

CHAPTER FOUR

CLOSING

A. Conclusion

First of all, the researcher concludes that time value of money was developed by capitalist system is the basic concept of time value of money is a positive time preference theory. Which in this case, it is assumed each investment always has the possibility to get a positive return.

Then in financial theory, has always known the risk-return relationship (direct relationship between risk and outcome). In a sense, the higher risk will be greater the results obtained, and on the contrary.

The underlying above theory is raises a presumption are:

1. Presence of inflation is the inflation rate will come in the future tend to grow up then someone will ask for compensation for the loss of purchasing power of money for goods.

2. Preference present consumption to future is consumption goods today more unpopular, than future consumption, even with zero inflation.

Whereas time value of money on discounting according to Muhammad Anas Zarqa and Muhammad Akram Khan, as follow:

1. Anas Zarqa rigorously dealt with the issue of time value Money and concluded that a positive time preference is neither a principle of rationality not an empirically established predominant tendency among consumers. It is, in fact, simply one of the three tendencies among

consumers, the others being a zero and a negative time preference, each of which is rational.

2. Akram Khan found economic rationale or better known as the theory of positive preference is simply making an errors and confusion because this theory implied a way to legitimize the usury (riba), Then he agreed with Anas Zarqa that time preference is not a rational or a dominant tendency for consumers to consume, but the emphasis on positive time among economists that makes it into a doctrine that was followed by the consumer.
3. Anas Zarqa expressed that Relation the interest and discounts in efficiency of investment is a different, the Discounting of prospective cash flows of the project promotes efficiency in investment and is quite acceptable in Islam. Discounting may be based entirely on the rate of return in an Islamic economy which abolishes interest.
4. Akram Khan criticizes Anas Zarqa to apply the rate of return rather than the interest rate as the discount factor. The fact is that in this analysis is not the rate of return but the concept of time value of money that is in essence. Then he argues for discounting cash flows on the basis that the resources received earlier have a greater chance for investment than that received later. Implicitly, it is the interest rate that must be paid to obtain funds for investment or the expected rate of interest that can be earned on the benefits received.

B. Suggestion

Time value of money should be used as a tool of financial analysis because is just for a mathematics tool, there are no restrictions on its use. But the issue is the investment, in Islam should be allocated do not violate of shari'ah, so beneficial and does not lead to damage.

Then the researchers expect the presence of this writing, the reader can understand the moral of Islamic economic especially in investment, that took the decision to invest not only for profit but are also more tend to benefit and blessing of properties owned, investment allocation for more useful thing then the more blessings that will be achieved. However, the concept of time value of money just should be used as a tool of analysis and mathematic to calculate an investment, not as a basis for investing purposes.