



KOLEJ UNIVERSITI ISLAM MALAYSIA
جامعة العلوم الإسلامية ماليزيا
ISLAMIC UNIVERSITY COLLEGE OF MALAYSIA

Muamalat

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The Faculty of Economics and Muamalat

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MESSAGE FROM THE DEAN

Bismillahi ar-Rahmani ar-Rahim, all praise is to Allah SWT.

Welcome to the first edition of "*Muamalat*", the official newsletter of the Faculty of Economics & Muamalat (FEM), KUIM.

FEM believes knowledge management is an important integral element in today's management. This is simply because the environments are ever changing and challenging, and also there is the need to promote a learning organization in the Faculty. This newsletter is transpired from this belief. There is a need to provide an effective and efficient gathering, disseminating and sharing of knowledge with all the stakeholders. This Newsletter will become a part of FEM's efforts to actively share and inform the community

about the happenings in the Faculty. Through "*Muamalat*" we attempt to stimulate the exchange of thoughts, ideas and information. The Newsletter will function as the bridge not only among the Faculty members, but also between the Faculty and the industry as well as the community at large.

In order to meet its objectives and to facilitate the exchanges, "*Muamalat*" will be published twice a year, in February and August. The Newsletter will publish short articles and commentaries on issues relating to Islamic banking and finance, muamalat and Islamic economics, contributed by both within and outside FEM. Also included are news, Islamic banking and finance information, the Faculty's research and academic activities as well as students' activities.

I hope "*Muamalat*" will benefit all readers. Your contributions to the Newsletter are most welcome. Please send in your articles, commentaries or announcement of events such as upcoming conferences, recent publications and reports and reviews for journals, seminars and abstracts from conferences, etc. The Newsletter will also appreciate your comments and suggestions in improving its future issues.

Lastly, I would like to take this opportunity to congratulate the Editorial Committee, who has relentlessly provided their time, efforts and dedications and in making this Newsletter a reality. And, on behalf of the Faculty I would like to express my special thanks and appreciation to the KUIM's management for their support and cooperation in the publication of the Newsletter.

Wassalam.

Prof. Dr. Muhamad Muda

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THE BIRTH OF AN ADROIT: THE FACULTY OF ECONOMICS & MUAMALAT

The vision to establish a faculty to oversee the development and dissemination of knowledge through education, research and publications in the Islamic economics and business was envisaged as early as the establishment of Islamic University College of Malaysia (KUIM) in year 2000. The vision was then pursued towards realisation in the mid-2001 with the recruitment of two staff to prepare a detailed proposal for the establishment of the faculty, to the Ministry of Education.

The proposal on the establishment of the faculty was completed and scrutinised by the relevant bodies in KUIM, including the Senate and the Board of Directors, before it was presented to the Higher Education Committee (JKPT) in the Higher Education Department (JPT) of the Ministry of Education Malaysia. The Ministry has approved the establishment of the Faculty of Economics & Muamalat (FEM) in its meeting on 19th. September 2001. At the same time the approval to offer the degree of Bachelor of Muamalat Administration (with honours) was also given.

The Faculty was established on the premise that there is a need to confront the issues on Islamic economic and business in line with the development of the country. The government policy to develop and expand the Islamic economic system has shown a considerable success with many Islamic-based financial and non-financial institutions being established since 1980s. These institutions, such as Bank Islam, Syarikat Takaful, Stock Brokerage and Discount Houses, Unit Trust Company, Tabung Haji, Pusat Zakat, Trust Companies, YPEIM, etc., and Islamic capital markets, have played significant roles in improving the socio-economic standing of Muslim as well general society in Malaysia.

Further development of those institutions will require a larger number and capable human

resources in order to sustain the success. Here, the objective of FEM is to play a significant role in providing the necessary human resource pool that is not only having solid Islamic education background but also knowledgeable, competent, creative and trustworthy. Another objective of the Faculty is that to be able to provide a better understanding of Islamic teaching particularly on the needs to balance the pursuit of the Hereafter and pertaining to the worldly life as Islam does not only promote the life of Hereafter but also the present. This is clearly indicated by al-Qur'an:

"But search out, with the (wealth) that Allah has given to you, the Home of the Hereafter, and do not forget your part in this world. But you do good, like Allah has been good to you, and do not search (to make) mischief in the land: Because Allah loves not those who do mischief". (Al-Qasas 28:77)

The vision of the Faculty is to become a leading resource centre for the Islamic economics and muamalat studies in the region. This will include areas such as Islamic banking and finance and the management of economic resources within the Islamic community with the aim of improving the socio-economic standing of Muslims.

At the starting, the Faculty offers degrees at the undergraduate as well as undergraduate levels. At the undergraduate level, the Bachelor in Muamalat Administration (with honours) - BMA (honours) - has already been approved by the Ministry of Education. It is the first programme of this nature offered in the region. This four-year programme is fast gaining acceptance among students as well as academic institutions. The first batch of 100 students was enrolled in the academic year 2002/03 (June 2002) and the number of enrolment has been steadily increasing.

The aim of the BMA (honours) programme is to provide the necessary education that will develop and enhance the graduates in terms of knowledge, competencies as well as personal attributes including attitudes. Upon graduation, they are expected to fill-in the entry level positions in the various fields of Islamic banking and finance including the professional field such as financial planning, corporate administration, funds / assets management and also entrepreneurship. English and Arabic are the main mediums of instructions.

At the graduate level, FEM offers Masters in Economics and Muamalat Administration and also PhD in Economics and Muamalat Adminis-

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Pengertian Muamalat Menurut al-Ghazali¹

Oleh:

Muhamad Muda²



Kehidupan manusia di atas muka bumi ini berlandaskan kepada tiga hubungan, iaitu hubungannya dengan tuhan (*hablum min-Allah*), hubungan dengan alam (*hablum min-alam*) dan hubungan sesama manusia (*hablum min-annas*).³ Bagi umat Islam sebagai insan yang dijadikan oleh Allah,⁴ hubungannya dengan tuhan itu berlandaskan kepada pengertian *Rubbubiah* atau *'Ubudiah*. Manakala hubungannya dengan alam pula adalah berlandaskan kepada kefahaman terhadap pengertian *kalifatullah*, sementara hubungan antara sesama manusia pula berpandukan kepada fiqh muamalat. Setiap perhubungan itu pula terdapat adab dan peraturannya yang mana di dalam pendidikan Islamiah ianya ditekankan dalam bidang fiqh.⁵

Kini pemahaman terhadap fiqh kian mendalam dan luas. Dengan itu, selain adanya cabang-cabang fiqh yang tradisi seperti *fiqh al-ibadah*, *fiqh ul-jinayat*, *fiqh ul-munakahat* dan *fiqh al-muamalat*, maka wujud pula cabang-cabang fiqh terkini, termasuklah *fiqh ul-idarah*, *fiqh ad-daulah*, *fiqh ul-muasir* dan sebagainya. Dengan adanya usaha untuk membangkitkan semula kegemilangan Islam melalui pembangunan ekonomi maka isu-isu berkaitan dengannya kini menjadi tumpuan masyarakat. Umat Islam kini mula menyedari bahawa pembangunan ekonomi adalah penting bagi menjulang semula kegemilangan umat Islam. Setelah hampir 400 tahun mengabaikan pembangunan ekonomi, akhirnya terbukti bahawa umat Islam tidak boleh berdiri tegak tanpanya. Pandangan ini dikukuhkan lagi apabila melihat masyarakat bukan Islam yang menekankan pembangunan ekonomi menjadi teguh dan kuat, malah menerajui dunia pada hari ini. Usaha untuk membangunkan umat Islam supaya tidak diperlekehkan amatlah penting. Lukman ul-Hakim pernah berkata kepada puteranya:

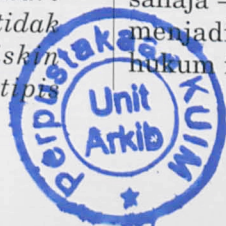
"Hai anakku! Hendaklah engkau merasa kaya dengan usaha yang halal dari kemiskinan! Kerana sesungguhnya tidak sekali-kali seseorang merasa miskin melainkan ditimpa tiga perkara: tipu

keagamaannya, lemah akalnyanya, dan hilang kehormatan dirinya. Dan yang paling besar dari yang tiga itu ialah manusia memandang rendah kepadanya." (Ihya' Ulumiddin, Jil. 2: 11).

