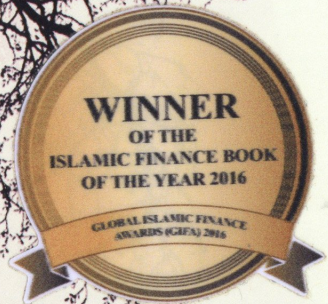
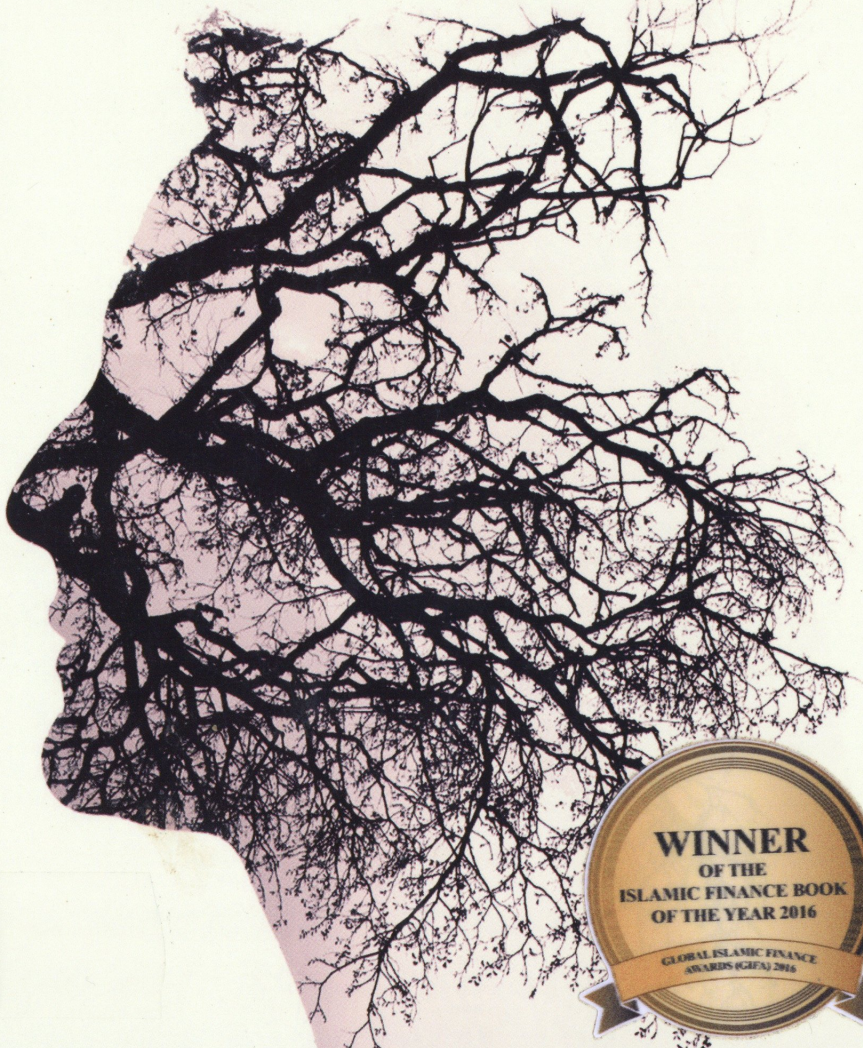


DR MOHD DAUD BAKAR

SHARIAH MINDS IN ISLAMIC FINANCE



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An Inside Story of a Shariah Scholar



DATUK DR. MOHD DAUD BAKAR

Datuk Dr. Mohd Daud Bakar is a personality of many talents. From Shariah intellectual to Shariah advisory to Shariah entrepreneurship, he is always seeking more and more ways to contribute to the world. Currently, he is the Chairman of the Shariah Advisory Council of the Central Bank of Malaysia, the Securities Commission Malaysia, the Labuan Financial Services Authority and the International Islamic Liquidity Management Corporation.

