

An overview of Shariah principles in financial transaction

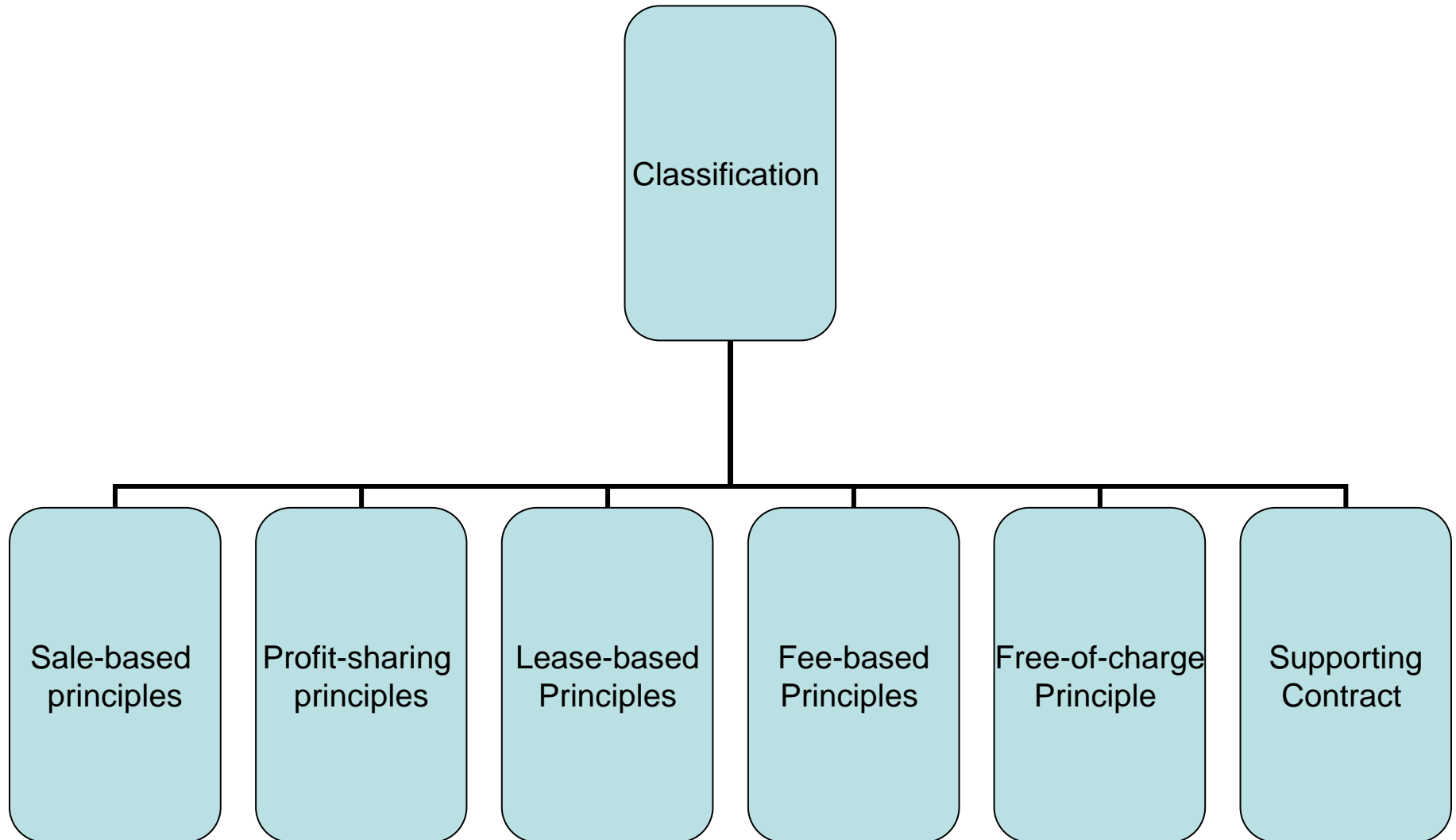
Chart

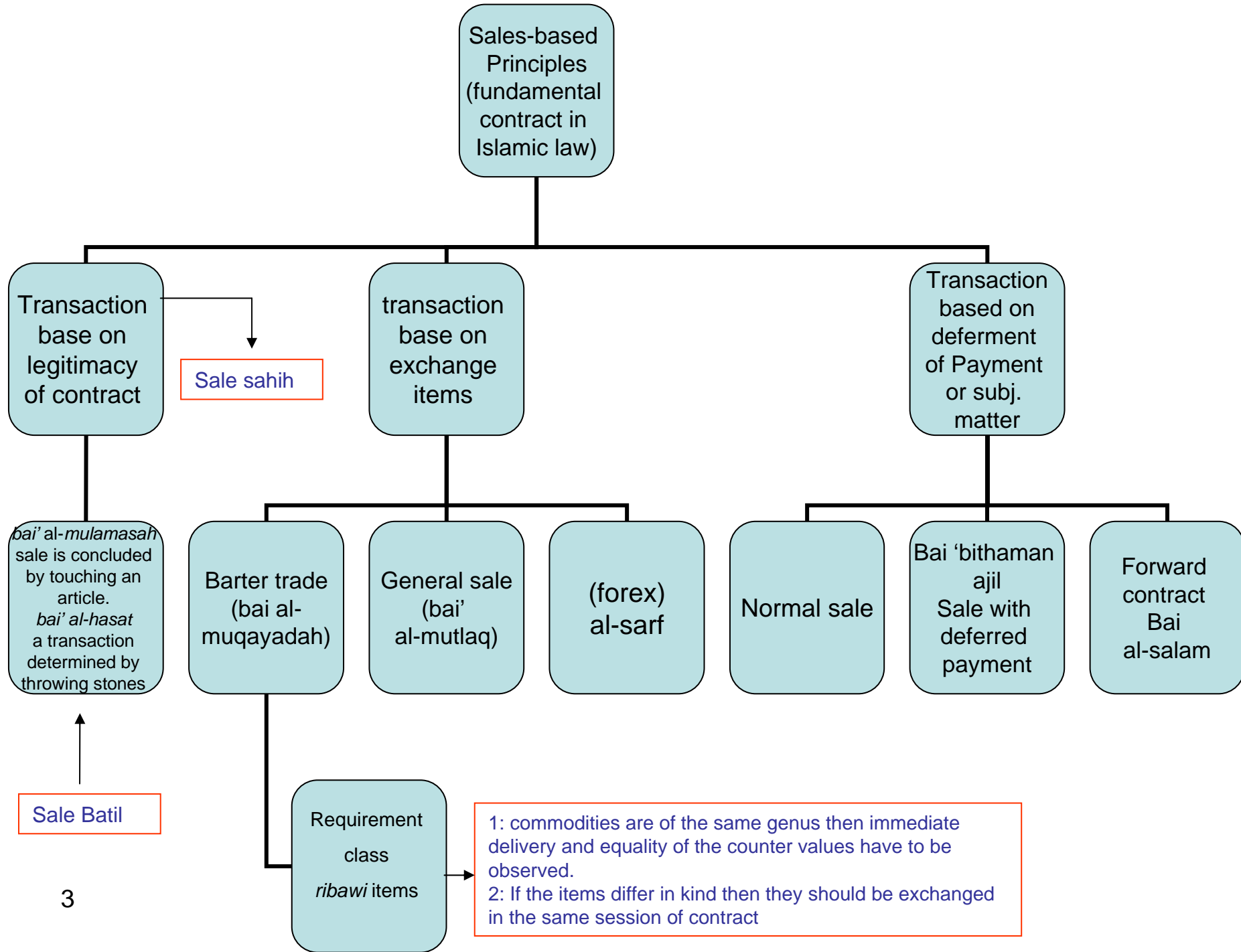
Dr. Ahcene Lahsasna

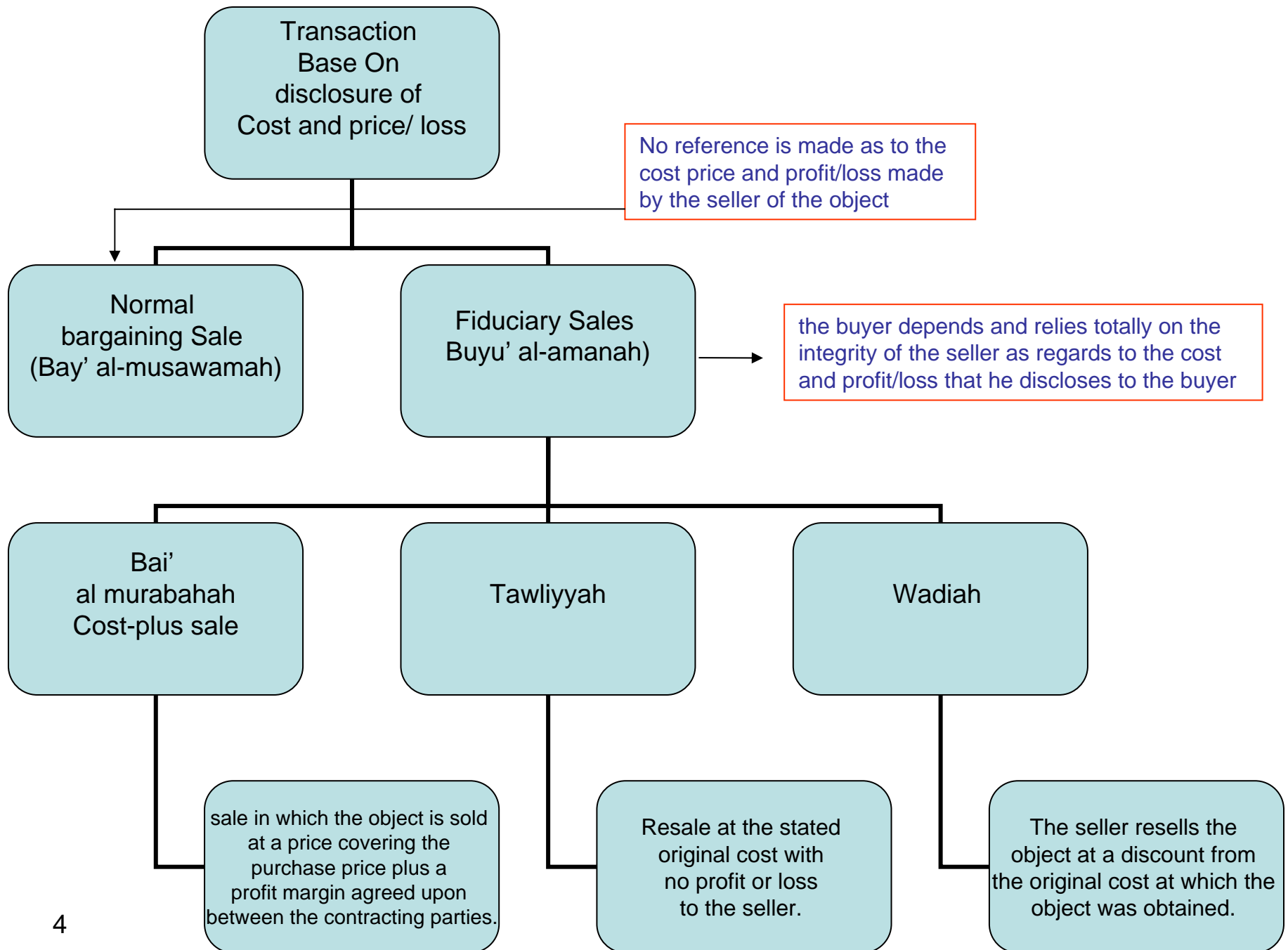
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Classification of Shariah principles in financial transaction







Lease-based
Principles
Ijara

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graph TD; A[Lease-based Principles Ijara] --> B[Ijara or Manafa at al-ayn Corporeal property]; A --> C[Ijara or manfa at al amal Personal service];
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Ijara or Manafa at al-ayn
Corporeal property

Ijara or manfa at al amal
Personal service

Fee-based
principle

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graph TD; A[Fee-based principle] --> B[Kafalah]; A --> C[Wakalah (Agency)];
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Kafalah
for the purpose of safeguarding the
right of the creditor and to ensure
the safe return of his amount of capital

Wakalah (Agency)
consists of one person empowering
some other person to perform some
acts for him, whereby the latter stands
in the stead of the former
in regard to such act

Free-of-charge
Principle

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graph TD; A[Free-of-charge Principle] --- B[Quard Hassan]
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Quard Hassan

Supporting contracts

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graph TD; A[Supporting contracts] --> B[Hawalah]; A --> C[Wadiah]; A --> D[Rahn]; B --> E[the assignment or transfer of debt from the liability of the original debtor to the liability of another person]; C --> F[giving another person an agency for safekeeping of one's property or legal possession]; D --> G[It is the act of taking a valued property from its owner, as a means of insuring a loan that has matured or is about to mature];
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Hawalah

the assignment or transfer of debt from the liability of the original debtor to the liability of another person

Wadiah

giving another person an agency for safekeeping of one's property or legal possession

Rahn

It is the act of taking a valued property from its owner, as a means of insuring a loan that has matured or is about to mature

Thank You
Wasalam