

اقراء IQRA

-Read and spread the knowledge of Islamic Finance-

ISLAMIC WEALTH MANAGEMENT & SHARIAH FINANCIAL PLANNING



CONTENTS

THE BEGINNING

Editor-in-Chief Keynote

ISLAMIC WEALTH MANAGEMENT & SHARIAH FINANCIAL PLANNING

- 1 Introduction
- 2 The Values of Financial Planning
- 3 Shariah Financial Planning
- 4 Criteria of Shariah Financial Planning
- 5 Comprehensive Financial Plan
- 6 Financial Planning Process
- 7 Conclusion

EDITOR-IN-CHIEF

Dr. Ahcene Lahsasna

EDITOR

Zarina Md Desa

THE TEAM

Dr. Anifowose Mutalib
Muntaka Alhaji Zakari
Nur Amira Rosli
Nurdiyana Sabrina Abdul Rahman

DESIGNED BY

Nurdiyana Sabrina Abdul Rahman
Muhammad Hanif Ngarisan
Nazim Shah Nordin

PUBLISHED BY

SALIHIN Publication Sdn. Bhd.
Email : publication@salihin.com.my
Tel : +603 6185 9970
Fax : +603 6184 2524





EDITOR-IN-CHIEF KEYNOTE

Assalamualaikum WBT

Alhamdulillah...

I am very pleased to introduce the first volume of Salihin Islamic Finance Bulletin, IQRA, which means read, the first verse revealed in Quran. IQRA bulletin series is an initiative by SALIHIN Research and Publication team.

IQRA is produced with the objective to disseminate knowledge of Islamic finance and to spread it among the stakeholders of Islamic finance community. Every issues of IQRA will feature a specific topic to benefit the readers, inshaAllah.

I hope IQRA bulletin will contribute a valuable insight, particularly in this issue, which focused on the wealth management and financial planning, one of the emerging areas in Islamic finance and promoted subject matter of financial literacy.

Thank you for reading.

"Let's Enrich the World of Islamic Finance"



ISLAMIC WEALTH MANAGEMENT & SHARIAH FINANCIAL PLANNING



INTRODUCTION

The Shariah dimension of Financial Planning can be understood from the position of Shariah on wealth. Where, wealth in Shariah should only be used according to the guidelines provided by Allah (SWT), WHO IS THE REAL OWNER. All activities related to wealth such as protection of wealth and investment of wealth, should be conducted on the basis of the relevant Shariah guidelines and principles.

DEFINITION OF FINANCIAL PLANNING

International Organization for Standardization (ISO) defines Personal Financial Planning as: "Personal Financial Planning is an interactive process designed to enable a consumer/ client to achieve their personal financial goals." The MFPC constitution defines Personal Financial Planning as: "A process or methodology of assisting clients in determining their financial goals, objectives and priorities and the resources to meet them in an optimal and practical manner." As for the Securities Industry Act Malaysia, it defined it as, "A person who carries on a business of analysing the financial circumstances of another person and provides a plan to meet that other person's financial needs and objectives, including any investment plan in securities, whether or not a fee is charged in relation thereto."

DEFINITION OF SHARIAH FINANCIAL PLANNING

From the Shariah perspective, Shariah Financial Planning can be defined as "A process of assisting clients in determining their financial goals and priorities and the resources to meet them optimally within the parameters of the Shariah."

SCOPE AND OBJECTIVES OF SHARIAH FINANCIAL PLANNING

The scope of the financial plan is about producing comprehensive financial planning recommendations. The recommendations address all of the client's needs and goals such as investment, risk management, takaful planning, etc. In Shariah Financial Planning, the scope should be widened to cover the requirements and recommendations of the Shariah.