Dalam menggerakkan usaha ini, keilmuan Islam dihangatkan dan berbagai-bagai institusi ekonomi diwujudkan bertujuan untuk membangunkan keupayaan sumber manusia dan ekonomi umat Islam seluruh dunia. Namun begitu, tidak kurang juga ada dikalangan umat Islam sendiri yang masih belum sedar, cuba menghalangi usaha-usaha tersebut. Banyak batasan dan halangan yang direntangkan untuk menghalang usaha itu, termasuklah cuba memperkecilkan usaha membangunkan institusi ekonomi Islam atau, cuba mengalih perhatian masyarakat kepada isu-isu kenegaraan Islam seperti hukum hudud dan sebagainya. Antara perkara yang dibuat oleh golongan ini ialah mengkelumitkan usaha-usaha muamalat sehinggakan masyarakat menjadi keliru tentang hakikat kedudukan muamalat dalam syariat Islam dan akibatnya ada golongan masyarakat percaya bahawa muamalat itu tidak penting dan hanya memberikan penekanan kepada hukum hudud sahaja dalam pelaksanaan negara Islam.

Persoalan kenapa umat Islam *meringankan* muamalat dan memberatkan hukum-hukum lain dalam Islam boleh dikaitkan dengan pemahaman terhadap Islam itu sendiri. Namun dapat ditelentahkan, oleh kerana muamalat meneliti hubungan manusia dalam urusan harian berbanding dengan hukum amal lain yang menekankan kepada hubungan manusia dengan tuhan (yang menyentuh akidah), maka ia *diringankan*. Sudah lazim dalam masyarakat Islam perbuatan-perbuatan harian tidak diberikan perhatian serius kecuali ia berkaitan dengan kedudukan akidah.

Sebagai contoh, jarang sekali ahli masyarakat menganggap *bekerja* sebagai satu amal ibadah, sedangkan ia adalah wajib. Jadi terdapat pekerja yang 'mencuri' masa bekerja untuk melakukan solat-solat sunat. Perbuatan itu jelas menunjukkan terdapatnya kekeliruan terhadap yang wajib dan yang sunat – pendapat umum bahawa sembahyang sunat itu adalah lebih *afdhal* berbanding membuat kerja (wajib) dalam waktunya. Begitu juga, tidak kurang mereka yang tidak mengendahkan hukum *haram* berurusanniaga pada waktu solat Jumaat (sesiapa sahaja – bukan hanya lelaki), dan ini juga boleh menjadi bukti jelas terhadap ketidakfahaman hukum ibadah.



Maksud muamalat itu luas. Faizah⁶ misalnya menjelaskan muamalat itu meliputi semua kegiatan manusia dan fiqh berkaitannya pula boleh dibahagikan kepada beberapa bahagian seperti *fiqh munakahat* (keluarga dan kekeluargaan), *jinayat* dan pentadbiran negara (*idarat ul-daulah*). Sementara itu, menurut beliau lagi, yang berkaitan dengan jual-beli itu khusus dikenali sebagai “muamalat”. Bagi A. Rahman Ritonga⁷ pula, muamalat adalah berkaitan dengan hak serta pemberian dan pembahagian harta. H. Sulaiman Rasjid⁸ memberi tafsiran muamalat itu sebagai “... tukar menukar barang atau sesuatu yang memberi manfaat dengan cara yang ditentukan ...”.⁹ Berdasarkan kepada beberapa penelitian tersebut itu, dapat dirumuskan bahawa muamalat itu berkaitan hak atas harta, serta bagaimana manusia sesama mereka menyerah, memberi, membahagi atau bertukar-tukar hak terhadap harta tersebut. Namun, oleh kerana harta itu boleh membawa manfaat dan juga mudarat kepada manusia, maka kegiatan menukar atau memindahkan harta (termasuk urusan jual-beli) itu akan berkait dengan akidah terutamanya apabila terdapat unsur-unsur tipu daya, kezaliman dan ketidakadilan didalam prosesnya.¹⁰

Imam Al-Ghazali memberikan perhatian khusus terhadap muamalat kerana ia merupakan sebahagian daripada kehendak agama Islam.¹¹ Muamalat terbitnya daripada usaha kerana daripada usaha manusia mendapat rezeki. Oleh itu manusia *diwajibkan* berusaha dan usahanya itu dianggap *fi sabilillah*. Firman Allah SWT (maksudnya):

“Maka bertebaranlah kamu dimuka bumi dan carilah kurnia Allah” (Al-Jumu’ah, 62:10).

Sabda Rasulullah SAW:

“Kalau ia (pemuda) berusaha untuk dirinya supaya ia tercegah dari meminta-minta dan ia tidak memerlukan kepada pertolongan orang lain, maka dia itu sudah *fi sabilillah*. Dan kalau ia berusaha untuk kedua-dua ibu-bapanya yang lemah atau keturunannya yang lemah, untuk memenuhi dan mencukupkan keperluan mereka, maka dia sudah *fi sabilillah*”. (Ihya’ Ulumiddin, Jil. 2:10).

Imam Al-Ghazali juga menegaskan bahawa menjaga diri dan menutup diri dari kekurangan adalah lebih utama dari keperkasaan, bahkan dari melaksanakan segala ibadah badaniah. Bagi mendapat keredhaan Allah, beliau juga menggariskan prinsip-prinsip orang berusaha iaitu perlu mempunyai keadilan, ihsan dan kasih sayang terhadap dirinya dan juga agama. (Ihya’ Ulumiddin, Jil. 2:14). Prinsip-prinsip ini amat

ditekankan dalam urusan jual-beli kerana dalam urusan jual-beli terdapat unsur-unsur tipu-daya dan sebagainya.

Sebagai mengakhiri catatan ringkas ini, dapatlah dirumuskan bahawa muamalat itu adalah sebahagian daripada perkara wajib dalam tanggungjawab seseorang insan Muslim kerana ia adalah usaha *fi sabilillah*. Muamalat merupakan salah satu daripada perhubungan yang ditetapkan dalam syariat Islam, iaitu antara sesama manusia. Hubungan antara sesama manusia melibatkan pertukaran (*mubadalah*) dan dipandu oleh prinsip atau peraturan (fiqh) muamalat. Peraturan ini pula boleh dibahagikan kepada dua: Pertama, pertukaran yang tiada membawa kepada keuntungan fizikal (berbentuk *ijtima’i* – misalnya zakat, sadakah, waqaf, hibah); Kedua, pertukaran yang membawa keuntungan fizikal (berbentuk *tijarah* – jual-beli). Setiap satu bentuk pertukaran ini akan membawa kepada kesejahteraan ummah melalui pembangunan ekonomi.¹² Oleh itu, umat Islam tidak harus mengabaikan muamalat, malah mereka harus memberikan penekanan yang berat kepadanya, demi memperkasakan ummah dan seterusnya menjulang martabat Islam yang tinggi lagi mulia itu.

