

# The importance of Rules of Inheritance (Fara'id) in a Muslim's Society Estate Planning

By

*Nik Fadzrina bt Nik Hussain  
Shaikh Hamzah Abdul Razak*

## **Abstract**

*In inheritance the Western or civil rules allows that we can give the inheritance to anyone that we wish to, be it a family member, outsiders, or even our pets. The civil law recognizes such desires and upholds these wishes even though we deprive our heirs from receiving it especially so where estates worth millions are left to pets. It can be considered as an injustice to the heirs, but they are helpless. Even when challenging the legitimacy of such wills, the civil courts tends to recognize and uphold the wills to be valid. In Islamic context, Islamic law protects the rights of an individual to own or to inherit the estate or wealth but it does not allow any means or tools to hoard money. It is a balanced economic system that allows free movement and circulation of wealth among the masses. Islam develops laws and ethical system that enforces legal and halal means to accumulating wealth and a balanced way of spending and distributing it. It recognizes the rights of others to such wealth through Zakat, Charity and Inheritance. The law of inheritance is comprehensive legal system that allows legal beneficiaries who are eligible to claim their share of the inheritance as commanded by Allah in the Qur'an. No one is being deprived from his/her rights in the inheritance. The rights of the state are also upheld where taxes on inheritance or even debts are to be paid prior to distribution. Under certain circumstances the State can also be one of the beneficiaries of the inheritance under Islamic jurisprudence.*

# **Securitization and Trading Of Mudarabah Pool – Liquidity Management Solution without the Use of International Commodity Murabaha**

*By*

*Suleman Muhammad Ali*

## **Abstract**

*With the increasing demand of Islamic banking throughout the globe, the challenge with respect to liquidity management for the banks increases. The influx of deposits with limited avenues for Shariah compliant investment avenues, the need of an innovative liquidity management solution is at peak. This paper explains an unique structure to overcome the challenge of liquidity management by selling undivided share of the deposit pool of the Islamic Bank to the customer on credit basis which would enable the customer to meet his short-term liquidity management need. This solution is structured without the use of international commodity Murabaha.*

# Factors Determine Islamic Banking Performance in Malaysia: A Multiple Regression Approach

By

*Muhamad Abduh  
Aizat Alias*

## **Abstract**

*Evidence has shown that Islamic banking is experiencing tremendous development since the last three decades, especially in Malaysia. This study is aimed at investigating factors that determine the Islamic banking performance in Malaysia, particularly in the period of 2006 to 2010. The predictors are loan loss provision to total assets, net loans to total assets, total overhead cost to total assets, shareholders equity ratio, and bank size which represent internal factors and GDP and inflation which represent external factors. Pooled OLS method shows that loan loss provision to total assets, total overhead cost to total assets, and inflation are the significant variables affecting the performance of Malaysia Islamic banking in the period analyzed.*

# Post-Crisis Regulatory Environment and Implications for Islamic Financial Services Industry

By

*Zamir Iqbal*

## **Abstract**

*The sub-prime financial crisis was not simply the result of excessive leverage and inadequate capital but it was brewing for some time as a result of a gradual deterioration of business leadership, of lapses in governance and in the regulatory framework (particularly in derivatives markets), and of an ineffective risk-management framework. There is consensus among researchers that the regulatory and supervisory framework was not adequate to the task of forecasting and preventing the crisis. However, the crisis has highlighted several regulatory and governance related issues: the market discipline mechanism proved to be too weak; the decision-making of corporate leaders was overly driven by short-term goals; trust in corporate leadership declined; corporate boards were slack in their oversight and risk control; business ethics and values were compromised; risk management and supervision failed due to narrow view; the quality of bank supervision was compromised; and finally, the corporate incentive and remuneration system was questioned.*