He is also a member of the Shariah Board of numerous financial institutions covering all the continents of the world. He was the Deputy Vice Chancellor at the International Islamic University of Malaysia prior to setting up his Islamic finance advisory firm namely Amanic Advisors. Under his strategic management and entrepreneurial leadership, Amanic Advisors has been honoured with *'Islamic Economy Knowledge Infrastructure'* award at the Global Islamic Economy Summit 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai. In 2014, Dr Mohd Daud has been named as the *"Most Outstanding Individual"*, awarded by His Majesty, the King of Malaysia, in conjunction with the national-level celebration of the Prophet Muhammad's birthday.

He received his early education at Sekolah Kebangsaan Sg Korok Baru, Alor Star, Kedah (1970-1976), Maktab Mahmud (1977-1979) and Kolej Islam Klang (1980-1983). He further continued his first degree in Shariah at University of Kuwait (1983-1988) and obtained his Ph.D from University of St Andrews, United Kingdom (1990-1993). He went on to complete his Bachelor of Jurisprudence at University of Malaya, Kuala Lumpur (1996-2002). Since then, he has dedicated his intellectual and professional life into, and has gotten maturity with, the Islamic finance industry.

Dr Mohd Daud walks the talk of Islamic finance in the last two decades on many fronts.

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SHARIAH MINDS

IN ISLAMIC FINANCE

Dr. Mohd Daud Bakar

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"This is a pioneer work by a pioneer contemporary scholar, Dr. Mohd Daud Bakar, in the field of Islamic banking and finance."

Sheikh Dr Nizam Yacooby, Shariah Scholar, Bahrain

"Certainly, this is not a text book on Islamic finance. It is, as the title aptly describes, a book on the minds of a Shariah scholar deeply involved in the creation of Islamic finance products since the beginning of their introduction in the modern form. Indeed, the author grew up together with and at the same time as Islamic finance."

Tun Abdul Hamid Mohamad, Former Chief Justice of Malaysia

"At last, a frank and absorbing narrative about the inside workings of a prominent Shariah advisor in the growing Islamic finance industry."

Mushtak Parker, Research Economist & Financial Journalist, London, United Kingdom.

"Honest, insightful and engaging."

Professor Dr. Engku Rabiah Adawiah bt Engku Ali, Professor, IIUM Institute of Islamic Banking and Finance (IIiBF), International Islamic University Malaysia (IIUM)

"As I read this brilliant book, I can identify in my own experience, as a Shariah scholar, with much of what Dr. Mohd Daud Bakar has comprehensively chronicled."

Sheikh Dr. Mohamed Ali Elgari, Shariah Scholar, Saudi Arabia

"The perspective of this book is not backward looking. Dr. Mohd Daud Bakar is an "Empiricist" and this is a template for the future (Islamic Finance 2.0 he calls it), based on the practical observations in the field of his own experience."

Richard G. Thomas, Senior Advisor to the Board and Chief Representative, Malaysia, Gatehouse Bank

"This book is the key that solves the many mysteries surrounding the minds of contemporary Shariah scholars and their methodology. As one of the prominent scholars in Islamic finance, Dr. Mohd Daud Bakar has candidly shared his own journey into the complex world of Shariah advisory."

Mohamed Rafe bin Mohamed Haneef, Chief Executive Officer, CIMB Islamic

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DEDICATION

To my parents who have loved me wholeheartedly and taught me the very meaning of determination, dedication and perseverance since I was very young.

To my teachers who have taught me the beauty of knowledge and wisdom.

To all my family members who have always inspired me to be passionate in what I do.

To all institutions, to which I am affiliated to, which have given me excellent opportunities to learn and master Islamic finance, not just in theory, but in practice as well.



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I would also like to express my deepest gratitude to many individuals, whose support and assistance have helped me to complete this intellectual journey. A special thanks goes to several leading *Shariah* scholars, who have motivated (and challenged) me to present a real and balanced point of view about the life of *Shariah* scholars and their *Shariah* minds in the Islamic finance industry in the 21st century. I am also indebted to my colleagues at Amanie, whose support and care have made each milestone of writing this book a motivating one and further propels me to move forward. Your constructive comments and insights have inspired me to be better and better.

