ISLAMIC BANKING & FINANCE

PRINCIPLES, INSTRUMENTS & OPERATIONS

Adnan Trakic &
Hanifah Haydar Ali Tajuddin

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by Sheikha Ainon Yussof* & Younes Sowelhi**

28.1 Introduction

Islamic financial institutions in conducting regular audits must look for evidences in their contracts, processes and activities that genuinely support the goals and objectives of the Shari’ah (maqasid al-Shari’ah). The maqasid of the Shari’ah concerning all kinds of economic wealth can be summarised under five parameters/criteria: ‘adl (justice) in handling it; wudah (transparency); hiżn (preservation); thabat (durability); and raqij (marketability) or a fair circulation of wealth in the hands of as many people as possible.¹ Specific issues identified in family takaful operations are used to determine whether the application of the maqasid filter based on the above criteria can help assure halal and wholesome profits that are enhanced by the maslahah or public benefit of growth and preservation and just distribution of wealth and the attainment of sustainability goals to support future generations.


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** An Associate Professor at the IIUM department of Islamic Revealed Knowledge and is a well-respected and internationally connected Shari’ah advisor. He is currently serving as the Deputy Dean of IIUM Institute of Islamic Banking and Finance. He has provided valuable insights to this Chapter, given his role as a member of the Shari’ah Committee for RE Munich, an Islamic reinsurance company based in Malaysia. As Chairman of the Shari’ah Committee for HSBC Amanah, his hands-on approach in Shari’ah audit and governance or ex-ante audit approvals of several structures on the legal, Shari’ah, tax and regulatory considerations gave this article the required practical dimension.