Catatan hujung:

- 1 Nama lengkapnya, Muhammad bin Muhammad bin Muhammad bin Ahmad, Imam Besar Abu Hamid Al-Ghazali, Hujjatul Islam (450M – 505M [1058H-1111M]). Lahir di Thusia (Iran). Merupakan pemikir Islam yang masyhur dan menulis lebih 100 kitab termasuklah *Ihya’ Ulumiddin* (Jil. 1 – Jil. 4), *Maqashid ul-Falasifah* (Matlamat Ahli Falsafah) dan *Tahafatu ul-Falasifah* (Kesesatan Ahli Falsafah). Ulasan yang dibuat ini dipetik daripada “Kitab Adab Berusaha dan Mencari Penghidupan” dalam kitabnya yang masyhur itu, iaitu *Ihya’ Ulumiddin* (Jil. 2), terjemahan Tengku H. Ismail Yakub. 1988. (Singapura: Pustaka Nasional). Hal: 7-75.
- 2 Profesor dan Dekan Fakulti Ekonomi dan Muamalat, KUIM.
- 3 Lihat, misalnya, Muhamad Muda. 2003. “Asas Muamalat Dari Perspektif Ekonomi Islam”, *Nota Kuliah Pengantar Perniagaan*, tanpa terbit: 30 halaman.
- 4 Lihat, misalnya, Surah Al-’Alaq 96:1-2
- 5 Lihat misalnya H. Sulaiman Rasjid. 1954. *Fiqh Islam* (Jakarta: Penerbit Attahiriyah). Buku ini mengandungi 15 Kitab yang setiap satunya menyentuh tentang berbagai-bagai aspek fiqh daripada amalan solat sehingga kepada *aqdhiyah* (pengadilan).

Social Capital and *Maslahah Ammah*

By:
Nursilah Ahmad



The concept of 'social capital' originates from the sociological field. In sociology, social capital is understood as '*...the ability of individuals to secure benefits by joining social networks....*'.¹ Recognizing the economic value of social capital, economists contested the notion in the late 1980s. The most quoted seminal works on social capital were those of James Coleman (1988), Robert Putnam (1993 and 1995)² and Francis Fukuyama (1995).³ Coleman explained the role of social capital in the creation of 'human capital'.⁴ Putnam lamented on the declining trend of trust, civic engagement and interactions between neighbors in America. The World Bank globalized the concept in its 1998 edition, exploring the relationship between social capital and household incomes in Tanzania rural villages.⁵ Putnam and World Bank empirical works reported positive correlation between social capital and economic well being. Other subsequent empirical studies conducted on social capital supported their hypothesis.⁶

Social networks, norms and trusts are the core elements of social capital.⁷ Social capital is a new economic resource - an extension of physical capital (plants, equipment) and human capital (knowledge and technical ability). The World Bank's operational definition of social capital is "*...norms and networks that enable collective action.*"⁸ Coleman stated three forms of social capital - "*obligations and expectations, information channels, and social norms.*"⁹ Putnam, on the other hand, defined social capital as "*features of social organization, such as trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions.*"

The current economic literature analyzed social capital under three different dimensions: 1. a preference utility theory, 2. a new economic resource (capital) and 3. a mechanism to address market failures due to imperfect information and risk.¹⁰ The utility preference theory concentrates on the cost-benefit evaluation, stating that '*people derive utility from helping others at their*

expense.'¹¹ Social capital is considered as a productive asset next to physical capital and human capital due to its capability of generating output. The existence of informal 'network' and the availability of social infrastructures (voluntary organizations, information centers, tax incentives, etc.) in the social capital will help reduce transaction costs by providing greater access to information.

In Islam, economic justice and welfare considerations are quintessential. Growth in Islam is measured quantitatively (using macroeconomic indicators) and qualitatively (in terms of spiritual, moral and ethical aspects). The qualitative aspect of Islamic economic development denotes the existence of social capital. The concept of *adl, amanah, fair, brotherhood* and *maslahah ammah* surpasses the core requirement of 'trust' in building up the stock of social capital. We have a '*Homo Islamicus*' man in the place of a '*Homo Economicus*' man, emphasizing '*taqwa*' instead of 'greed' as the basic drive in undertaking daily economic activities. The *al-Falah* consideration explained the altruistic motives of *sadaqah, waqaf, qardhul-hassan, qurban, fi-sabilillah* and other charitable voluntary donations. These activities have an extended time horizon (*dunya* and *akhirah*), therefore maximizing current utility to the Muslims.

Social capital, in the context of our religion and culture, is thus defined as "*the adherence to the concept of hablumminannas to achieve al-Falah with the objective of preserving Maslahah Ammah.*" Social capital will be observed voluntarily at both *fardhu ain* (micro level) and *fardhu kifayah* (macro level) by the individual and the society, being mutually inclusive at times. The association between micro and macro level is crucial because Islam emphasizes the importance of *Maslahah Ammah* above and over self-interest. If the interest of an individual differs from the interest of the public, the interest of the public should prevail. In many occasions, there are strict requirements for the society to take collective actions and to congregate in order to fulfill certain obligatory public duties. Most of the *fardhu kifayah* requirements would fall under the domain of social capital, requiring voluntary participations from some members of the society, thus obliterating others from the duties. The voluntary involvement in *fardhu kifayah* activities by some would have

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positive spillovers to the community, building-up the stock of social capital for future consumption.

Social capital has the potential to balance unequal distribution of income. Islam offers two methods of reducing income inequality - through legal measures or optional measures.¹² The legal measures can be enforced by the government. The optional measures are voluntary in nature, therefore it can be cultivated and institutionalized through *ad-tadayyun* process.

There are two categories in the optional measures; 1. Optional Charity (*infaq*) and 2. Charity of Surplus (*sadaqah*). *Infaq* is the moral duties on the rich Muslims to narrow the rich-poor gap. True and real *infaq* is over and above *zakat* payment. The concept of *infaq*, therefore, lies on one's own definition based on his socio-economic status and his social obligations.

On the other hand, charity of surplus (*sadaqah*) is based on the '*Infaq al-Afw*' axiom. The term '*Al-Afw*' refers to wealth that is over and above one's necessary expenses (basic needs), a charity given purely to achieve *al-Falah*.

Both types of optional measures can supplement *zakat* in generating government revenues. Muslims are expected to share their wealth and government has the rights to ask for contributions over and above *zakat* payments. The mobilization of both types of *infaq* through *al-Hisbah* like institutions is still within the *maqasid al-shariah*. Social capital can, therefore,

be the catalyst in "establishing a fully moral and ethical society - where citizens are strong in religions and spiritual values."¹³

In conclusion, social capital should be 'monetized' for the purpose of sustaining the economic growth and protecting *maslahah ammah*. It is a new economic resource to be utilized in achieving balance among competing macroeconomic objectives.

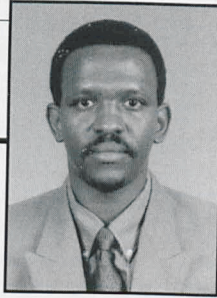
End Notes:

- 1 Andrea Whittaker & Cathy Banwell. 2002. *Positioning Policy: The Epistemology of Social Capital and Its Application in Applied Rural Research in Australia*. Human Organization. Washington. Vol. 61, Iss. 3: pp. 252-262.
- 2 In 1993, Putnam wrote about the workings of social capital in northern Italian communities. His most quoted work was his work on 'Bowling Alone: America's Declining Social Capital', published in 1995.
- 3 Fukuyama defined social capital as "the ability of people to work together for common purposes in groups or organizations."
- 4 Coleman explained that Catholic school children gained more support and do better than those in public schools due to their social networks. His work is available in 'Social Capital in the Creation of Human Capital', *American Journal of Sociology*, Vol 94 (Suppl.), S95-S120. 1988.
- 5 Irene Van Staveren. 2003. *Beyond Social Capital in Poverty Research*. *Journal of Economic Issues*. Lincoln: Vol. 37, Iss. 2; pg. 415. The study is a quantitative analysis of the effects of the higher number of village association memberships on household expenditure in Tanzania.
- 6 The study on coordinated network and institutions among Parent Teacher Association in USA and micro-credit study of GrameenBank in Bangladesh would be another examples.
- 7 A. Allan Schmid. 2002. *Social Capital: Critical Perspectives*. *Journal of Economic Issues*. Vol. 36, Iss. 3; pg. 824.
- 8 An extensive literature on social capital is available at www.worldbank.org/poverty/socialcapital
- 9 Barbara Piazza-Georgi. 2002. *The Role of Human and Social Capital in Growth: Extending Our Understanding*. *Cambridge Journal of Economics*, Vol. 26, Iss. 4; pg. 461-479.
- 10 Irene Van Staveren
- 11 The Economist. 2003. Finance and Economics: A Question of Trust; *Economic Focus*. Vol. 366, Iss. 8312; pg. 92.
- 12 Habibah Lehar, Musalmah Abdullah & Yaacob Anas. 1998. *Study Module: Malaysian Economics*. Pusat Pendidikan Lanjutan, UiTM, Shah Alam.
- 13 One of the nine challenges in Malaysia's Vision 2020.