Thanks to all my readers for taking your time to read my book. Do enjoy every single word of it!



PREFACE

Much literature has been written on Islamic finance in recent times, both in general, as well as writings that focus on certain themes. The coverage has broadly centred on legal issues, products, risk management, *Shariah* standards and rulings, accounting, taxation, regulation, etc., and how they relate to Islamic finance. This type of literature has undoubtedly enriched the scholarship of this new area of finance. However, be mindful that this industry was completely non-existent 40 years ago.

The core foundation of Islamic finance, by and large, is its compliance to a certain standard, commonly referred to as *Shariah* principles. The word "*Shariah*" is quite new in many finance textbooks or finance dictionaries. This word needs some considerable explanation to relate the whole scheme of Islamic finance to its core "nervous system". As we all know, the nervous system is the system that enables a man to function properly, without which a man is technically dead. The same holds true to *Shariah* in relation to Islamic finance.

Without a proper and accurate appreciation of the *Shariah* principles, the understanding of other components of Islamic finance, such as finance, economics, legal, risk, compliance, accounting and auditing, amongst others, will be either incomplete or at worst, distorted. The firm knowledge of the *Shariah* is central to all other matters and issues, not the other way around.

Islam, as a comprehensive way of life, presents and offers a powerful and deep foundation for every segment of life, including financial dealings. The *Shariah* is essentially a prescription from Heaven to guide the actions of mankind. As such, the *Shariah* is not static and transcends time and place. A person knowledgeable in the *Shariah* is deemed to be knowledgeable in *Shariah*-based financial dealings, at least in theory. *Shariah* thinking and discovery are expanding exponentially all around us, particularly in the area

of Islamic finance. *Shariah* scholars, for example, have essentially discovered, or perhaps rediscovered a few new concepts in Islamic finance, such as concession, screening, valuation, beneficial ownership, sociology of *fatwa* and collectivism in deliberating and issuing a *Shariah* view, amongst many discoveries of the *Shariah* minds.

Not surprisingly, *Shariah* endorsements (technically known as *fatwa*) and the *Shariah* arguments thereof have become increasingly sophisticated and highly technical to reflect the underlying complicated and sophisticated financial products and structures. This is consistent with the fact that Islamic finance is one of the fastest growing industries on the planet. The compound annual growth rate (CAGR) of some Islamic financial asset classes has been outperforming conventional asset classes in some selected markets and jurisdictions for quite some time.

In the context of *Shariah* knowledge and *Shariah* scholarship, a *Shariah* scholar or *Shariah* jurist, or commonly known in Islamic legal literature as *faqih*, will be the most (if not the only) appropriate well-trained professional to clarify the dynamics of the *Shariah* principles and how they work in all areas of practical commercial life. This includes wealth creation, wealth transfer and wealth distribution. It is against this backdrop that one needs to understand who is a *faqih* and what makes someone a *faqih* in providing *Shariah* interpretations and opinions. The role of the *Shariah* scholar is second to none. Without the *Shariah* scholars, there is no Islamic finance.

This aspect of getting to know the scholars up close, what their *Shariah* minds are made of and how they work have somehow not been discussed adequately in an open forum. Consequently, this may have led to many unfavourable insinuations and impressions about *Shariah* scholars in particular and Islamic finance in general. In fact, there are already some literatures, published or otherwise, which attempt to give the wrong impression about *Shariah*

scholars, what they do and how they behave. An underestimation of the complexities of the *Shariah* knowledge and the *Shariah* minds may have led some people to have the wrong perception and, unfortunately, made inaccurate statements.

They may think that the *Shariah* is all about knowing basic *Shariah* principles, such as *murabahah*, *ijarah* and a few other contracts that are commonly used and mentioned. They may also think that the *Shariah* lacks any deep intellectual foundation. Sometimes, to their favour, they have not seen *Shariah* scholars articulating beyond this basic knowledge, which over time, makes them convinced that *Shariah* is an easy discipline to master. Naively, they also thought that *Shariah* scholarship commands no systematic and technical knowledge which deserves special attention and admiration.

