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Shariah Standards

MEMPELOPORI SAINS ISLAM • MEMIMPIN KEILMUAN
PIONEERING ISLAMIC SCIENCE • SPEARHEADING KNOWLEDGE

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Why?

- Differences in interpreting Shari'ah has led to a diverse legal and regulatory landscape as well as diverse practice of Islamic finance.
- Harmonization is needed :
- Lack of consensus and consistency in Shari'ah rulings has created uncertainties and confusion.
- the consistent Shari'ah rulings will stimulate the growth
- The absence of globally accepted Shari'ah standards is one of the factors that impedes the realisation of the full potential of Islamic finance.

Objectives of Shariah Standards

- To solve the general confusion created by the heterogeneous interpretations of the fundamental Shariah rules resulting in differences in financial reporting, auditing and accounting treatments by Islamic banks.
- To streamline practices and products of Islamic financial institutions.
- To serve as a **GUIDE** for product development as well as for Shari'ah reviewers, Shari'ah auditors and external auditors when they review and audit the whole operations of Islamic financial institutions.

Shariah Standards of BNM

- Concept Paper on Shariah Parameter Reference 4: Musharakah Contract
- Concept Paper on Shariah Parameter Reference 5: Istisna' Contract
- Concept paper on Shariah Requirements, Optional Practices and Operational Requirements of Musharakah
- Concept paper on Shariah Requirements, Optional Practices and Operational Requirements of Mudarabah

- Concept paper on Ijarah Istisna' Concept Paper on Wadi'ah
- Mudarabah
- Musyarakah
- Concept Paper on Wakalah Rahn (Shariah Requirements and Optional Practices) - Exposure Draft
- Bai' al-Sarf (Shariah Requirements and Optional Practices) - Exposure Draft

- Concept Paper on Hibah Concept Paper on Qard Concept Paper on Wa'd
- Concept paper on *Kafalah*
- *Shariah Standard on Mudarabah*
- Tawarruq
- Murabahah

AAOIFI Shariah Standards

- Countries where AAOIFI standards are either mandatory or recommended include:
- Bahrain, Malaysia, UAE, Saudi Arabia, Lebanon, Syria, Sudan and Jordan.

AAOIFI Shariah Standards

- 1. TRADING in Currencies
- 2. Debit Card, Charge Card and Credit Card
- 3. Procrastinating Debtor
- 4. Settlement of Debt by Set-Off
- 5. Guarantees
- 6. Conversion of a Conventional Bank to an Islamic Bank
- 7. Hawalah
- 8. Murabahah
- 9. Ijarah and Ijarah Muntahia Bittamleek
- 10. Salam and Parallel Salam

- 11. Istisna'a and Parallel Istisna'a
- 12. Sharikah (Musharakah) and Modern Corporations
- 13. Mudarabah
- 14. Documentary Credit
- 15. Jua'lah
- 16. Commercial Papers
- 17. INVESTMENT Sukuk
- 18. Possession (Qabd)
- 19. LOAN (Qard)
- 20. Commodities in Organised Markets

- 21. Financial Papers (Shares and Bonds)
- 22. Concession Contracts
- 23. Agency
- 24. Syndicated Financing
- 25. Combination of Contracts
- 26. Islamic Insurance
- 27. Indices
- 28. Banking Services
- 29. Stipulations and Ethics of Fatwa in the Institutional Framework
- 30. Monetization (Tawarruq)

- 31. Controls on Gharar in Financial Transactions
- 32. Arbitration
- 33. Waqf
- 34. Hiring of Persons
- 35. Zakah
- 36. Impact of Contingent Incidents on Commitments
- 37. Credit Agreement
- 38. Online Financial Dealings
- 39. Mortgage and its Contemporary Applications
- 40. Distribution of Profit in Mudarabah-based investment
Accounts

- 41. Islamic Reinsurance
- 42. Financial Rights and How They Are Exercised and Transferred
- 43. Insolvency
- 44. Obtaining and Deploying Liquidity
- 45. Protection of Capital and investment
- 46. Al-Wakalah Bi Al-Istithmar Investment Agency)
- 47. Rules for Calculating Profit in Financial Transactions
- 48. Options to Terminate Due to Breach of Trust (Trust-Based Options)
- 49. Unilateral and Bilateral Promise
- 50. Irrigation Partnership (Musaqat)

- 51. Options to Revoke Contracts Due to Incomplete Performance
- 52. Options to Reconsider (Cooling-Off Options, Either-Or Options, and Options to Revoke Due to Non-Payment)
- 53. Arboun (Earnest Money)
- 54. Revocation of Contracts by Exercise of a Cooling-Off Option