# Mu'amalat

## The Corporate Engineering

By

*Prof. Dr. Mohd. Ma'sum Billah*

### **Abstract**

*Economic activities are one of the daily practices that being adapted naturally by human beings from the very beginning of the human history for their physical survival in this natural world. The economic activities cannot materialize without having a mutual cooperation between fellow mankind, and that is, better known in other word al-Mu'amalah (تعامل). Al-Mu'amalah can be executed with fruitful results if coupled with appropriate regulatory frame works. Because, al-Mu'amalah establishes the notion of rights and obligations for and against the parties involved herein with sharing and caring culture. Under Common law principles, the required regulatory frame works have with utmost satisfaction been well developed. Sad to note that, despite the Divine authorities (al-Qur'an and al-Sunnah), which provide adequate guidelines towards a meaningful management of al- Mu'amalah, in practice, the Shari'ah law could not yet play a dominating role in today's advanced economic environment. The grass root reasons perhaps are, the lack of research conducted to come up with a regulatory frame works in the light of the Divine rulings, and of course the diversified views among some scholars which hindered the way forward of development of operational mechanisms of Al-Mu'amalah. Today, the fact is ideally witnessed that, even though Islamic rules in certain aspects play a minimum role to regulate Islamic trade and finance, but the regulatory frame works and also the legal literatures or research materials required for a successful operation of the idea of trade and finance under the Shari'ah discipline, have not yet been desirably developed. The western economic principles on the other hand, dominate the entire environment of the contemporary global market with appropriate regulatory frame works with required developed research materials and facilities. Nevertheless, the operational tools required for the successful outcome in Islamic commercial activities can only be ensured by a set of regulatory frame works produced in line with Divine principles, which are diametrically desired by the Ummah of today. Hence, it is time to focus with full extent on mechanisms for ensuring a smooth operation of Islamic trade and financial products. An attempt is made in this paper, to provide corporate mechanisms facilitating day to day corporate Mu'amalat (transactions).*

# The Demand for Takaful (Islamic insurance) in Nigeria

By

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*Professor Rasheed Kola Ojikutu*

## **Abstract**

*This paper empirically examines the potential contributions of Takaful (Islamic insurance) to the Nigerian economy. Due to low penetration of insurance consumption in the Nigerian economy despite abundant opportunities, the paper explores how this new paradigm of risk management and poverty alleviation can boost the current penetration level and hence improve contribution of insurance to the GDP. Using the findings in previous studies on variable determinants of demand for life insurance in the conventional market as an analogy to determine demand for Takaful family insurance, this study examines the potential demand and growth for the products in the Nigerian insurance market. By adopting a survey design method, the main instrument used was the questionnaire. A sample of 2000 MBA student respondents were randomly selected for the study. This set of respondents was selected because of their qualities namely, exposure, awareness, experience, and varied background. Various demographic and socioeconomic variables to identify the determinants of Takaful family insurance were analysed. The current awareness level of the product is particularly studied in order to assist existing and potential Takaful underwriters and marketers to identify appropriate marketing strategies that could translate into success story. More importantly, the issue of access and availability of the product in the insurance market are examined. The results among others show that religion is not a factor for purchase and patronage and working sector is a factor for patronage and not for purchase. These results are expected to help both insurance marketers and policymakers understand what drives the supply of and demand for Takaful family insurance. They may also help design strategies for developing the nascent market for Islamic products and extending their benefits to non- Muslim consumers of insurance services.*

# An Empirical Investigation of Bank Selection Criteria in Maldives

By

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Ibrahim Shaugee  
Hanudin Amin*

## **Abstract**

*Studies on bank selection criteria have been done by numerous researchers in various countries. However, review of prior literature has turned up no evidence of such a study having been done in Maldives. Therefore, this study attempts to identify and rank the bank selection criteria perceived as significant by Maldivian banking customers. The study involved a self administered survey, with a sample of 398 respondents. Using factor analysis, we identify corporate social responsibility is viewed important followed by e-banking facility, social influence, perceived cost and service quality. Furthermore, we reveal one has different level of preference with respect to banking selection according to his gender, education, employment and age. All hypothesized relationships are rejected at the 1 percent significant level whilst a relationship between “gender and service quality” is rejected at the 5 percent significant level. Our findings will provide direction for future research and for better organization of bankers to capture new customers.*