True enough, in most of the public seminars and conferences that I have attended and participated, I have observed that for all the issues raised, the *Shariah* scholars tend to present a very basic answer and deliberation. Ironically, in many other closed workshops and issues-driven forums, which are normally only attended by the experts, specialists and policy makers, their views were more structured, well articulated and well argued. Not many stakeholders have had the opportunity to observe these classic and powerful *Shariah* minds in action. This has partly contributed to the incorrect perception about the *Shariah* scholars. Some have even described the elements of the functions and roles of *Shariah* scholars in contemporary Islamic finance as a *Shariah* arbitrage.

As far as the public image of *Shariah* scholars is concerned, the above is the most likely current state of perception. Let us go back to recent history to trace the origins of this industry, as well as the origins and *raison d'être* of *Shariah* advisors.

For all intents and purposes, it should be mentioned that for the last few centuries, the Islamic community showed no sustained interest in financial dealings that conform to the teachings of Islam. This only changed in the last half of the 20th century. Prior

to the establishment of the first Islamic commercial bank in 1975 (namely Dubai Islamic Bank), as well as the first Islamic insurance companies in Sudan and Dubai respectively in 1979, there was a clear disconnect between Islamic teachings and commercial activities in Islamic communities.

On the contrary, with regard to selected segments of Islamic teachings, mainly in matters of personal ritual worship, as well as family matters, there has been a continuous linkage between Muslims and the teachings of the Prophet Muhammad (PBUH). By default, throughout history, Muslim scholars have also been consistently focused on this aspect of the *Shariah*. It seems almost perplexing that over thousands of years of Islamic legal practice, matters of finance and commerce had been accorded such little cogitation. Such was also the fate of the *Shariah* scholars in the field of finance.

Islamic finance is a new practice in recent history. Islamic finance in its new practice may manifest itself in the forms which were not documented and prevalent in the past. This is to state the obvious, as modern Islamic financial products could not operate in modern times relying heavily on the old variables and societal practices and values. History tells us that in the past, no financial institution played the role of a financial intermediary. Also, from a socioeconomic perspective, in our modern society, most individuals are salaried employees, compared to past generations, who were entrepreneurs and self-employed individuals. As long as they are still employed, salaried Muslim individuals will require different banking facilities to suit their steady income stream for many years to come. This new socioeconomic reality gives way to new financing facilities, which includes even *haji* and *umrah* financing, a concept unimaginable in the past.

As a matter of fact, a principle of the *Shariah* could have been interpreted or applied in a different manner, due to the change in circumstances. The underlying realisation is that many Islamic

financial products operate in an environment which is risk-based, as per BASEL III requirements that demand a binding promise (*wa'd mulzim*) on the part of the customers seeking financing. The strong contention of BASEL III is risk management. Therefore, the higher the risk a financial institution is exposed to, the more capital charge that needs to be deployed. In the past, the heavy reliance on a binding promise seemed irrelevant.

Nevertheless, the fact that a binding promise was not prevalent in the past does not necessarily negate its critical importance in modern times. This is the very character of each and every principle and contract in Islamic teachings. How amazing! All principles of the *Shariah* are essentially useful and functional, but when and how they become useful are always the call of the time and place, as well as the dictation of the minds of *Shariah* scholars.

As for Islamic financial institutions, they may purchase assets for on-selling to their customers under *murabahah* financing (a mark-up sale). The risk will be excessive, as the customer may decide not to proceed with this *murabahah* financing after the bank has already purchased the required assets from the vendor. This asset will be recorded in the books of the financial institution and they will be exposed to the market risk relating to the valuation of this asset on a marked-to-market basis. In the event this occurs, the financial institution may also need to provide for the warehousing or storage of the asset. This will add significant costs to the institution.

