

IJARAH: CONCEPT AND IMPLEMENTATION TO
SUKUK IN MALAYSIA

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ABSTRACT

The emergence and rapid growth of Islamic Finance today is a reflection of understanding Islam as a way of our life. It encompasses all aspects of our lives. There are several types of contracts in financial transaction in Islam such as *Ijarah*, *Musharakah*, *Mudharabah*, *Istisna'*, and *Bai Bithaman Ajil*. Therefore, this paper will highlight *Fiqh* concept of *Ijarah* as a theoretical foundation in the application of *Ijarah Sukuk*. Then, the discussion focuses on the transaction of *Ijarah Sukuk* in the context of modern application of Ijarah in Malaysia. This includes *Ijarah Thuma Al-Bai* (Hire Purchasing-i), *Musharakah Mutanaqisah*, *Ijarah* Rental Swap. It follows the different forms of *sukuk* such as *Murabahah Sukuk*, *Bai Bithaman Ajil Sukuk*, *Musyarakah Sukuk*, *Salam Sukuk*, *Istisna'* *Sukuk*, Hybrid *Sukuk*. Before a critical analysis is made on the theory of *Ijarah Sukuk* and its application in Malaysia. The discussion also highlight the theory of *ijarah sukuk* and its application through the practices of Bank Negara Malaysia including the impact of *sukuk* in the Islamic capital markets.

TABLE OF CONTENTS

ABSTRACT.....	ii
ACKNOWLEDGEMENTS.....	iii
TABLE OF CONTENTS.....	iv
LIST OF TABLES	ix
CHAPTER 1	1
INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background of the Study	1
1.3 Problem Statement.....	2
1.4 Objectives of the Study.....	3
1.5 Research Questions.....	3
1.6 Literature Review.....	4

1.7 Significance of the Study	9
1.8 Research Methodology	10
1.8.1 Research Design.....	10
1.8.2 Methods of Data Collection.....	11
CHAPTER 2	12
LEGALITY OF <i>IJARAH</i>	12
2.1 Introduction.....	12
2.2 Definitions of <i>Ijarah</i>	13
2.3 Dalil on <i>Ijrah</i>	14
2.4 Types of <i>Ijarah</i>	17
2.4.1 Distinctions between Financial Lease and Operating Lease.....	18
2.5 Terms and Conditions of <i>Ijarah</i> Contacts.....	19
2.5.1 The Contracting Parties.....	20
2.5.2 Contract Language (<i>Ijab</i> and <i>Qabul</i>)	21
2.5.3 Assets or Usufructs	21
2.5.4 Rental	22
2.5.5 The Period.....	23

2.5.6 The End of Contract.....	23
2.6 Differences between Conventional Leasing and Islamic Leasing (<i>Ijarah</i>).....	25
2.7 Modern Application of <i>Ijarah</i> in Malaysia.....	27
2.7.1 Hire Purchasing-i (<i>Ijarah Thumma Bai</i>)	28
2.7.2 <i>Ijarah Sukuk</i>	30
2.7.3 <i>Musharakah Mutanaqisah</i>	30
2.8 Conclusion	32
CHAPTER 3	37
LEGALITY OF SUKUK.....	37
3.1 Introduction.....	37
3.2. Definition of <i>Sukuk</i>	38
3.3 Development of <i>Sukuk</i> in Malaysia	40
3.4 Islamic Bond (<i>Sukuk</i>) Versus Conventional Bond.....	41
3.5 Types of <i>Sukuk</i>	43
3.5.1 <i>Murabaha Sukuk</i>	43
3.5.2 <i>Ba'i Bithaman 'Ajil Sukuk</i>	46
3.5.3 <i>Mudharabah Sukuk</i>	46

3.5.4 <i>Musharakah Sukuk</i>	49
3.5.5 <i>Salam Sukuk</i>	52
3.5.6 <i>Istisna' Sukuk</i>	55
3.5.7 <i>Hybrid Sukuk</i>	57
3.6 Conclusions.....	59
CHAPTER 4	60
AN ANALYSIS OF <i>IJARAH SUKUK</i> IN MALAYSIA	60
4.1 Introduction.....	60
4.2 Concept of <i>Ijarah Sukuk</i>	61
4.2.1 Salient Features of <i>Ijarah Sukuk</i>	61
4.2.2 <i>Ijarah Sukuk</i> Structure	62
4.3 The <i>Shari'ah</i> Criticisms of <i>Ijarah Sukuk</i> in Malaysia.	66
4.3.1 Resolution by <i>Shari'ah</i>	67
4.4 Practices of <i>Ijarah Sukuk</i> in Malaysia	70
4.4.1 Malaysia Global Sukuk.....	70
4.4.2 Sukuk Bank Negara Malaysia <i>Ijarah</i> (SBNMI)	71
4.5 The Contribution and Impact of <i>Sukuk</i> in Islamic Capital Market	72

4.5.1 The Contribution of <i>Sukuk</i>	72
4.5.2 The Impacts of <i>Ijarah Sukuk</i> in Malaysian Islamic Capital Market	73
4.6 Conclusions.....	74
CHAPTER 5	75
CONCLUSIONS.....	75
5.1 Summarizing the Content	75
5.2 Lesson the Learned.....	77
5.3 Recommendations	78
5.4 Limitation of The study	79
5.5 Future Research	80
BIBLIOGRAPHY	81
APPENDIX.....	87