ZAKAT AS A FINANCING TOOL TO ENCOURAGE INVESTMENT

By:

Mohamed Sharif Bashir



Al-Zakat is one of the five pillars of Islam. It is a ritual obligation, which has a lot of wisdom and benefits.

That is understood through vision and inference. One of these benefits related to the economic and financial aspect where by through Al-Zakat, many economic and developmental objectives can be achieved in the Muslim Society. Al-Zakat helps to fight poverty and lessen it through fair redistribution of incomes and encouragement of production circulation towards prosperity and welfare. This essay tries to shed light upon the role of Al-Zakat as a supplying tool to encourage investment, in the Muslim Society.

Investment, economically speaking refers to the money invested, which leads to intensification of the available capital and compensates any losses. The productive individuals and projects carry out this investment. In Positivistic Economy the investment decision is to be decided through interest rate, whereas, in the Islamic Economy the decision is taken due to probable profits rate. This is the best method in designating investments in the Islamic Economy.

Investment is considered one of the crucial elements in the production operation, which provides commodities and services to satisfy humans' needs. Every society is capable of producing what it can from commodities and services, taking into consideration the available economic means and the artistic production methods that are used. So, the ideal allocation of the economic funds to produce commodity or service with high efficiency is considered one of the economic goals that are to be achieved. The investment becomes one of the main determiners of allocations of the economic revenues and resources. The Muslim Society has varieties of equipment and tools to allocate its economic resources and revenues and make them function in an ideal way. One of these important tools is Al-Zakat, which works as an effective financing tool in this society. Zakat must be applied in an organized way in which the state must play a role in collecting it from its resources to be given to the prescribed people according to the Islamic

law (Shariah). Beside that the individuals in the Muslim Society should give their Zakat as a religious obligation and social duty towards the poor and the needy people in the Society.

How does Zakat work in encouraging investment?

Al-Zakat encourages the investment through eradication of money monopoly and helping in the process of economical stability. Hoarding is a restricting process, which restrains money from its function as an exchangeable commodity. Al-Zakat works to reduce hoarding level and supply the liquidity needed to the economic projects to grow and prosper. The money which subject to Zakat includes the money, that is capable to grow and prosper, and which enables his holder to invest it, so as not to be eaten up by Zakat. The Prophet says, "do invest in orphan's money in order not to be eaten by charity" and also says, "invest your money". Islam encourages charitable deeds and investment of money and condemns hoarding and desists from charity. Allah says, "...And those who hoard up gold and silver (*Al-kanz*: the money, the *Zakat* of which has not been paid) and spend them not in the Way of Allah, announce unto them a painful torment." Al-Taubah 9: 34. The spending mentioned in the above verse includes Zakat, voluntary charities as well as investment.

The encouragement of investment will lead to the increase of production and productivity and ultimately, to the increase of economic growth rates and incomes. To spend Zakat in publics' interest helps in creating an environment that encourages investments. Whereas, establishing economic stability will be achieved through stable social environment, which has been established by Zakat and consequently stable investment environment where investors feel safe and not to think of dangers that could affect their investments. So spending on poor and the needy will create a united, supportive, collective and cooperative Muslim Society and will rid off jealousies and conflicts between rich and poor people. This kind of environment could not exist in the absence of Zakat in the Muslim Society.

The direct impact of Zakat on investment

Al-Zakat raises the investment incentive within two groups of people, namely they are:

1. The hoarders of money to whom Zakat is obligatory: These people should pay Zakat of the hoarded money. This money is reserved money, which is not meant for investment. That means the holder of this money does not want to invest, employ, or cycle it in production. So, if Zakat were to be paid from this frozen money, definitely this would lead to its decrease. The rate which should be paid as Zakat from the cash hoarded money is 2.5% which means that this money will be decreasing with the same rate continuously when the legal amount of Zakat is paid. This situation will leave the holder with two options, either to leave his money to be eaten by Zakat which is not a wise option and economical, or choose to invest it and perform its Zakat without letting it to decrease. That will be the wise and economical option because the holder will use his money in a production cycle in which it will prosper and multiply. That's why it was mentioned in one of the Prophet's Tradition in which he invites people to invest the orphans' money in order not to be consumed by Zakat while they may need it to make use of. In one of the Prophet's Tradition, which narrated by Umar Ibn Al-Khattab, the Prophet says, "Do invest orphans' money in order not to be engrossed by Zakat". He also says, "whoever, is guarded over an orphan's wealth, he should invest or trade in that wealth and should not let it be consumed by the Zakat." The Zakat in this aspect is therefore, motivating the rich who hoard their wealth to take decisive actions for investments and to reduce the effects of risks and uncertainty when the step is taken in this issue.

2. The category of the poor people with professions who deserve Zakat, and Zakat should be distributed to them in one of the following ways:

1. Purchase a machine for the poor who has a profession such as tailor and carpenter to enable them pursuing their jobs and improve their financial situation.
2. Give the poor who has a profession, the capital to run his profession so as to depend on himself rather than others.
3. Give the right of ownership to the poor people who have professions, and workmanship to regularize their incomes.

By financing the needy people who have professions, and workmanship we will enable them to transfer what they earn to investment and not to consumption. These ways of spending Zakat's money embody investment motivation and capital utilization and therefore, generate incomes from the production operations at the individuals level and the whole economy.

However, there are other ways to spend Zakat's money on investment bases:

1. To invest Zakat's money in business, and industrial schemes for the benefits of the poor people.
2. To provide health care, medical, educational, and public services to the needy.
3. To invest some of the Zakat's money, in buying equities, bonds, and paper currency for the benefits of the poor people. These aspects are based on diligence "ijtihad" and its outcome differs according to the investment size and adequacy.

The effects of spending on the indebted

The indebted are taken as an example where Zakat distribution motivates investment and creates tendency towards more investments in the following ways:

1. The investor's feeling with confidence in taking investment decisions without having fear or uncertainty in case of losses occurrence, as he deserves Zakat if his losses cause him to be indebted and that make his money below the legitimate Zakat's percentage.
2. The lenders' feelings of security when they lend their money to the needy people if the indebted failed to pay their debt, this will shade negatively on the easy loan markets' stability and continuity.

What is applicable to the indebted, for the sake of Allah, and the wayfarer is similar to what comes under the investment motivation. The spending on indebted person encourages him to take investment decision after feeling safe, and it will lead to easy loan market's stability. Therefore, the previous investments will not face any decrease. Furthermore, spending on "for the sake of Allah" category will provide infrastructure that raises the investment capabilities. There are also indirect effects such as the expectations of investors and merchants will become more achievable especially when, the capital capability increases in providing the necessary commodities. Finally, stability and consistency characterize Al-Zakat's principles, which limit elements of danger when investment decisions are taken and increase people's tendency in investment.