However, if the financial institution can have a binding unilateral promise (*wa'd mulzim*) from the customer before proceeding to purchase the asset from the vendor, the market risk of the asset is substantially reduced or even mitigated. In practice, the risk for any *murabahah* financing embedded with the above *wa'd* arrangement is treated as being equal to the risk in a normal loan facility, which is the lowest degree of capital charge. This means the institution is only exposed to credit risk; a risk which

any conventional bank would normally expect to bear anyway.

This poses a challenge to contemporary *Shariah* scholars in applying the *Shariah* principles in modern applications of Islamic contracts, including *qard*, *mudarabah*, *ijarah* and *wa'd*. These contracts may now take new shapes and arrangements in one way or another, such as the combination of *qard* (interest-free loan) and other commercial contracts in one package; combination of *mudarabah* and *musharakah* in one arrangement; *ijarah muntahiyah bi tamleek* (lease ending with the ownership transfer to the lessee); and the position of *wa'd* given by either the customer or the bank or perhaps by both (the latter scenario is known as *muwa'adah* i.e. bilateral promise). Naturally, *Shariah* scholars need to test all these issues against the *Shariah* principles.

On the practical side, *Shariah* scholars have been tasked to guide the development of Islamic financial products and services from the early stages while ensuring compliance to the *Shariah* principles in every respective area. From the early days of Islamic finance, the involvement of *Shariah* scholars, particularly in the form of *Shariah* advisory or *Shariah* supervisory board has been phenomenal.

Some scholars have had the opportunity to be involved and engaged in almost all aspects of Islamic finance, from banking to *takaful* to stock screening, *sukuk* and risk management. Some other scholars may not have had the opportunity to be engaged in the whole spectrum of Islamic finance, and thus, their exposure in some aspects of Islamic finance may be limited. In addition to these two scenarios of *Shariah* scholarship and *Shariah* advisory practices, some scholars may also have had the opportunity to practise the real business transactions according to the *Shariah* principles, i.e. beyond the advisory or supervisory functions. Practically speaking, they applied the *Shariah* principles in their own business ventures. Certainly, when the scholars apply the *Shariah* standards of compliance on their own business ventures,

the feelings and emotions would be somewhat different. Accordingly, their perspectives on some of the *Shariah* issues might have changed.

Having said this, it is hard to point to any serious analysis from mainstream publications or think tank which is dedicated to understanding the minds of the *Shariah* scholars. Sometimes, the scholars themselves could have underestimated the robust and coherent “web” of their *Shariah* knowledge, which they often mastered from a young age. Thus, unfortunately, some failed to see the remarkable innovation of Islamic finance right under their noses.

This work will most likely be the first attempt to shed some light on the inner workings of *Shariah* minds in dealing with *Shariah* advisory, and, to a greater extent, how *Shariah* scholars respond to innovation, as well as bottleneck issues in a contemporary regulatory framework. This work is also unique in that it is articulated by a scholar. Thus, the issues, thoughts, as well as perspectives presented in this book will be original and of first-hand information. The issues and examples herein are therefore all taken from practice, rather than any textbook or even hypothetical cases.

It was my initial desire to invite some of the leading scholars to put their thoughts and perspectives in some of the chapters of this book. If this happened, this book will partly be their story. However, I decided to make this book my story and my narration from an insider’s perspective. This book seeks to provide the most authentic and authoritative look into the work and contributions, and most importantly, the minds and emotions of *Shariah* scholars in Islamic finance. This book, by and large, is written by an ‘insider’ who has had a first-hand look and feel of the *Shariah* views and resolutions that are driving the industry. This is why this book is different.

In doing so, as much as possible, I try to avoid giving any opinionated perspective. Certainly, any opinionated perspective is of my personal view only and cannot be taken to represent the prevailing view of other scholars. In any case, as much as possible, I endeavour to share the practices, stories and issues detached from my own personal emotions and my own line of thinking. Nevertheless, as a human, there will be areas which could have been motivated by my own feelings, experience, emotions and perspectives, which later influenced my writings, for which I seek the reader's pardon.

