hindi .Munir .Ibrahim.1998.the modern thought in the field of finance resources. Knowledge institution: Alexandria.
- Holy Quran.
- Ibin- Qudama, Abdullah bin Ahmad.1405H. Almgnee, 1st ed, sec 6. Dar- AL-faker: Beirut.
- Khalif, Fleih Hassan. 2006.the Islamic banks.1sted. Jadara for global book. Amman.

- Kmali, Mohammad Hashim. 2009. Analyzing for leasing financial Islamic issues, the magazine of Abd- al-Aziz University. journal of Islamic economy .v 22. n1.
- Mohammad, Mohammad Yusuf Aref AL-Hajj. 2004."leasing contract ended with ownership as modern applications of leasing contract in Islamic Fiqh."Master diss., AL-Najah University, Palestine.
- Quhaf,Munther.2000."leasing ended with owner ship and leasing securities".
<http://monzer.kahf.com/about.html>.
- Shabbier, Mohammad Othman. 2001. the modern financial transactions. 4th ed. Dar- AL-Nafa'as for publishing: Amman.
- Shatta. Ali, Abu- AL- Fatah Ahmad. 2003 .accounting for the leasing contract ended with ownership in the Islamic banks, from Islamic perspective. the Islamic bank for development. Research no 60. 1st ed. Islamic institute for researches and training: Cairo.
- Zad. Mohammad Abd AL-Aziz. 1996. The research of leasing between the Islamic law and the modern application, the global institute for Islamic thought: Cairo.
<http://isdb.org>.
<http://www.jordanislamicbank.com>.
<http://www.iiabank.com>.

Appendix

1. The Tables

Table Number (1): Leasing Ended with Ownership Net, Total Assets, and the Percentage of Leasing Ended with Ownership during (1427 H-1432 H)

| Statement | 1427 H | 1428 H | 1429 H | 1430 H | 1431 H | 1432 H |
|---|---------|---------|---------|---------|---------|----------|
| Leasing ended with ownership | 782999 | 968342 | 1119080 | 1354098 | 1498065 | 1788082 |
| The total assets | 6107393 | 6718442 | 7290394 | 8725363 | 9107746 | 10351157 |
| The percentage of leasing/ total assets | 12% | 14% | 15% | 15.5% | 16% | 17% |

Reference: the annual reports of Islamic banks for development (<http://isdb.org>)

Table Number (2): Total Assets of Leasing Ended with Ownership in the Jordanian Islamic bank during (2010-2014)

| Statement | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-----------|-----------|-----------|-----------|-----------|
| Total assets of leasing ended with ownership | 168539668 | 222921648 | 272454045 | 344936804 | 415315832 |

Reference: the annual reports of Jordan Islamic bank (<http://www.jordanislamicbank.com>)

Table Number (3): Rental Revenue for Leasing Ended with Ownership in the Jordan Islamic Bank during 2010 – 2014

| Statement | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|----------|----------|----------|----------|----------|
| rental revenue for leasing ended with ownership | 12941163 | 16269087 | 20879080 | 25897458 | 30051475 |

Reference: the annual reports of Jordan Islamic bank (<http://www.jordanislamicbank.com>)

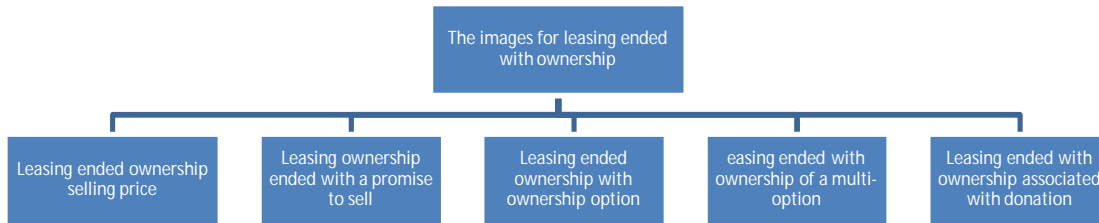
Table Number (4): Sales Revenue Deferred and Revenue of Assets for Leasing Ended With Ownership in the Islamic International Arab Bank during 2010 – 2014

| Item | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|----------|----------|----------|----------|----------|
| sales revenue deferred | 12466549 | 16676184 | 25233418 | 34598706 | 32060425 |
| the revenue of assets for leasing ended with ownership | 6688242 | 9138192 | 18152746 | 23753029 | 29848070 |