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KEBOLEHPASARAN LULUSAN PENGAJIAN ISLAM

Oleh:

Zurina Kefeli @ Zulkefli



Pembangunan ekonomi sesebuah negara memerlukan tenaga kerja daripada pelbagai disiplin ilmu. Salah satu hasrat kerajaan menjelang tahun 2020 ialah kita mempunyai tenaga pekerja yang berpengetahuan (*knowledge-worker*) dan mempunyai kemahiran kerja yang pelbagai. Seiringan dengan itu, struktur tenaga kerja yang diperlukan negara juga turut berubah. Kini, penawaran lebih ramai tenaga kerja profesional dan mahir yang mampu mengolah dan menyelesaikan permasalahan negara amat diperlukan.

Munculnya globalisasi, liberalisasi dan k-ekonomi telah membawa impak yang besar kepada sistem pendidikan negara. Justeru itu, Institusi Pengajian Tinggi Awam (IPTA) sebagai salah satu pembekal utama tenaga kerja haruslah peka terhadap perubahan ini. Selaras dengan ini, selain sistem pendidikan konvensional, sistem pendidikan Islam juga perlu ditambahbaikkan bagi melahirkan tenaga kerja yang berfikiran kritikal, analitikal, berkemahiran dan mampu berkomunikasi secara berkesan.

Sistem pendidikan Islam di IPTA perlu dikaji kerana kini telah timbul isu bahawa lulusan Pengajian Islam tidak mempunyai nilai pasaran. Isu pengangguran di kalangan graduan lepasan IPTA dikaitkan dengan kelemahan graduan lulusan Sastera dan Pengajian Islam yang merupakan sebahagian besar daripada 94 peratus graduan Melayu yang menganggur. Pelbagai pendapat, cadangan dan ulasan telah diutarakan oleh pelbagai pihak yang prihatin. Menurut Tun Dr. Mahathir Mohamad, masalah ini berlaku kerana kelulusan graduan tersebut tidak sesuai dengan kehendak semasa pasaran. Selain itu, mereka juga kurang berkemahiran dalam penguasaan bahasa Inggeris.

Kenyataan beliau bertepatan dengan statistik terkini daripada Kementerian Sumber Manusia yang menunjukkan bahawa pada tahun 2003 lebih kurang 56.5 peratus atau 9,112 kekosongan adalah bagi kategori pekerja pengeluaran, operator peralatan, pengangkutan dan buruh manakala 27.8 peratus atau 4,477 kekosongan bagi pekerja pertanian, penternakan dan perhutanan dan

selebihnya lain-lain kategori seperti pekerja perkhidmatan, penjualan, perkeranian, pentadbiran dan pengurusan, dan pekerja profesional, teknikal dan berkaitan. Ini jelas menunjukkan bahawa kumpulan pekerjaan yang boleh diceburi oleh graduan Pengajian Islam adalah amat terhad kerana peluang pekerjaan lebih terbuka kepada bidang pengeluaran dan pertanian sedangkan mereka biasanya berkelayakan sebagai pekerja pentadbiran, pengurusan dan perkhidmatan. Implikasinya, ramai graduan Pengajian Islam yang menceburi bidang kerja yang tiada kaitan dengan kelulusan mereka.

Kelemahan graduan menguasai bahasa Inggeris bukanlah masalah baru terutama kepada lepasan daripada sekolah aliran agama kerana pada masa yang sama mereka juga dikehendaki menguasai bahasa Arab yang mana adalah agak sukar untuk menguasai dua bahasa asing dengan baik secara serentak. Teknik berkomunikasi dengan baik boleh dipelajari kerana ia merupakan satu kemahiran yang boleh dipelajari melalui pengalaman. Terdapat pelbagai cara untuk meningkatkan penguasaan berbahasa Inggeris antaranya ialah dengan mempraktikkannya dalam kehidupan harian. Rasa malu dan rendah diri perlu dikikis kerana untuk seseorang menguasai sesuatu bahasa asing memerlukan masa yang agak lama. Contoh yang paling baik ialah dengan melihat tahap penguasaan bahasa Melayu oleh kaum Cina dan India di negara kita sendiri yang kebanyakannya masih tidak boleh fasih berbahasa Melayu. Walaubagaimanapun, fenomena ini tidak boleh dijadikan alasan bagi kita untuk menolak kepentingan bahasa Inggeris.

Selain itu, graduan seharusnya sedar bahawa permintaan pasaran kerja pada hari ini bukan lagi bertunjangkan kepada kelayakan akademik yang baik semata-mata tetapi para majikan kini lebih mengutamakan pekerja yang mempunyai pelbagai kemahiran dan kebolehan diri untuk kemajuan organisasi. Kini, persaingan semakin sengit kerana kejayaan seseorang individu memiliki sugulung ijazah merupakan suatu perkara biasa. Setiap tahun lebih 20,000 graduan dihasilkan oleh IPTA negara. Seiringan dengan itu, graduan perlu melengkapkan diri dengan kemahiran berbahasa

Inggeris yang baik, mempunyai pengetahuan mengenai teknologi maklumat, peka dengan isu semasa dan mampu mengeluarkan pendapat sendiri secara kritikal dan analitikal selain daripada kelulusan cemerlang yang mereka miliki.

Jika dilihat dari sudut majikan iaitu pihak kerajaan dan swasta, kedua-duanya juga perlu memainkan peranan penting dalam menangani isu pengangguran ini. Pihak kerajaan telah memperkenalkan beberapa skim bagi membantu graduan yang menganggur antaranya ialah Skim Sangkutan Pembantu Pengajar (SSPP), Skim Sangkutan Kajian (SSK), Skim Usahawan Tani Komersil Siswazah (SUTKS), Skim Sangkutan dan Latihan Swasta (SSLS), Skim Latihan Pekerja Diberhentikan dan Penganggur, Skim Latihan ICT dan Bahasa untuk Siswazah, Skim Sangkutan dan Latihan (SSL), dan Skim Sangkutan Meningkatkan Keupayaan PKS Dalam Bidang ICT. Daripada skim-skim ini ramai graduan telah berjaya diserap ke pekerjaan tetap di jabatan-jabatan kerajaan.

Selain pihak kerajaan, pihak swasta juga perlu membantu mengatasi masalah ini kerana mereka juga berperanan untuk memajukan dan menjaga kebajikan masyarakat setempat dari segi ekonomi dan sosial. Pihak swasta sering kali enggan menanggung kos bagi menyediakan on-job-training kepada graduan. Syarat pengambilan pekerja baru juga mengkehendaki pekerja mempunyai pengalaman bekerja sekurang-kurangnya dua hingga tiga tahun. Seharusnya, pihak swasta perlu lebih bertolak ansur kepada graduan dengan melonggarkan syarat yang dikenakan kepada mereka dan menyediakan latihan agar graduan mempunyai sedikit pengalaman bekerja sebelum diserahkan tanggungjawab yang lebih besar. Pihak swasta juga perlu membuka lebih banyak peluang pekerjaan kepada graduan Pengajian Islam agar mereka tidak hanya menceburi sektor awam yang ternyata tidak menjanjikan peluang pekerjaan yang luas kepada mereka.

Realitinya, graduan Pengajian Islam adalah lebih bernilai sekiranya ilmu agama yang dipelajari dilengkapi dengan cabang ilmu yang lain seperti sains dan teknologi. Berbekalkan ilmu agama yang kukuh graduan ini lebih menarik minat para majikan berbanding lepasan bidang ilmu tertentu yang lain. Pengetahuan Islam yang baik dapat membataskan diri pekerja daripada melakukan perkara yang tidak bermoral seperti rasuah, salahguna kuasa, menggelapkan wang syarikat dan sebagainya. Walaupun, kadar jenayah kolar putih adalah agak rendah di negara kita, ini bukan bermakna tidak ramai yang melibatkan diri dengan perlakuan sebegini.

Realitinya, graduan Pengajian Islam adalah lebih bernilai sekiranya ilmu agama yang dipelajari dilengkapi dengan cabang ilmu yang lain seperti sains dan teknologi.

Masyarakat sedia maklum bahawa agak sukar bagi penguatkuasa undang-undang untuk mengesan mereka yang terbabit.