It is my hope to introduce *Shariah* scholars closer to the readers and the financial community. It is also my desire that this book presents a fair and accurate analysis of the thinking process of a *Shariah* scholar in dealing with issues surrounding their profession. In this regard, it is always useful to state that scholars are not the same in their educational exposure and reasoning processes. Thus, it would be illogical and unreasonable to expect them to have one standard view or response to a particular issue at any one time. Understanding these differences is what this book attempts to do as well.

To the non-*Shariah* professionals, it may take a while to understand how the *Shariah* minds work. But I can assure you that if you were to have the opportunity to attend at least six to eight meetings with the scholars in the proper context (e.g. *Shariah* board deliberations), with diligent and inquisitive minds, you could conceivably grasp an understanding and perhaps an appreciation of the sophisticated minds of these scholars.

On one hand, I am saying that by observing a scholar up close, you can read their subtle body language to discover the thoughts that are racing through their heads. Body language simply expresses thoughts and emotions, and perhaps individual preferences. The ability to read a person's impressions and thoughts by their behaviour, or rather body language was the

original communication system before spoken language evolved. I on the other hand, need to caution the reader that this is not an exclusive finding. You need to know a particular scholar for quite some time before you can read his mind through his body language.

What also makes this book different, I hope, is that this book is about both narration and argument. While the book will share many interesting stories, anecdotes, incidents and episodes in the life of *Shariah* scholars, it will also articulate some of the issues for the readers to appreciate the workings of *Shariah* minds in real cases. A necessary disclaimer is that this book does not intend to provide any *fatwa* or solid *Shariah* opinion and argument.

If you seek any *fatwa*, then you may wish to stop reading this book, as there will be no thorough and structured discussion on any specific *fatwa*. A *fatwa* is essentially a considered opinion by a scholar or a group of scholars on a case which requires a *Shariah* view and solution that is deemed by the scholar to reflect the intended ruling by Allah the Almighty. This book will not embark on the technicalities of *fatwa*. This will definitely require another set of orientation of *Shariah* articulations.

Nonetheless, this book will help you ascertain and spot the underlying *Shariah* matter or issue in a given case, and how the scholars approached the matter based on their own personal analytical minds and *Shariah* thinking algorithm. In essence, this book is about the thinking process of the scholars in all possible and imaginable circumstances. It is written in a simple but highly practical manner, based largely on my personal experience, observation and analysis. Being both narrative and argumentative, I believe this book will add tremendous value to the readers' perspective, whatever their background may be.

It is also my hope that readers will find this book motivating and rejuvenating. This book aspires to motivate industry stakeholders, especially the young and forthcoming scholars, as well as anyone

who aspires to become better at what they do. I hope this book rejuvenates the spirit and morale of every stakeholder, particularly the scholars. *Shariah* scholars must know how to do things better and smarter. A routine-based work, which is performed day in and day out is an old practice and will not add any value to anyone. This is exactly the reason why I attach such importance to motivation in many sections of this book: to motivate everyone to do better. Indeed, it is a rewarding experience when I am able to motivate others.

It goes without saying that this book also attempts to educate newcomers to Islamic finance, both the scholars and non-scholars. While you are reading the interesting narrations and stories, I will elucidate both basic, as well as sophisticated Islamic financial products, which are presented in the context of real market practices. I will try to demystify some heavy-loaded *Shariah* terms to make them easily understood.

There is no point in mentioning *Shariah* jargons if the general public cannot appreciate the very meaning and essence of these terms. This book endeavours to relate as many *Shariah* terms and concepts as possible, bearing in mind the knowledge of a layman. I have previously read numerous books on "Finance Made Easy", "Finance for Dummies" or even "Finance for Idiots" - obviously, I prefer not to use the latter - and it is my desire to leverage on the same approach when writing about *Shariah* terms, concepts and practices.

Who should read this book? Practically, this book will benefit everyone who seeks to enhance the breadth and depth of their own thinking, although the primary readers will be the stakeholders in the Islamic finance ecosystem. As this book was written as both a narrative and argumentative literature, anyone can relate themselves to this book in one way or another. If you are a finance practitioner, irrespective of whether you are a senior or junior, hopefully, you will learn how the minds of *Shariah* scholars work.

