



INSTITUTE OF RESEARCH ENGINEERS AND SCIENTISTS

International Conference on
Economics and Social Sciences

Certificate

This is to certify that Nan Noorhidayu Megat Laksana has presented a paper entitled "A Study on Bay' Tawarruq (Monetization) from the perspective of National Bank Malaysia and AAOIFI Standards: Malaysian Practice" at the International Conference on Economics and Social Sciences (ICISS) held in Hamilton, New Zealand on 5th-6th April 2018.



Chairman



PROCEEDINGS OF

The IRES

INTERNATIONAL CONFERENCE



Date: 5th -6th April, 2018

Venue: Hamilton, New Zealand

In Association With



Publisher: **IRAJ**

© 2018, The IRES International Conference, Hamilton, New Zealand

No part of this book can be reproduced in any form or by any means without prior written permission of the publisher.

Type set & printed by:

R. K Printers
Bhubaneswar, India

TABLE OF CONTENTS

Sl No	TITLES AND AUTHORS	Page No.
01.	A Study on Bay' Tawarruq (Monetization) from the perspective of National Bank Malaysia and AAOIFI Standards: Malaysian Practice ➤ <i>Muhammad Najib Bin Abdurrahim, Nan Noorhidayu Megat Laksana, Akhtarzaite Abd Aziz</i>	1
02.	Determination of Traffic Safety With Methods Alternative to Traditional Methods ➤ <i>Coruhemine, Tortum Ahmet</i>	2-7
03.	Concrete Mixture With Plastic as Fine Aggregate Replacement ➤ <i>Chien-Chung Chen, Nathan Jaffe, Matt Koppitz, Wesley Weimer, Albert Polocoser</i>	8-12
04.	Influence of The FLC'S Parameters of The UPQC in The Distributed Generation ➤ <i>C. Benachaiba, B. Mazari, M. Habab, C. Benoudjafer, N. M. Tandjaoui</i>	13-18
05.	Impact of Plant Height And Irrigation on Thermal Performance of Extensive Green Roofs in Riyadh City ➤ <i>Ashraf Muharam, Elsayed Amer, Nasser Al-Hemiddi</i>	19-25
06.	An Analysis of Mobile Banking Customers For A Bank Strategy and Policy Planning ➤ <i>Behrooz Noori</i>	26-32
07.	Advantage of Make-to-Stock Strategy Based on Linear Mixed-Effect Model ➤ <i>Yu-Pin Liao, Shin-Kuan Chiu</i>	33-44
08.	Faculty Researchers and Non-Researchers in The Context of Teaching Performance and Personal Profile ➤ <i>Jake M. Laguardor, Joseph Cezar L. Deligero, Cecilia C. Pring</i>	45-50

A STUDY ON BAY' TAWARRUQ (MONETIZATION) FROM THE PERSPECTIVE OF NATIONAL BANK MALAYSIA AND AAOIFI STANDARDS: MALAYSIAN PRACTICE

¹MUHAMMAD NAJIB BIN ABDURRAHIM, ²NAN NOORHIDAYU MEGAT LAKSANA, ³AKHTARZAITE ABD AZIZ

- ¹ Master Student at Department of Fiqh and Usul al-Fiqh, Kulliyyah of Islamic Revealed Knowledge and Human Sciences, International Islamic University Malaysia, Kuala Lumpur.
^{2,3} Assistant. Prof. at Department of Fiqh and Usul Al-Fiqh, Kulliyyah of Islamic Revealed Knowledge and Human Sciences, International Islamic University Malaysia, Kuala Lumpur.
Email: muhd.najib.1989@gmail.com, nanhidayu@yahoo.com, akhtarzaite@iiium.edu.my

Abstract - Through the commencement of Islamic Banking Act (IBA) on 1983, until the enactment of Islamic Financial Services Act (IFSA) on 2013, Islamic financial industry has shown its commitments towards the financial industry and its stakeholders through the development of a distinctive products based on the various Shari'ah contracts such as Islamic hire purchase for vehicle and machine based on the concept of al-Ijārah Thumma al-Bay' (a contract of leasing ending with sale), Islamic personal financing based on the concept of Bay' al-'Inah (sell and buy back with arrangement), Islamic house financing based on the concept of Mushārahah Mutanāqīshah (diminishing joint ventures) and others. On 28th July 2005, the Shari'ah Advisory Council of National Bank Malaysia (SAC BNM) had resolved that financing and deposit product based on the concept of Tawarruq is permissible. This resolution then has become an alternative way for the Islamic financial institutions to overcome the liquidity issue without relying on the controversial contract of Bay' al-'Inah anymore. Tawarruq is a process where a person buys a commodity with deferred price, subsequently sells it on spot payment, usually with lower price to another party other than the first seller, with intention to obtain cash/liquidity. Thus, this study aims to discuss the role of National Bank Malaysia and Accounting and Auditing of Islamic Financial Institutions (AAOIFI) Standard regarding the concept of Tawarruq in Malaysia. With regard to the methodology, this study will use both qualitative and quantitative methods. However, the qualitative method will become the main method for this study. The instrument of qualitative method is an interview session with the main stakeholders involved in the development of Tawarruq Standard. This study will contribute from the theoretical and practical perspective of Tawarruq operation and application in Malaysia, argument and deliberation of Tawarruq not only from classical Islamic perspective, but also from modern application and discussion.
