

# Sukuk Takaful (Insurance) Model Rationality and Technical Know-How?

*By*  
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## **Abstract**

For a sustainable growth of the sukuk industry, among the prime concerns is to ensure a confidence among investors by protecting them against any catastrophe and that is, why sukuk is issued as a safeguard for investors and beneficiaries. The common phenomena is that, in any sukuk structure, be one sovereign, corporate or social, investors, and or beneficiaries in the structure are protected by sukuk itself against any capital or beneficial risk or catastrophe. In reality, a legitimate question may be raised whether a sukuk itself is adequate safeguard for the investor or beneficiary against any defined risk? It is submitted that, a sukuk itself does not hold the capacity to offer adequate protection for the investor or beneficiary against risk, because the issuer may still have the legitimate right to escape the liability by a "limited liability clause" under the Company law or public policy. It may thus, be suggested that, the only way to ensure an adequate safeguard for the investor or the beneficiary in a sukuk structure is by a comprehensive insurance policy as an additional step to a sukuk certificate, may be termed as "sukuk takaful". Today, we seek to share the emergence of sukuk takaful besides analyzing its rationality and technical know-how?

# Analysis of Theory of Contract As Being Subjective or Objective In Islamic Law

By

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## ABSTRACT

*Back ground of the article: The Islamic banking system is growing day by day in the market of the world. There are many Shariah tools applied by Islamic banking to solve the problems of their clients but some of these tools are disputed among the classical jurists. The article is going to solve this problem by analyzing the evidences of Muslim jurists and providing preferred opinion regarding these disputed tools of Islamic banking.*

**Objective of the article:** *The article is going to elaborate the theory of contract as being subjective and objective. Objectivists are supporting the objective theory of contract and hold that whatever contrary to consent of Almighty Allah is null and void while subjectivists are supporting the subjective theory of contract and wherever, the elements of contract are found the contract is considered valid and enforceable.*

**Requirement:** *the article removes the ambiguity regarding the consent [رضا][Rida] of contracting party and it is first element of contract according to majority of Muslim jurist while it is only one element of contract according to Hanfi jurists and it is [rida] and it is hidden thing, so it is stipulated for contracting party to come with the [sigha] form and it means offer and acceptance and issuance of form is considered consent of contracting party whatever will be his intention behind it and the contract is considered concluded according to form of the contract.*

**Method of research:** *It is analytical method of research and evidences of each opinion are given accordingly and these are analyzed and whatever evidence remained protected from objection is preferred on other opinions of Muslim jurists.*

**Result of this research:** *This study is resulted that subjective theory of contract is preferable on the objective theory of contract and this theory supports the Islamic banking system and advised it to facilitates their clients by these disputed tools of financing and expand their business in all over the world.*

**Conclusion:** *The doctrine of [SaddayDaray] blocking lawful means to unlawful ends is not common and absolute principle but its applications are restricted with text of Quran or Hadith otherwise it is not capable to change the permissible rule approved by text of Shariah and declare it prohibited.*

# **The Dana Gas *Sukuk*: An Example of Why We Need the Proposed *Sukuk* Bankruptcy Tribunal (SBT)**

*By*  
*Camille Silla Paldi*

## **ABSTRACT:**

*It is time for the Islamic finance industry to create a unique and independent dispute resolution mechanism equipped with standardized legal contracts in order to modernize and harmonize dispute resolution across the Islamic finance industry. This brief article explores what went wrong with the Dana Gas Sukuk and then leads into why we need a Sukuk Bankruptcy Tribunal (SBT). The article sets out a proposal for such a tribunal including a framework for operation.*

# Shariah Ruling of Bill Discounting and its Alternative

(Bai Salam in currency)

By  
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## **Abstract:**

With the growing use of financial services in international trade, the importance of bill discounting is not beyond comprehension. It is undoubtedly one of the most important tools of trade financing. Now, it has become very easy for importers and exporters to sell any product to a complete stranger anywhere in the world and get the bill against it discounted before its maturity date. That is why; this tool is in the practice of all conventional banks. But, regarding Shariah rulings, the prevailing practice in conventional banks is not Shariah compliant as this transaction consists of debt sale and interest. But, due to its vital need, Islamic Shariah jurists have stepped forward with its different alternatives based on Murabaha, Wakalah, Musharakah and Bai Salam in currency. In this article, we have covered the rationale behind the Shariah rulings of prevailing bill discounting in conventional banks and addressed the Bai Salam as an alternative in currencies and its executive model in Islamic banks. Furthermore, we have discussed the different opinions of modern scholars regarding these issues.