Bermula dari sekarang, institusi pengajian tinggi sama ada awam atau swasta perlu bersedia untuk menawarkan program pra siswazah peringkat ijazah berbentuk major-minor atau secara pakej bagi memberi nilai tambah kepada graduan Pengajian Islam. Beberapa universiti telah memulakan program seperti ini dan usaha ini perlu diteruskan dari semasa ke semasa bagi menjamin peluang pekerjaan yang lebih luas kepada graduan Pengajian Islam.

Kini terdapat empat buah IPTA yang menawarkan program Pengajian Islam peringkat Ijazah iaitu Universiti Kebangsaan Malaysia (UKM), Universiti Malaya (UM), Universiti Islam Antarabangsa (UIA) dan Kolej Universiti Islam Malaysia (KUIM). Setiap tahun universiti-universiti ini mengeluarkan hampir 2,000 graduan Pengajian Islam. Penambahbaikan kurikulum perlu dilakukan agar graduan Pengajian Islam lebih menarik minat pasaran kerja.

Universiti awam Islam yang pertama yang dimiliki sepenuhnya oleh kerajaan adalah KUIM. KUIM ditubuhkan pada waktu yang paling tepat. Hasrat utama penubuhan KUIM ialah untuk memartabatkan pendidikan Islam dalam perkembangan arus perdana pendidikan negara yang mengutamakan penggunaan teknologi maklumat dan komunikasi (ICT) dalam bidang akademik. Di KUIM, penguasaan bahasa Arab dan bahasa Inggeris di samping bahasa Kebangsaan menjadi agenda penting dalam pembangunan akademik mahasiswa KUIM. Di samping itu, latihan amali adalah diwajibkan kepada pelajar pada tahun ketiga pengajian bagi memberi pendedahan tentang bidang kerjaya dan persekitaran kerja serta mempraktikkan pengetahuan dan kemahiran yang diperolehi selain mewujudkan jalinan kerjasama antara KUIM dan organisasi luar. Sistem pengajaran di KUIM agak unik kerana penekanan diberikan kepada konsep praktikal demi meningkatkan kefahaman pelajar berbanding konsep teoritikal. Adalah diharapkan KUIM bakal mengubah persepsi masyarakat terhadap graduan Pengajian Islam.

TAKAFUL: PENETRATING THE MUSLIM MARKET

By:

Nor Haziah Hashim



Since its inception in 1985, Malaysia's takaful industry has emerged as a fast growing industry within the insurance sector, with a double-digit average growth. According to Takaful Annual Report 2002, the total combined contributions of family and general takaful has increased from RM1.6 million to RM1.0 billion in 2002 or 5.6% of total premiums of the insurance sector, with the family takaful remained as the major income generator for the takaful industry. From only one takaful operator providing only general takaful products, the industry now has four takaful operators, namely Syarikat Takaful Malaysia Berhad (STMB), Takaful National Sdn Bhd (MNI Takaful), Mayban Takaful Berhad and the latest Takaful Ikhlas Sdn Bhd. These takaful operators offer a wide range of family and general takaful products matching those available in conventional insurance.

Despite the remarkable growth, takaful's market penetration level is still relatively low, compared to its conventional counterparts. As described in Bank Negara Malaysia Takaful Annual Report 2002, market penetration is measured by the number of certificates in force to the total of population of the year under studied. Over the period of 1991 to 2001, the combined market penetration rate for conventional insurance and takaful has increased from 13.5% to 34.3%, of which only 2.8% is secured by takaful operators. The low penetration level indicates that there is a large potential market that remains untapped and a significant component of this untapped market comprises of Malaysian Muslims. Statistic has shown that out of the 32% of the insurance buying public in Malaysia, only five to ten percent is Muslim. Since its main objective is to fulfill the insurance needs among the Muslim, takaful operators should direct its focus on this segment.

Few studies have been conducted to explain why Muslim community is not so keen on takaful plan which resulted in the low market penetration rate. Studies by Khamsiah Hj. Nawawi (1999) and Rubayah Yakub (*Berita Harian*, 14th November 2002) concluded that religious and

culture beliefs contribute to Muslim less interest in insurance plan, particularly life insurance. Most Muslim rejected all types of insurance plan because they perceived the insurance practiced is against the Islamic teaching due to the presence of uncertainties (*Al-Gharar*) in the insurance contracts, gambling (*Al-Maisir*) as the consequence of uncertainties and interest (*Al-Riba*) in the investment activities of the conventional insurance. A study by Suziyana Ibrahim (1999) discussed that more Muslim should be involved in insurance consultancy profession, as language barriers often exist because majority of the insurance agents are non-Muslim. Agents fluency problems often leads to ineffective dissemination of important information, especially so when dealing with potential Muslim customers. In terms of product compatibility between family takaful and conventional life insurance, Nor Haziah and Muhamad Muda (2003) concluded that in terms of product philosophy, both takaful and the conventional products are quite compatible. However, the conventional products are more competitive, as they are able to provide additional value added features.

As a conclusion, takaful operators will have to turn their attention to a number of crucial issues in a way to tap the potential Muslim market segment. Issues such as the low percentage of Muslim policy holders compared to other races in Malaysia (*particularly in the life insurance sector*), factors influencing the insurance buying decision among Malaysian Muslim and to what extend factors such as religion and culture beliefs, pricing, product awareness, product features and quality of services provided affect their buying decision will have to be addressed. This in turn will enable takaful operators to secure a larger market share, to ensure credibility and market acceptability, hence having brighter future for takaful industry in Malaysia.

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ISLAMIC BONDS: CONCEPTS AND OPERATIONS

**Hamdi Hakeim Mudasir
& Abdullah Jalil**



From the conventional point of view, a bond can be defined as a long-term contract under which a borrower agrees to make payments of interest and principal, on specific dates, to the holders of the bond (Brigham & Houston, 1999). In another way, the bond is actually a certificate or document of debt issued by a government or an organization for an amount of money they borrow from the bondholders, promising them that it will pay back the money it has borrowed, usually with interest.

From the above definitions, we could see that the relationship between the issuers of conventional bonds and their holders is simply a relationship between the debtors and creditors on loan-based contract where there are interest charges. Therefore, the Islamic *Fiqh* Academy has clearly declared in its Sixth Conferences that the loan-based bonds are unlawful in Islam (Syibir, 1999).¹ Islamic *Fiqh* Academy suggested that the alternative Islamic bonds could be based on *mudharabah* (profit-sharing partnership) where the profit is divided between the capital providers i.e., investors and the entrepreneur i.e., the government or companies (Syibir, 1999).

THE CONCEPTS OF MALAYSIAN ISLAMIC BONDS

The underlying concepts of Islamic debts securities can be categorized into three categories in terms of its application in Malaysia. First category is the concepts, which has been applied in Malaysia, namely *Murabahah*, *Bay' Bithaman Ajil*, and *Istisna'*. These concepts as they are applied are debt-based securities, and could be considered as the first experience of Malaysia in initiating the development of Islamic debt securities. Most of the Islamic debt papers issued to date have been based on these concepts. The second category is the concept which is recently applied i.e., *Al-Ijarah*. And the third category comprises of *Mudharabah* and *Musharakah* concepts. During 2004 budget was

tabled by Tun Dr. Mahathir Mohammad² in 12th September 2003 at Parliament House in Kuala Lumpur, government was announcing that for those company which is based on the principle of *Istisna'* as a mode of debt financing, the tax reduction will be given on the expenses incurred on the issuing of a debt paper.

The successful launch of the USD600 million 5-year Sukuk Bonds under *Al-Ijarah* concepts, issued by Malaysia Global *Sukuk* Inc represents an important step for Malaysia towards harmonization and standardization of its Islamic Bonds with the objective of *Shari'ah* compliance that are well received globally. The deal also reflects the Government's proactive stance in relation to its goals in this direction. The Sukuk Bonds, the world's first international Islamic bond issue, signal Malaysia's penetration into the international market establishing itself as a hub for the international Islamic Debts Securities market and for Islamic-based financial instruments.