THE OBJECTIVES OF FINANCIAL PLANNING



Providing direction to a person's financial decisions



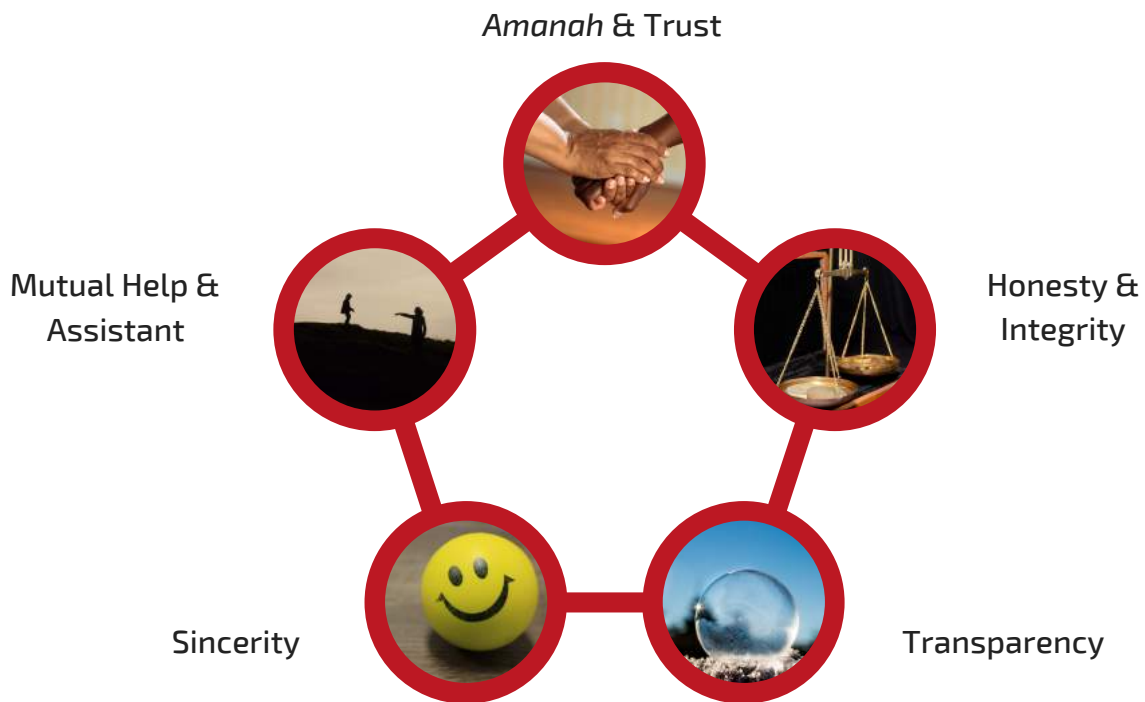
Allowing a person to understand on how each financial decision affects other areas of his finances



Proper fulfillment of obligations and recommendations of finance

Hence, the nature of financial planning prescribed by the Shariah is conducting the financial management process in a way compatible with the Shariah precepts.

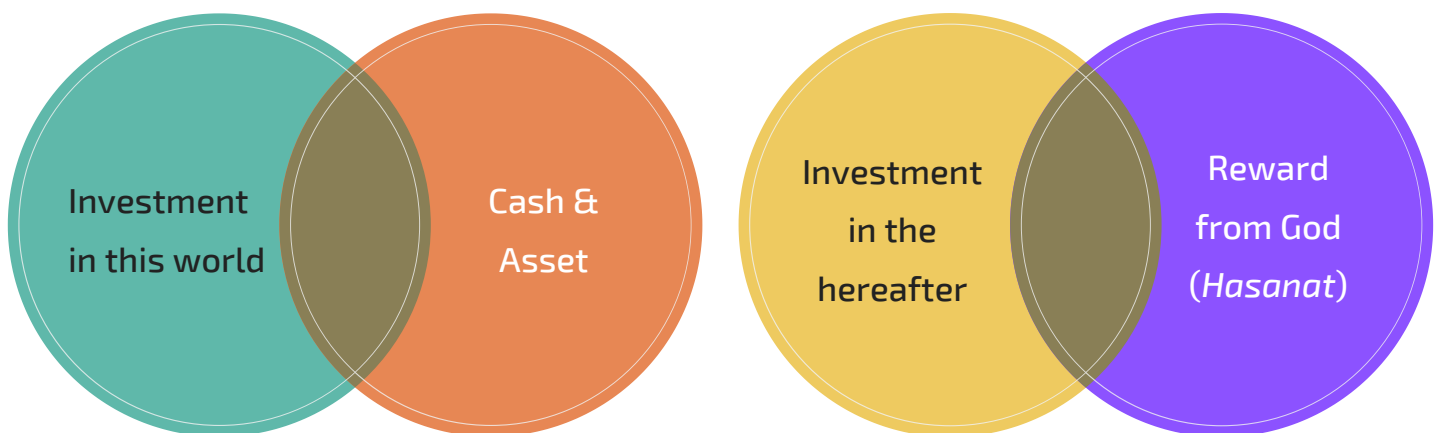
THE VALUES OF THE FINANCIAL PLANNING



FINANCIAL PLANNING AND *HISBAH*

Conducting the business of financial planning within the *hisbah* is by advising the client in all aspects of financial plan according to Shariah. The financial planner is regarded as *muhtasib*.

THE IMPORTANCE OF SPIRITUAL ASPECT AND THE DIMENSION OF THE HEREAFTER IN THE FINANCIAL PLANNING



SHARIAH FINANCIAL PLANNING

INCORPORATE MAQASID AL SHARIAH IN DESIGNING THE PRIORITIES OF THE CLIENT

The conventional financial system focuses primarily on the economic and financial aspects of transactions, it is driven by profit maximization. According to the principles of *Maqasid al Shariah*, the Islamic system places equal emphasis on the ethical, moral, social and religious dimensions in order to ensure equality and fairness for the good of society.