# **Increasing Population and Housing Deficit in Nigeria: The Application of Islamic Finance as a Moderating Instrument**

*By*

*Ibrahim Mohammed Lawal*

## **Abstract**

The paper seeks to examine the role of Islamic finance as a mediating instrument in a case of an increasing population and housing deficit. The paper adopted a content review analysis and a modified revenue function approach in analyzing the potentials of the instruments of Islamic finance. The study focused on zakat, sadaqah and sukuk as tools of Islamic financing. E-Sadaqah was analyzed based on the number of active Telecoms line subscribers in Nigeria, and if N20 is paid weekly at a 5% level of cash collection error rate coupled with an admin expenses of 15%. The study revealed that zakat has the potentials of generating about USD8M-USD21M while sadaqah could generate N154 billion annually. If combined they can be used to improve the welfare or needs of the growing population. The study further revealed that sukuk if issued to the tune of N1,002 billion which can be utilized to build about 330,820 housing estate across the six (6) geopolitical zone of the country. The study concluded that Islamic finance can contribute significantly in addressing these economic ills of increasing population and housing deficit. The study recommends that efforts should be made on public awareness in order to enlighten the Nigerian populace about benefits of zakat, sadaqah, sukuk via local media like TV, radio in local dialects, magazines, articles, legal framework such as Zakat Act is required and deployment of IT infrastructure.

# **Cryptocurrency for Commodity Futures Trade in Indonesia: Perspective of Islamic Law**

*By  
Teddy Kusuma*

## **Abstract**

Cryptocurrency is a virtual money that does not have a physical form or concrete form in cyberspace. One of the few types of crypto money is bitcoin. The use of bitcoin as a means of payment in e-commerce lately has become increasingly widespread and unstoppable, even though the Government has banned the practice. In early 2019, the Government of Indonesia issued regulations regarding the legalization of bitcoin (crypto assets) in Commodity Futures Trading. The dual function of bitcoin as a commodity and exchange tool raises the pros and cons of scholars and economists. This study aims to obtain answers about bitcoin and cryptocurrencies, its usage in commodity futures trading according to the perspective of Islamic law and bitcoin's chance as sharia commodity in Indonesia . The theory applied is theory of legitimate and vanity business transactions in Islam. This research is a literature study and is qualitative in nature. The data analysis technique used is descriptive analytical with normative juridical Islamic law approach. From this research, the results show that cryptocurrency can be traded in Islamic commodity exchanges, provided that the State issues or create their own cryptocurrencies whose price depends on gold or the country's currency. Bitcoin cannot be used as a commodity in Sharia Derivative Contracts in Indonesia, because it contains a lot of speculation, maysir and is vulnerable to use for illegal activities. Bitcoin is haram lighairihi or haram because of external factors, so it should be avoided.

# Shari'ah-Compliant Stock Screening: A Financial Perspective

By  
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## Abstract

Stock markets have always provided countries with a practical and flexible way to finance their economies. Hence, Islamic finance has embraced the stock market since the early 90s adopting the same framework as an ethical investment. Accordingly, Islamic investors in emerging countries shall have a range of choices when constructing a financial portfolio. However, existing screening methodologies lack flexibility as they are mainly based on rigid ratios and irrelevant thresholds. Consequently, these methodologies lead to an inefficient stock index as they completely ignore the features of each stock market along with the specificities of each industry. Thus, our study will try to propose a new screening methodology based on the optimal financial structure of each industry. The main objective of our study is to propose a methodology that will overcome different loopholes addressed in the literature. The present paper is an explanatory study which needs an empirical confirmation of the proposed methodology in order to measure its performance and efficiency against existing shari'ah-compliant indices. Hence, the main preliminary finding of our research is to enrich the academic debate on shari'ah-compliant screening methodologies through appealing to conventional corporate finance framework to enhance current methodologies.