SOCIO-ECONOMIC AND OPERATIONAL ASPECTS OF ISLAMIC WEALTH MANAGEMENT

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IS THERE SUCH THING AS FINANCE IN ISLAM?
Fundamentals of Islamic Finance

ISLAM, SHARIAH, MUAMALAT, BANKING AND FINANCE

ISLAM

AQIDAH (Faith & Belief)

SHARIAH (Practices & Activities)

AKHLAQ (Moralities & Ethics)

IBADAT (Man to God Worship)

MU’AMALAH ‘AMMAH (Man to Man Activities)

MUNAKAHAT

MU’AMALAH

JINAYAT

POLITICAL ACTIVITIES

ECONOMIC ACTIVITIES

SOCIAL ACTIVITIES

FINANCIAL SYSTEM
Objectives of Economics from Shariah perspective

1. Achieve socio-economic justice

2. Protection of public interest

3. Equitable distribution of income and wealth

4. Needs fulfillment

5. Growth & stability

6. Respectable source of income/earnings
THE CONCEPT OF TAUHID RUBUBIYYAH (UNITY)

✓ Explains that Allah S.W.T. is a Controller who determined rules/regulation to protect and give human good living.

“To Him belongs what is in the heavens and on earth, and all between them, and all beneath the soil”

Surah At-Taha (20:6)
THE CONCEPT OF KHALIFAH (VICEGERENT)

✓ Human beings are created by Allah S.W.T. as leaders in this world. Everything on earth must be preserved and use for the benefit of everybody.

“I will create a vicegerent on earth”

*Surah Al-Baqarah (2:30)*

“God commands justice, the doing of good, and liberality to kith and kin, and He forbids all shameful deeds, and injustice and rebellion”

*Surah Al-Nahl (16:90)*
THE CONCEPT OF KHALIFAH (VICEGERENT)

- Recognition and affirmation of Trust (Sidq)
- Establishment and Safeguarding of Trust (Amaanah)
- Convey Truth in a Trustworthy manner (Tabligh)
- Establish Wisdom (Fatanah) to promote goodness (Ma’aruf) and avoid evil (Mun’kar)
THE CONCEPT OF AL-FALAH

✓ It is a goal of Islamic economic activities

“Our Lord! Give us good in this world and good in Hereafter, and defend us from the torment of the Fire”

Surah Al-Baqarah (2:201)
THE CONCEPT OF OWNERSHIP

✔ Accumulation & Utilization of wealth

✔ Payment of zakat - The owner of wealth must pay zakat in proportion to the wealth owned

✔ Beneficent use - Utilization of wealth in the way of Allah S.W.T.

✔ Harmless use - Not to use it in such a way as to cause harm to others or to the community.
THE CONCEPT OF OWNERSHIP (Con’t)

✓ Lawful possession - All unlawful means of acquiring wealth are prohibited;

✓ Balanced use - The owner of the wealth should be neither prodigal nor parsimonious in its use;

✓ Due benefits - The use of wealth for the purpose of securing for the owner due benefits as well as the society;

✓ Inheritance - The interests of the living will have to be secured by putting the Islamic laws of inheritance into practice.
OPERATIONAL ASPECTS OF ISLAMIC WEALTH MANAGEMENT
THE PROCESS OF IWM

- Wealth Distribution
- Wealth Generation
- Wealth Accumulation
- Wealth Purification
- Wealth Protection
WORLDVIEW OF IWM

THIRD WORLD

SELF

SOCIETY

Generate

Accumulate

Protect

Purify

Distribute

Islamic Wealth Management

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learn, share, engage, inspire and be inspired
IMPLICATIONS AND IMPACT OF ISLAMIC WEALTH MANAGEMENT ON SOCIO-ECONOMIC
Achievement the Pillars of Islam;

Creation of responsible individuals and Ummah, who are always competing in ‘halal’ livelihood;

Offering of competitive IWM products and services;

Limits concentration of wealth and encourages circulation of wealth;
Fostering cooperation among humans;

Creation of unity and harmony in a community and country;

 Establishment of regulatory framework; and

Revitalizing the role of Baitulmal in an economic system – a component of the IFS.
CONCLUSION
Salient Features  .....  

✓ In Muamalat, all activities are allowable unless explicitly prohibited in the sources of law;

✓ IFS offers an alternative to segment of society with preference to financial products and services that meet Shariah requirements;

✓ Encourage to mobilise idle funds for productive purposes;

✓ Proven to be viable financial intermediation channel in supporting economic growth;
✓ **Achievement of human welfare is sought in both aspects of human life, i.e. worldly life and eternal life hereafter**

✓ **There is contractual (profit sharing), compulsory (zakat) and voluntary (waqf & sadaqah) methods to income distribution as part of socio-economic development.**
END OF PRESENTATION

THANK YOU

from

Al Wafiq Network
Wallahu’alam

Wabillahi Al-taufek Wal-hidayah
Asslamu alaikum warahmatullahi wabararakatuh