THE OPERATIONS OF MALAYSIAN ISLAMIC BONDS

To further understand of the application of these concepts, we should first look at the three main stages involved in the bond issues.

First Stage: Securitization – The Creation of an Underlying Asset

Asset securitization is a process of issuing securities by selling financial assets identified as an underlying asset to a third party. Financial assets that have a future cash flow will be sold by a company that needs liquidity or as a new fund to a third party known as a special purpose vehicle (SPV) for cash. To enable the payment for the purchase of the assets, the SPV will issue asset-backed debt securities to investors, based on the future cash flow of the assets (Securities Commission, 2002). Securities Commission of Malaysia has adopted the opinion of the legitimacy of asset securitization if the underlying asset to the instrument is *Shari'ah* compliant. It also recognizes the cash flow or debt as *haq maliy*, which can be considered as property. Thus, it also can be securitized (Securities Commission, 2002).

¹ This Sixth Conference of Islamic *Fiqh* Academy was held in Jeddah, Saudi Arabia from 17th to 23rd *Sya'ban* 1410H / 14th to 20th March 1990.

² Tun Dr Mahathir Mohammad was the 4th Malaysian Prime Minister cum Minister of Finance. He had been served as Prime minister for 22 years.

Second Stage: Issuance of Islamic Debt Certificates

This usually takes place in the primary market where the issuing company will sell debts certificates or bonds to investors. Debt certificates issues are valid only when an asset supports it. In other words, the bonds must be securitized. Usually, this stage involves two types of bond issues i.e., the primary and secondary notes. The primary notes will be paid in lump sum at the maturity of the notes. These primary notes actually imply the capital component of the assets. And since the investors desire to take profit out periodically, secondary notes maturing every six months will be normally issued. The secondary notes actually make up the profit arises from the first stage transaction. For example, if the underlying asset is a building which costs RM 100 million is purchased by the financiers and then, they resell it back to issuer for RM 124 million to be paid semi-annually in 3 years. The primary notes will be RM 100 million paid after 3 years. And the secondary notes will be RM 24 million, which will be paid in RM 4 million each in every six months. This given example illustrates the normal practice in Malaysia (Rosly & Sanusi 1999).

Third Stage: Trading of Debt Certificates

This happens in the secondary market where the bonds are bought and sold between the investors. When the debt certificate is securitized, it now becomes property than can be traded. The sale and purchase of these debt certificates is called as *bay' al-dayn*. With regard to the sale of debts (*bay' al-dayn*), the Securities Commission of Malaysia has accepted the permissibility of debt sale at par or at discount, to the debtor or to a third party (Securities Commission, 1999). However, it is not acceptable in the Middle-east Countries even though the debt is supported by an underlying asset (Rosly & Sanusi 1999).

Shari'ah Issues of These Concepts

There are two major Shari'ah issues in Malaysian Islamic bonds as illustrated above. They are the

issues of *bay' al-'inah* and *bay' al-dayn*. The Islamic jurists and scholars in the Middle-East Countries particularly, where there are a substantial numbers of potential investors with a lot of funds, do not recognize these two concepts

CONCLUSION

Since Islamic Private Debt Securities (IPDS) has been introduced to the Malaysian capital market for the last 13 years, the acceptance toward it from Middle-East investors were not what we have been expected. This is due to the concepts of *bay' al-'inah* and *bay' al-dayn* that heavily used by local issuer³. The obstacles that have affected Malaysia's progress in the promoting and selling its Islamic bonds in the international Islamic financial arena is the difference in the Islamic concepts adopted for the IDS issues. This has been the reason for the non-acceptance of Malaysia's current IDS products in the international market. Therefore, the only immediate solution is to come up with new products that would be internationally acceptable.

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³ These two concepts are heavily usage in Islamic bonds based on principle of *Al-Bay' Bithaman Ajil*

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Dictionary of Islamic Economics and Finance Terms

Bai Muajjal (Deferred Payment Contract): A contract involving the sale of goods on a deferred payment basis. The bank or provider of capital buys the goods (assets) on behalf of the business owner. The bank then sells the goods to the client at an agreed price, which will include a mark-up since the bank needs to make a profit. The business owner can pay the total balance at an agreed future date or make installments over a pre-agreed period. This is similar to a *Murabaha* contract since it is also a credit sale. There is a financial institution in Malaysia that offers an Islamic Visa card based on this type of contract.

Bai Salam: A sales contract where the buyer pays in advance for the goods, which are delivered in the future. This type of financing is most often used when a manufacturer needs capital to manufacture a final product for the buyer. In return for paying in advance, the buyer receives a more favorable price (i.e. splits the profit margin with the manufacturer).

Daman (compensation, warranty and responsibility): An individual who wishes to share the profits of a venture must be responsible in part for the activities undertaken in that venture (for example by expending effort or risking money and assets) otherwise no share of profit is due to him. This is the principle of *al-kharaj bil daman* (no yield without responsibility).

Gharar: Means the uncertainty and ambiguity in transactions which comes from events whose happening or not happening is subject to chance and as a result is unknown to the parties of a transaction at the time of the contract.

Ijarah: is a contract involving hiring or leasing through which the services of a person or a legal entity or organization is rented out or leased against a mutually agreed-upon fee (the rent or leasing fee). This contract is somewhat like a leasing and instalment loan, or a hire-purchase agreement. It can eventually lead to the ownership of buildings.

Mudarabah: is a profit and loss sharing contract. In it, one party provides capital and the other manages the enterprise. If there is loss, the provider of capital bears the financial loss while the worker loses his labour. If there is

profit, both parties share it in proportions agreed upon at the time of the contract.

Murabaha: One of the most controversial types of transaction, it is a contract of sale in which payment is made some time after delivery of the goods transacted. Used as the basis of modern Islamic banking since the amount charged for deferred payment is in excess of the current market price (usually by an amount approximately equivalent to the prevailing rate of interest).

Musaqat: sharecropping with irrigation services, a contract in which a party irrigates land in return for a pre-defined share of the produce.

Musharakah: Profit and loss sharing. It is a partnership where profits are shared as per an agreed ratio whereas the losses are shared in proportion to the capital/investment of each partner. In a *Musharakah*, all partners to a business undertaking contribute funds and have the right, but not the obligation, to exercise executive powers in that project, which is similar to a conventional partnership structure and the holding of voting stock in a limited company. This equity financing arrangement is widely regarded as the purest form of Islamic financing.

Muzarah: sharecropping with cultivation of land, a contract in which a party cultivates land in return for a pre-defined share of the produce.

Qard Hassan: An interest-free loan given for either welfare purposes or for fulfilling short-term funding requirements. The borrower is only obligated to repay back the principal amount of the loan.

Riba: means interest. More specifically, it refers to any pre-agreed excess paid or received over and above the principal in a loan contract.

Takaful: is a scheme of mutual support, which offers insurance to people against the dangers of falling into unexpected and dire need.

Tawarruq (Reverse *murabahah*): As used in personal financing, a customer with a genuine need buys something on credit from the bank on a deferred payment basis and then immediately resells it for cash to a third party. In this way, the customer can obtain cash without taking an interest-based loan.

tration. The Ministry of Education approved these wholly research-based post-graduate programmes in 2002 and the first batch of students enrolled in November 2003. The main aims of these programmes are to provide avenues for potential researchers and those interested in Islamic economics and muamalat to conduct a structured research work in the related fields. The skills and experience gained may be used later for career advancement in academics or professional arena, or simply enhancing one's understanding of the field. Research are based on Islamic issues / concepts and areas include Islamic banking and takaful, corporate administration, investments and financial services, accounting, auditing and financial reporting, Islamic economic and development institutions, Islamic capital market, management of public assets (waqaf), zakat and baitulmal, risk management, marketing and international business management, globalisation and the Muslims' economy, Islamic capital market and financial system, and other related areas. Candidates may write their thesis in English or Arabic.