A. THE DARURIYYAT

The necessities that people depend on them.



Preservation and protection of religion (*al-din*)



Preservation and protection of life (*al-nafs*)



Preservation and protection of progeny or dignity (*al-'ird*)



Preservation and protection of intellect (*al-aql*)



Preservation and protection of wealth (*al-mal*)

B. THE NEEDS (HAJIYYAT)

Supporting needs & interests for a smooth life.

C. COMPLEMENTARY(TAHSINIYYAT)

Interests for society improvement & better life.

ADDITIONAL ASPECTS RELEVANT TO THE SHARIAH FINANCIAL PLANNING PROCESS

- The planner should ensure that Shariah guidelines are always applied and throughout the stages of developing and implementing the plan;
- The financial planner should avoid means of investment and deposit that are not Shariah compliant (interest);
- Proper discharge of financial obligations such as *zakah*, *hajj*, fulfilment of past debts, etc. should be duly planned for and diligently implemented;
- SFP is required to educate the Muslim client on the Shariah procedures and requirements;
- It is the responsibility of the planner that the plan that is designed with his collaboration be free from any objection from a Shariah angle; and
- The SFP should remind the Muslim client on the broader and longer-term goals of Shariah, by having dual investment in this world and the hereafter.

CRITERIA OF SHARIAH FINANCIAL PLANNING

There are some important criteria in Shariah Financial Planning that should be considered to be distinguished as a unique business affiliation, these are as follows:

- The financial planning is financial assistant to people in order to manage their finance in proper manner
- The financial planning is not only needed because of the financial distress of the client, but it is needed in all circumstances as it is part of the wealth management appreciated by Shariah
- The financial planning should be in-line with the objectives of Shariah in wealth and finance
- *Maqasid al Shariah* is an important component in driving the financial planning to the best achievement
- Balancing between the existing asset and liability as well as future financial goals is an important aspect in designing the financial planning
- The concept of the Islamic world view is the dominant factor in the financial planning
- The objective of the financial planning is to determine the financial goals of the client
- The financial planning is a process and methodology to design the way of the financial achievement based on the available wealth and resource of the client
- The financial planning is needed for the fortunate people and the unfortunate people as well
- The success of the financial planning depends on the information disclose by the client
- The incorporation of the religion dimension into the financial planning in a very important aspect which improve the voluntary sector
- Identification and understanding of the financial problem of the client is a key for the success of the financial planning

COMPREHENSIVE FINANCIAL PLAN

The following elements should be included in a Comprehensive Financial Plan:

Personal
Data

Client's Goals &
Objectives

Identification of
Issues & Problems

Balance
Sheet

Cash Flow
Management

Zakah &
Income Tax

Investments

Estate
Planning

Education

Assumptions

Risk
Management

Implementation

Recommendations

THE FINANCIAL PLANNING PROCESS

The financial planning process is comprising of six (6) steps, together with additional aspects relevant to Shariah Financial Planning.

Step 1

Setting goals, objectives & priorities

Purpose: Establish where the clients want to go and arrange them in the order of importance

Additional aspects

Why, where, when and for whom assets to be built; consider goals and objectives of a Muslim

Step 2

Gathering relevant data and information

Purpose: Procure crucial information for determining the client's situation

Additional aspects

Appropriate, accurate and complete information; not only quantitative, but also qualitative; information on Shariah obligations such as needy relatives

Step 3

Analysing information and assessing financial status

Purpose: Identifying client's needs, resources, constraints and options

Additional aspects

Verify current net worth and current cash flow; determine current financial situation as indicated by financial ratios

Step 4

Developing and presenting financial plan for implementation

Purpose: Detailing the problems and solutions in a strategised, written format for the client's considerations and actions

Additional aspects

Should include planning for risk, tax, investment, children's education, retirement, estate, etc. Most important step for Muslims should include *zakah*, *hajj* and other obligations and avoid all prohibited means

Step 5

Executing the financial plan

Purpose: Getting permission and having the plan implemented effectively and efficiently

Additional aspects

Selection of investment and other products; writing off wills; creating trust; complying with Shariah criteria; recommending and engaging professionals in specific areas as required

Step 6

Monitoring execution and reviewing the financial plan

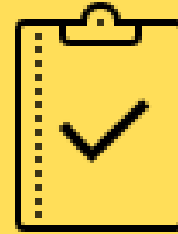
Purpose: Checking and adjusting the execution to ensure goals and objectives listed are met

Additional aspects

Verifying plan is on track; evaluating plan, revising and updating; should reflect the current stage in life; and incorporate changes in life

THE SHARIAH FRAMEWORK OF THE FINANCIAL PLANNING - SHARIAH CONTRACTS IN FINANCIAL PLANNING -

It is important to identify the underlying financial contract governing the business of financial planning as they represent to the point of reference in Shariah compliance, such as *Ijarah* (Leasing), *Wakalah* (Agency) and *Ju'alah* (Commission).