This will help you in interacting with *Shariah* scholars better. If, on the other hand, you belong to other professional groups, such as accountants, auditors, lawyers, tax experts, actuaries or economists, perhaps you would better appreciate the strength, as well as the limitations of *Shariah* scholars. Hence, you could help by making imperfect things perfect for these scholars to understand and appreciate. This will undoubtedly help them present their *Shariah* pronouncements, guided by best practices and technical peculiarities.

If you are a regulator, it would be beneficial for you to define (or refine) and facilitate the scope of tasks that the *Shariah* scholars could or should undertake, as well as prescribing the boundaries that the *Shariah* advisors should not cross with regard to the prescribed terms of reference and their intellectual capabilities. Perhaps there could be new things and themes that the regulators would like the *Shariah* board to be more engaged with, such as Corporate Social Responsibility (CSR) or Environment, Social and Governance (ESG), or even the capacity building of a dedicated Islamic finance entity. The latter could be the new focus, instead of leveraging on conventional entity capacity building, particularly for Islamic finance subsidiaries, which are part of the conventional financial institutions.

If you are a fellow *Shariah* scholar, senior or junior, I hope this book will assist you in attaining some self-reflection and self-appraisal for the betterment of *Shariah* advisory services to the industry. Finally, if you are critical of *Shariah* scholars, I hope this book will change your current assessment and view of the *Shariah* scholars, or at least provide some inside story that was not otherwise available to you. In any case, you are always entitled to your own opinion. I would be happy either way, as I have done my part to share some of the practical and inside stories in *Shariah* advisory practices.

Reading this book will give you an insight into possible

mismatches between *Shariah* scholars and other professionals in Islamic finance. Moving forward, it is hoped that some relevant international agencies in the Islamic finance industry could put forth some efforts and measures in narrowing down or even closing the gaps and mismatches between all professionals in Islamic finance. The prolonged mismatch and gaps of expectations and tasking may have done some damage to the industry in the past. I don't think we can afford to continue behaving in this manner. It is simply counter-productive if not destructive, as you will see later in some sections of this book.

Finally, and perhaps most importantly for the *Shariah* scholar community, this book is about helping junior scholars to be aware of what to expect when acting as *Shariah* scholars, advising the financial institutions and dealing with all stakeholders. The forthcoming scholars should be able to contribute more and better, as they have the necessary insights and tips, even before they embark on this journey. This book is also perfect for any new *Shariah* graduate or even an established scholar who is currently looking to have a role in the *Shariah* advisory world, or anyone who is adamant that they should have a role in the *Shariah* advisory sphere. It provides many tips and insights, both intellectual and emotional intelligence, to help this person achieve his dreams.

My deepest hope is that it inspires you, whoever you are, to get out of your comfort zone and to roll up your sleeves to transform the Islamic finance landscape to become a better and more visible and engaging landscape. We need to say goodbye to linear thinking and to welcome exponential thinking to push this industry forward. Of course, I mean all of us together. Remember, we are a team. Let us make the critical success factors of the Islamic finance industry the focus of our attention, and not be derailed by only focusing on our own profession. Yes, everyone is important and no profession or knowledge should be underestimated or overestimated. No expertise is insignificant.

If nothing else, I hope this book will encourage the readers to engage with the leading scholars more intimately and to extract value propositions from them, as they have seen the industry practice beyond one market and jurisdiction. My personal assessment thus far is that engagement of the scholars by all stakeholders, such as regulators, policy makers and senior officials of the government, media, universities, research centres, publication houses, think tanks, NGOs, etc., has not been visible, constant and impactful. There is still a barrier somewhat between *Shariah* scholars and other policy making centres and advocacy bodies in our society.

This book invites all to have a more serious intellectual discourse and engagement with these leading scholars. These scholars, given their long years of real experience in the financial world across continents, are a good and valuable asset for the financial community. In addition, this engagement would also help the scholars understand the real issues and practices of the market better, so that they can become practitioners on their own accord. No or less engagements are doomed to make *Shariah* scholars continue living in their own (ideal) world.

