

**TRUST FUNDS OF MULTILATERAL
DEVELOPMENT BANKS AS AN UNTAPPED
ISLAMIC FINANCIAL PRODUCTS OF WAQF,
ZAKAH AND SADAQAH FOR SOCIO-
ECONOMIC AGENDAS: A COMPARATIVE
STUDY BETWEEN CONVENTIONAL
AND ISLAMIC MODEL**

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ABSTRACT

This paper introduces *waqf*, *zakah* and *sadaqah*, which are currently being mobilized by the non-financial institutions such as *bayt al-mal*, charitable organizations and non-governmental organizations as additional components of Islamic finance industry, to significantly complement the efforts of intermediaries of mainstream components, to promote its relevance to the society at large. The existence of beneficiary gap between the rich and the poor people becomes more apparent, when the conventional regulatory framework such as credit and risk management, pricing mechanism are being set to the Islamic FIs largely benefitting shareholders, depositors as well as commercial and corporate clients and not the larger society. The nature of self-regulated non-financial institutions is another equally important reason for such disintegration. This paper explores an empirical study on operations of the business model of *Shariah* compliant Multilateral Development Banks, Islamic Development Bank, which integrates all components of Islamic finance industry in mobilizing resources to wider group of people including the hard-core poor and needy group via its typical *Shariah* compliant financing such as *murabahah*, *istisna'*, *mudharabah* and *qardhul hassan* as well as trust fund a product of *waqf*, *zakah* and *sadaqah*. This paper also makes a comparison and contrast the application of trust fund between Islamic Development Bank and World Bank as one of non-*Shariah* compliant Multilateral Development Banks. Towards the end of this paper, there are recommendations to push the activities of non-Financial Institutions in promoting *waqf*, *zakah* and *sadaqah* via trust fund into the mainstream economy in more coordinated, integrated and efficient manner at intermediaries, countries and international level.

ABSTRAK

Disertasi ini memperkenalkan wakaf, zakat dan sedekah, yang kini sedang digerakkan oleh institusi bukan kewangan seperti bayt al-mal, badan-badan kebajikan dan pertubuhan-pertubuhan bukan kerajaan sebagai komponen tambahan industri kewangan Islam, dengan ketara membantu usaha perantara komponen arus perdana, untuk menggalakkan relevan kepada masyarakat pada umumnya. Kewujudan jurang benefisiari antara golongan kaya dan golongan miskin ini menjadi lebih ketara apabila rangka kerja kawal selia yang konvensional seperti kredit dan pengurusan risiko, mekanisme harga sedang ditetapkan kepada institusi kewangan Islam sebahagian besarnya memberi manfaat kepada pemegang saham, pendeposit serta pelanggan komersil dan korporat dan bukan masyarakat yang lebih besar. Sifat institusi bukan kewangan pengaturan sendiri adalah satu lagi sebab yang sama penting untuk perpecahan tersebut. kertas ini meneroka satu kajian empirikal operasi model perniagaan yang mematuhi Bank Syariah Pembangunan Pelbagai Hala, Bank Pembangunan Islam, yang mengintegrasikan semua komponen industri kewangan Islam dalam menggerakkan sumber-sumber untuk kumpulan yang lebih luas, termasuk kumpulan miskin tegar dan miskin, melalui syarikat pembiayaan biasa patuh Syariah seperti murabahah, istisna', mudharabah dan Qardhul hassan serta dana amanah produk wakaf, zakat dan sedekah. Disertasi ini juga membuat membuat perbandingan dan membezakan permohonan kumpulan wang amanah antara Bank Pembangunan Islam dan Bank Dunia sebagai salah satu yang mematuhi Bank Pembangunan Pelbagai Hala bukan Syariah. Menjelang akhir disertasi ini, terdapat cadangan untuk menolak aktiviti-aktiviti institusi bukan kewangan dalam mempromosikan wakaf, zakat dan sedekah melalui tabung amanah ke dalam ekonomi arus perdana secara lebih tersusun, bersepadu dan cekap pada perantara, negara dan peringkat antarabangsa.

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