SHARIAH COMPLIANCE ASSESSMENT

Assessing the Shariah compliance of the services provided by the financial planner.

CONCLUSION

We can conclude that Shariah Financial Planning is an important component in the Islamic finance ecosystem, in which it is still a young industry but growing in Malaysia with the support of the Bank Negara Malaysia (BNM) and Securities Commission Malaysia (SC). Its importance is related to the wealth management and financial planning and proper management of finance and cash flow, the Shariah Financial Planning support the increase of the financial literacy and contribute to increase the maturity level in dealing with finance in this world and the hereafter.

CULTURING SHARIAH VALUES TOWARDS SUSTAINABLE WORLD

سكوك SUKUK

AVAILABLE
NOW

BOOK
LAUNCH

CONTACT US
FOR EARLY
BIRD PRICE

SUKUK CONTRACTS IN ISLAMIC CAPITAL MARKET: SHARI'AH AND LEGAL ANALYSIS

By: Khaled Aman & Ahcene Lahsasna

This book conveys the understanding on *Shari'ah* and legal analysis of *Sukuk* contracts in Islamic capital market in the Malaysian context. The idea of this book is to enhance the legal infrastructure in both concepts of *Shari'ah* and common law contracts in order to sustain feasible growth of Islamic finance. Prior to that, it covers the overview of Islamic capital market, major prohibitions in Islamic financial transactions, *Sukuk* and contract analysis in market regulatory requirement in *Sukuk* transactions. Also, to highlight the important on the identification of the *Shari'ah* and legal risks in the *Sukuk* investment that related to the documentation of *Sukuk* transaction. The book also discusses on the *Sukuk* dispute resolution for an impactful feasible implementation on *Sukuk* transactions.

Order Now

ssa@salihin.com.my
www.salihin.com.my
+603 6185 9970 (Ext. 149)

  @salihinshariah

ISBN: 978-967-16878-0-2



HARDCOVER
BOOK



145 PAGES



SALIHIN ISLAMIC FINANCE EDUCATION APP

APP OVERALL DESCRIPTIONS

SALIHIN Islamic Finance Education App covers a wide range of Islamic finance modules to promote Islamic finance awareness, to provide end-to-end knowledge, to grow number of Islamic finance experts and to simplify Islamic finance theory and practice in the areas of Islamic commercial transaction; Islamic banking, Islamic capital market, wealth management and financial planning, among others.

BENEFITS OF THE APP TO THE USER

- User-friendly connect and interact with those who interested in Islamic finance
- Faster than mobile websites and actions much faster too
- A direct access to information about Islamic finance in a click
- Wide range of special courses in Islamic finance
- Simple language and friendly illustration
- Connect with members of SALIHIN and grow the numbers of Islamic finance practitioners and experts

DISCOVER MORE SUB-MODULES FOR:

1. Fundamental Knowledge in Islamic Finance
2. Specialized Knowledge in Islamic Finance
3. Financial Transactions Applications
4. Shariah Standards
5. Islamic Banking
6. Islamic Capital Market
7. Shariah Governance
8. Takaful
9. Wealth Management & Financial
10. Fintech & Artificial Intelligence



Connect with us
for Multitude Knowledge
in Islamic Finance!

STARTS FROM
RM9.00
ONLY

SCAN TO
DOWNLOAD



GET IT ON
Google Play

Download on the
App Store

STRUCTURED TRAINING IN ISLAMIC FINANCE 2020

SHARIAH AUDIT IN ISLAMIC FINANCE

22 - 23 January 2020
SALIHIN HQ, Batu Caves Selangor



LIMITED
SEATS



CERTIFIED
TRAINER



CERTIFICATE
PROVIDED



OBJECTIVES

- To equip the staff with the appropriate knowledge and skills on Shariah audit
- To understand the role of Shariah audit
- To understand the Shariah audit exercise
- To know the code of ethics in Shariah audit

TRAINERS



Dr. Motalib Anifowose
ACCA, FCIPA, C.A(M)
Technical Director, SALIHIN



Assoc. Prof. Dr. Ahcene Lahsasna
Certified Professional Trainer
(FAA, CIBAFI, MFPC & HRDF)
CEO, SALIHIN Shariah Advisory

FEE

RM 900

Includes lunch,
refreshments,
training materials,
and certificate.



**FOR MORE INFORMATION & REGISTRATION,
PLEASE CONTACT:**

IQRA افرا



Follow us: @salihinshariah