

Modeling Salam Contract for Profit and Loss Sharing

Authors : Dchieche Amina, Aboulaich Rajae

Abstract : Profit and loss sharing suggests an equitable sharing of risks and profits between the parts involved in a financial transaction. Salam is a contract in which advance payment is made for goods to be delivered at a future date. The purpose of this work is to price a new contract for profit and loss sharing based on Salam contract, using Khiyar Al Ghabn which is an agreement of choice in case of misrepresent facts.

Keywords : Islamic finance, shariah compliance, profit and loss sharing, derivatives, risks, hedging, salam contract

Conference Title : ICIFE 2016 : International Conference on Information and Financial Engineering

Conference Location : Paris, France

Conference Dates : April 25-26, 2016