Consistence with its status as a Faculty in KUIM, a public institution of higher learning (IPTA), FEM strives to provide a conducive, friendly and yet challenging learning and development environments for its students and faculty. Sufficient library, classrooms and accommodation facilities, together with a mixed student as well as faculty member allow the students to experience the diverse culture and self-development in comfort.

Dari halaman 4

- 6 Faizah Haji Ismail. 2002. *Asas-Asas Muamalat Islam* (KL: Dewan Bahasa dan Pustaka). Hal. 5-6
- 7 A. Rahman Ritonga. 1999. *Fiqh Muamalah* (Kuala Lumpur: Penerbit Edaran Kalam). Dalam buku yang mengandungi enam bab, membicarakan tentang al-huquq, harta, perniagaan dan hal-hal yang berhubung dengannya, bentuk-bentuk pemberian kepercayaan dalam muamalah, dan kerjasama atas tanah pertanian.
- 8 H. Sulaiman Rasjid. 1954. *Fiqh Islam* (Jakarta: Penerbit Attahiriyah), dalam "Bab VII. Kitab Muamalat", memberi 43 tajuk berkaitan muamalat, iaitu yang berkaitan dengan jual-beli, riba, bentuk-bentuk pertukaran, jaminan sadaqah,

A Dean who is responsible for both the academic and also administrative matters heads the Faculty. In academic, the Dean is supported by a set of dedicated and qualified academic staffs that are backed by various experience and expertise in the area of economics and muamalat. In administration, the Dean's Office is assisted by a group of dedicated support staffs supervised by an Assistant Registrar. As indication of its commitment to the field, FEM introduced two conference platforms: bi-annual Seminar on Islamic Banking and Finance (iBAF); and Convention on Islamic Economic System (IECONS). It also publishes its own journal "The Journal of Muamalat and Islamic Finance Research" and Muamalat Newsletter; and actively encourages the students in their self-development by assisting them in carrying out activities and programmes.

As a part of its development programme, FEM strongly encourages its faculty members to conduct research and participate in conferences either locally or internationally. FEM also believes that its graduates and research must be useful and relevant to all its stakeholders, particularly the industry, relevant government agencies as well as the community at large. In that FEM actively seeks formal and informal relationship with the industry and agencies in matters of mutual benefits. FEM also develops and maintains collaboration for mutual interest with institutions overseas. Thus far, FEM has received tremendous cooperation from many parties, both within KUIM and outside. It is hoped that the co-operations and support will continue to come and all will benefit from its presence.

dan sebagainya. Rujuk hal. 268-328.

- 9 *Ibid.*, hal. 268.
- 10 Lihat, antaranya Surah Al-Mutaffifin 83: 1-7.
- 11 Lihat penjelasannya dalam, Imam Al-Ghazali. (t.t.), "*Kitab Adab Berusaha dan Mencari Penghidupan*" dalam kitab *Ihya' Ulumiddin* (Jil. 2), terjemahan Tengku H. Ismail Yakub. 1988. (Singapura: Pustaka Nasional); Bab 1: Tentang Kelebihan Usaha dan Menggerakkan Kepada Usaha. Hal: 7-75.
- 12 Untuk penjelasan lanjut, lihat misalnya, Muhamad Muda. 2002. *Model Sistem Kewangan Islam: Skop dan Amalan*, Kertas Kerja, Kolokium Fakulti Pendidikan, Universiti Kebangsaan Malaysia, Bangi, Januari 2002.

From page 11

4. N. Mustapha Hj. N. Hassan, Sh. Mohd Saifuddeen Sh. Mohd Salleh dan Hamiza Ibrahim. (1999). "*Globalisasi: Peranan Ekonomi Dan Kewangan Islam*". Institut Kefahaman Islam Malaysia (IKIM)
5. Suziyana Ibrahim. 1999. "*Konsep dan Pelaksanaan Insurans Islam Menurut Perspektif Islam dan Konvensional*". Universiti Malaya
6. Nor Haziah Hashim dan Muhamad Muda. (2003). "*Compatibility of Family Takaful Products With Con-*

ventional Life Insurance Products". Paper Presented at The National Seminar on Managing Malaysia in The New Millennium: Economics & Business Challenges. MARA University of Technology (UiTM), Malacca.

7. BIMB Institute of Research & Training Sdn Bhd. 1996. *Takaful (Islamic Insurance), Concept & Operational System: From The Practitioner's Perspective*. Kuala Lumpur

LAPORAN SUFA III SESI 2003/04

FAKULTI EKONOMI DAN MUAMALAT KOLEJ UNIVERSITI ISLAM MALAYSIA

Sekretariat Mahasiswa/i Fakulti Ekonomi dan Muamalat (FEM) telah menyertai kejohanan yang unggul dan berprestij dikala abad ini. Ianya telah dianjurkan oleh Unit Sukan dan Rekreasi Kolej Universiti Islam Malaysia. Bagi menyediakan pasukan yang digeruni, Sekretariat Mahasiswa/i FEM telah mengadakan pemilihan pemain-pemain yang sihat tubuh badan dan mempunyai tahap daya saing yang tinggi dan kental.

Disebabkan FEM mempunyai jumlah penuntut yang kecil, ianya sedikit sebanyak mendedahkan masalah untuk membentuk satu pasukan yang mantap. Akan tetapi dengan berkat kesabaran dan kerjasama yang diberikan oleh mahasiswa/i, pihak Sekretariat FEM dapat mengatasi segala masalah yang datang dengan tabah dan seterusnya dapat membentuk satu pasukan yang dapat mendominasi segala acara yang dipertandingkan.

Antara acara yang mahasiswa/i FEM sertai adalah seperti berikut:

- | | |
|------------------|-----------------|
| 1. Bola sepak. | 2. Bola jaring. |
| 3. Sepak takraw. | 4. Bola tampar. |
| 5. Bola baling. | 6. Badminton. |
| 7. Ping pong. | 8. Catur. |

Berdasarkan pencapaian SUFA 02/03 yang lepas, FEM berjaya memperbaiki prestasi kontinjen pada tahun ini dari sudut jumlah punggutan pingat iaitu 3 emas, 2 perak dan 4

Dean's list for semester 1, session 2003/2004

TAHUN 1

Bil.	Nama Pelajar
1	Anuar bin Elias
2	Nur Faizah binti Nik Abdullah
3	Asdayanti binti Mat Ani
4	Jazilah bt. Ilyas

TAHUN 2

Bil.	Nama Pelajar
1	Junaidah binti Abu Seman
2	Aisyah binti Abu Samah
3	Suhaibah binti Yahya
4	Nurul Asiah binti Muda
5	Wahida binti Ahmad Nadzri
6	Nur Adilah Othman
7	Rosmalida binti Omar
8	Rodiani binti Mukhtar @ Awang
9	Norhafizah binti Ramli
10	Munirah binti Mat Zin
11	Nurul Huda binti Zaidi

gangsa. Ini menunjukkan mahasiswa/i FEM telah menunjukkan satu peningkatan dalam aspek kurikulum yang amat dititikberatkan oleh pihak universiti. Diharap mahasiswa/i FEM dapat memperbaiki dan meningkatkan mutu permainan di kejohanan Sukan Antara Fakulti (SUFA) di masa akan datang.

“OTAK YANG CERDAS DARI BADAN YANG CERGAS”

LAWATAN KE BANK NEGARA MALAYSIA



Seramai 90 mahasiswa tahun 2 Fakulti Ekonomi dan Muamalat telah menyertai lawatan ke Bank Negara pada 11 Julai 2003 (Jumaat). Objektif lawatan ini adalah untuk mendedahkan kepada pelajar tentang fungsi-fungsi Bank Negara serta sejarah bank tersebut. Antara pensyarah yang mengikuti program ini ialah Dr. Shariff Basyir dan Puan Nursilah Ahmad.