With the goal of making Islamic finance the preferred option of global citizens, I need to stress that the *Shariah* scholars also need to move away from an idealistic and utopian viewpoint to a more balanced way of thinking. Perhaps this is the only time in recent Islamic history that scholars are not only part, but also an integral element and organ to contemporary financial markets. Indeed, this is a very interesting time in the history of Islam and modern finance.

I also need to point out that although this is a book of narrations, it passionately seeks to convey many serious points and messages, which would require serious attention and action by all the stakeholders, where relevant. I hope the light and easy going style of presenting the issues does not dilute the importance of some

of the observations and propositions that I have carefully crafted throughout this book.

I hope you will enjoy reading this insightful book from an insider's perspective, as much as I have enjoyed putting it together for you. All that I hope to do is to make my story and my arguments relevant, useful and rejuvenating. I also wish I had this kind of book when I started my practice as a *Shariah* advisor two decades ago, to get as many useful industry insights and secrets as possible.

MONOLOGUE OF A SHARIAH ADVISOR

In 1990, when I was offered the opportunity to pursue my Ph.D., I did not plan to research on Islamic finance. Neither was I aware that there is a new field of *Shariah* scholarship in Islamic finance, which was forthcoming in a big way. My Ph.D. research was on Islamic legal theory. My first degree in Kuwait University was in Fiqh and Usul al-Fiqh, which is also very much related to Islamic legal theory. I was very comfortable with this line of specialisation of becoming a Muslim *usulist* or a legal theorist in my career path as an intellectual personality.

Upon returning to Malaysia in early 1994, to my surprise and dismay, I was assigned by the University (International Islamic University of Malaysia) to develop a new course outline and lecture notes on contemporary Islamic commercial law, which was, in many ways, overlapping with many Islamic banking contracts and products. To complicate the matter further, I was also assigned to develop another course outline on *zakat* and its contemporary applications. Obviously, these two new courses are related to financial matters and both have nothing to do with Islamic legal theory. Not even close.

This is the first mismatch that I encountered in my career. Reluctantly, I put in all my efforts and resources, financial and non-financial, to equip myself with the subject matter of Islamic commercial law and contemporary *zakat*. It was a painful exercise without realising that I was embarking on a journey which would change my career path forever. A few years later, I understood what the expression “blessing in disguise” really meant.

As much as I silently protested to the management of the faculty for assigning this task to me, which I saw as an absolute mismatch, I eventually felt honoured to be tasked to venture into a new area

SHARIAH MINDS IN ISLAMIC FINANCE

While Islamic finance might be known to many people, the life and minds of the Shariah scholars of Islamic finance have been shrouded in mystery. For the last forty years, Shariah scholars avoided an open engagement with industry stakeholders, and instead tended to 'fortify' themselves deeper and deeper in the ground. This has created an imperfect knowledge, if not negative insinuations about them.

"Shariah Minds in Islamic Finance" is the first ever book which provides a rare inside look and accounts of the many facets of a career of a Shariah advisor. This is made more intriguing, as it is written by one of its practising global scholars. This is his story. The book is both enlightening and engaging.

Courageous enough, this book examines issues, such as conflict of interest arising from multiple Shariah board representation by a few scholars, the purported lucrative scheme of Shariah professional fees, the monopoly of a few leading Shariah scholars, the development of young and forthcoming scholars, the perceived conflict of *fatwa* between Malaysian-based scholars and GCC-based scholars, window shopping of fatwas and many other (antagonistic) perceptions on the Shariah scholars.

Above all, this book offers a constructive appraisal of the Shariah advisors for the betterment of the Shariah advisory services and the industry as a whole. This book advocates the critical need for greater governance standards, which emphasise the duty of care, diligence and skills of Shariah scholars.

Furthermore, this book hopes to inspire a new generation of Shariah scholars by providing invaluable tips and trade secrets from the author's two decades of industry experience.

