

## Islamic Banking Recovery Process and Its Parameters: A Practitioner's Viewpoints in the Light of Humanising Financial Services

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**Abstract :** Islamic banking as one of the financial institutions is highly required to maintain a prudent approach to ensure that any financing given is able to generate income to their respective shareholders. As the default payment of customers is probably occurred in the financing, having a prudent approach in the recovery process is a must to ensure that financing losses are within acceptable limits. The objective of this research is to provide the best practice of recovery which is anticipated to benefit both bank and customers. This study will address arising issue on the current practice of recovery process and followed by providing humanising recovery solutions in the light of the Maqasid Shariah. The study identified main issues pertaining to Islamic recovery process which can be categorized into knowledge crisis, process issues, specific treatment cases and system issues. Knowledge crisis is related to direct parties including judges, solicitors and salesperson, while the recovery process issues include the process of issuance of reminder, foreclosure and repossession of asset. Furthermore, special treatment for particular cases also should be observed since different contracts in Islamic banking products will need different treatment. Finally, issues in the system used in the recovery process are still unresolved since the existing technology is still young in this area to embraced Islamic finance requirements and nature of calculation. In order to humanize the financial services in Islamic banking recovery process, we have highlighted four main recommendation to be implemented by Islamic Financial Institutions namely; 1) early deterrent by improving the awareness, 2) improvement of the internal process, 3) reward mechanism, and 4) creative penalty to provide awareness to all stakeholders.

**Keywords :** humanizing financial services, Islamic Finance, Maqasid Syariah, recovery process

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