



UNDERSTANDING ASSET CONCEPT
FOR ISLAMIC BANKING AND FINANCE
PRODUCT DEVELOPMENT

Umar Mohammed Idris



IIUM PRESS
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA



**UNDERSTANDING ASSET CONCEPT FOR
ISLAMIC BANKING AND FINANCE PRODUCT
DEVELOPMENT**

Umar Muhammed Idris



IIUM Press

Published by:
IIUM Press
International Islamic University Malaysia

First Edition, 2011
©IIUM Press, IIUM

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without any prior written permission of the publisher.

Perpustakaan Negara Malaysia

Cataloguing-in-Publication Data

Umar Mohammed Idris: Understanding Assets Concepts for Islamic
Banking and Finance Product Development
Bibliography p.
Includes Index

ISBN: 978-967-418-060-7

Member of Majlis Penerbitan Ilmiah Malaysia – MAPIM
(Malaysian Scholarly Publishing Council)

Printed by :
IIUM PRINTING SDN. BHD.
No. 1, Jalan Industri Batu Caves 1/3
Taman Perindustrian Batu Caves
Batu Caves Centre Point
68100 Batu Caves
Selangor Darul Ehsan

Contents

Acknowledgment

Foreword

Part I: The Concept of Wealth, Development, Characteristics & Types

1. Chapter One: The Concept of Wealth 5
Umar Mohammed Idris & Aznan Hasan
2. Chapter Two: Wealth and Its Relationships with Other Terms 19
Umar Mohammed Idris & Azman mohd Noor
3. Chapter Three: Classification of Wealth in Islamic Financial System 31
Umar Mohammed Idris & Aznan Hasan

Part II: Position of Money Market in Islamic Jurisprudence

4. Chapter Four: The Position of Money Market 50
Umar Mohammed Idris & Aznan Hasan
5. Chapter Five: Functions of Financial Market 69
Umar Mohammed Idris & Aznan Hasan
6. Chapter Six: Islamic Financial Market, Its Characteristics and Importance in the Islamic Financial Engineering 79
Umar Mohammed Idris & Azman mohd Noor

Part III: Asset as a Key Element in the Development of Financial Products

7. Chapter Seven: Asset as a Key Elements in Development of Financial Products <i>Umar Mohammed Idris & Aznan Hasan</i>	85
8. Chapter Eight: The Concept of Assets for the Islamic Financial Institutions <i>Umar Mohammed Idris & Aznan Hasan</i>	103
9. Chapter Nine: The Suitability of Assets and Criteria for the Development of Financial Products <i>Umar Mohammed Idris & Aznan Hasan</i>	113
References	131
Glossary of Terms	138

Chapter Four

Umar Mohammed Idris & Aznan Hasan

4.1 Introduction

The concept of market is an old concept as understood by people throughout history. People have taken a market as a place where they meet for the exchange of goods and commodities. The best evidence of this is the words of God the Almighty in His Holy Book that tells the history of apostles who were sent before the mission of Prophet Muhammad (peace be upon him) Allah says: "We have not sent any of the apostle/prophets before you (that are not eating or drinking) except they are to eat food and walk in the market, and We made one of you to another sedition wouldn't you be patients, The Lord Seer."¹ He also says on the story of the infidels of Mecca: "And they say that what's wrong with this Prophet, he eats food and walks in the markets and had it been an angel that was sent to him he would have been guided."²

The Arabs before Islam were known to be traders who traveled across different markets. They had in history many seasonal and grand markets such as Okaz market, Jandal market, Hajar market and others³. They traveled to trade in markets in Sham and Yemen, Allah in the Holy Quraan has pointed to this by saying: "*For the taming of Qureysh. (1) For their taming (We cause) the caravans to set forth in winter and summer. (2).*"⁴

There was market for Muslims at the time of the Prophet (peace be upon him). Abu Asyad narrated that the Messenger of Allah peace be upon him went to the market al-Nabit. He looked at him and said: "This is not your market," and then went to the market and looked at him and said: "This is not your market," and then he returned to the market circumambulated, and then said: "This is your market, do not destroy it nor impose levy on it."⁵