11. The depositor's funds are protected as the bank is required to maintain a reserve fund and a guarantee fund to cover potential losses.

Modes of financing in conventional Banking & Islamic Banking

Modes of Financing in Conventional Banking:

1. Interest-based loans: Conventional banks provide loans at a fixed rate of interest. The borrower is required to pay back the principal amount plus interest over a specified period of time.
2. Credit cards: Conventional banks offer credit cards with a credit limit to the cardholder. The cardholder is required to pay back the amount spent on the card along with interest charged on the outstanding balance.
3. Overdraft facility: Conventional banks provide an overdraft facility to their customers, which allows them to withdraw more money than is available in their account. The bank charges interest on the overdraft amount.
4. Leasing: Conventional banks offer leasing services, where the customer can lease a vehicle, equipment, or property for a specified period of time and pay a fixed amount of rent.

Modes of Financing in Islamic Banking:

1. Profit and Loss Sharing (PLS): Islamic banks provide financing through PLS arrangements such as Mudarabah and Musharakah. In Mudarabah, the bank provides capital while the customer provides expertise, and the profits are shared between them. In Musharakah, the bank and the customer jointly contribute capital and share profits and losses according to a predetermined ratio.
2. Murabahah: In this mode of financing, the bank purchases goods and sells them to the customer at a marked-up price. The customer pays the bank in installments.