Reference: the annual reports of Arabian international Islamic bank (<http://www.iiabank.com.jo>)

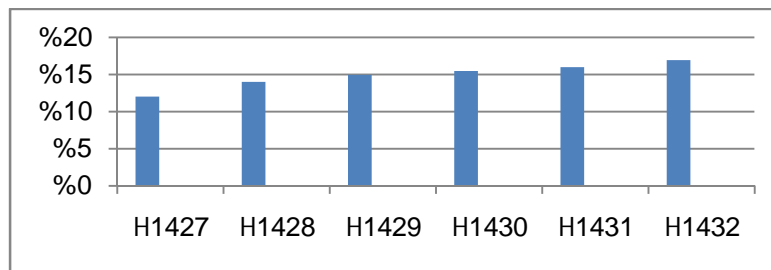
2. The Figures

Figure number (1): Images and the Cases of Leasing Ended with Ownership



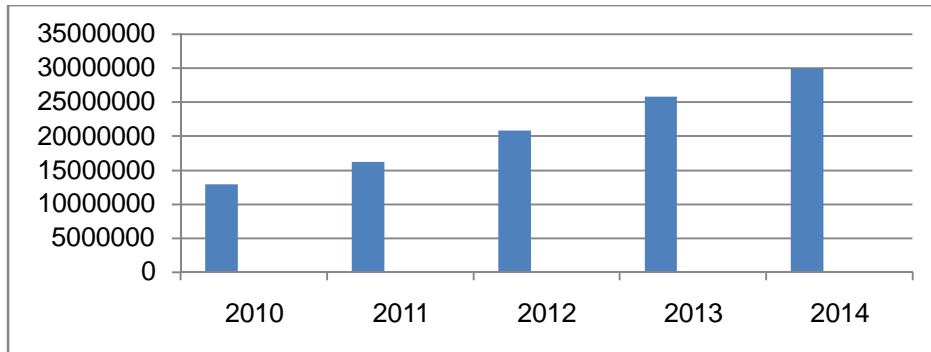
Reference: This figure was made by researcher

Figure Number (2): The Percentage of Leasing Ended with Ownership on the Total Assets at the Islamic Bank for Development (1427H -1423 H)



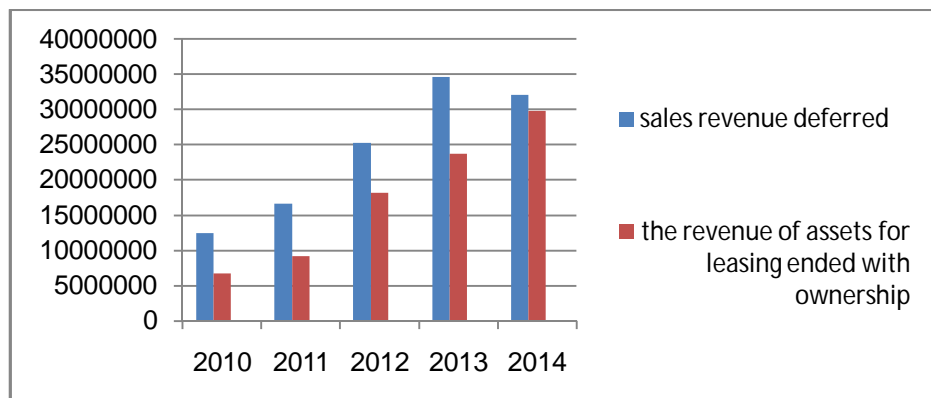
Reference: the annual reports of Islamic bank for development (<http://.isdb.org>)

Figure Number (3): Developing the Revenues at the Islamic Bank during 2010 – 2014



Reference: the annual reports of Jordan Islamic bank (<http://www.jprdanislamicbank.com>)

Figure Number (4): Sales Revenue Deferred and Revenue of Assets for Leasing Ended with Ownership in the Islamic International Arab Bank during 2010 – 2014



Reference: the annual reports of Arabian international Islamic bank (<http://www.iiabank.com.jo>)