

Documents

Bessais, S., Zakariyah, H., Mohd Noor, A.

The possibility of establishing an endowment (Waqf) from the Islamic financial institutions' provisioned funds in the United Arab Emirates

(2024) *International Journal of Islamic and Middle Eastern Finance and Management*, .

DOI: 10.1108/IMEFM-12-2023-0466

Institute of Islamic Banking and Finance (IIBF), International Islamic University Malaysia (IIUM), Kuala Lumpur, Malaysia

Abstract

Purpose: Islamic financial institutions (IFIs) can gather provisioned funds from various sources, but they are prohibited from incorporating these funds into their profits or using them for personal gain as they are considered illegitimate income. Instead, IFIs are required to allocate these funds to charitable purposes. This study aims to examine the potential establishment of a Waqf (an Islamic alternative for endowment) using the provisioned funds of IFIs in the United Arab Emirates (UAE) by analyzing its Shariah perspective, utility and viability. Design/methodology/approach: This research uses an information-gathering approach, gathering data from books, articles, journals and websites to illuminate the Shariah perspective of endowing provisioned funds. Additionally, it draws upon interviews with experts in Waqf and Islamic banking and finance to grasp the potential and viability of establishing a Waqf from provisioned funds in the UAE. Findings: Establishing a Waqf using provisioned funds is permissible. Although Waqf is always advantageous, in the current situation, endowing Islamic financial institutions' provisioned funds will not adequately address societal needs in the UAE. This is because the majority of annual returns on UAE Waqf investments are low compared to the amount invested, and there is an urgency to disburse these funds to those in need. If these needs are identified and met using Zakat and other charitable funds, a Waqf can be created from provisioned funds and prove beneficial. However, the authors have suggested some proposals to establish a relevant Waqf from provisioned funds that satisfy the required conditions and address the societal needs of the UAE. They concluded that creating a Waqf school would be the best suggestion. Research limitations/implications: The scope of this study is limited to examining the use of IFIs' provisioned funds to establish a Waqf in the UAE. Furthermore, the findings and conclusions of this study may be applicable only to the UAE and may not be universally applicable to other countries. Practical implications: Proposed initiatives to create a "Cash Waqf" fund and a "Waqf School" using provisioned funds are anticipated to bring about immediate positive changes for the underprivileged and the wider UAE community. Furthermore, the sustainable establishment of any Waqf could greatly benefit society by addressing all societal needs through Zakat and charitable contributions. Originality/value: To the best of the authors' knowledge, this is the first study to explore the potential and practicality of creating a Waqf using provisioned funds from IFIs in the UAE. © 2024, Emerald Publishing Limited.

Author Keywords

Islamic financial institutions; Provisioned funds; UAE; Waqf

Correspondence Address

Bessais S.; Institute of Islamic Banking and Finance (IIBF), Malaysia; email: sofienbessais@gmail.com

Publisher: Emerald Publishing

ISSN: 17538394

Language of Original Document: English

Abbreviated Source Title: Int. J. Islam. Middle East. Financ. Manage.

2-s2.0-85201805253

Document Type: Article

Publication Stage: Article in Press

Source: Scopus