Foundations of Shari'ah Governance of Islamic Banks. The Wiley Finance Series

Description:

"The Islamic banking industry, worth over 2 trillion dollars, represents a fast growing phenomenon in an otherwise depressing context of global finance. What is the source of this relative stability and resilience? Shari'ah compliance makes Islamic banking distinct, as it operates not only within a framework of certain well defined ethical imperatives but also has the unique feature of making finance asset based, leading to generation of real goods and services in society, and not simply financial expansion.

Foundations of Shari'ah Governance of Islamic Banks is a timely effort to bring into sharp focus this unique dimension of Islamic Banking. It contains a well-researched, fully documented, fairly detailed and authentic exposition of the key concepts of Shari'ah, Islamic guidelines for banking governance and some of the major efforts made over the last four decades to develop operational mechanisms to make banking Shari'ah-compliant. This book is an essential read for those who want to understand Islamic banking, and more so, for those engaged in the Islamic Banking industry anywhere in the world."

Khurshid Ahmad, Professor, Chairman, Institute of Policy Studies, Islamabad, Ex- Senator, Federal Minister for Planning, and Deputy Chairman, Planning Commission, Pakistan

"Shari'ah compliance lies at the heart of Islamic finance and is what makes it unique. The book provides a comprehensive treatment of the Shari'ah governance issues covering basic Shari'ah principles applied in Islamic finance and the processes through which these are operationalized in practice. The volume is a valuable source of information for anyone who would like to study diverse aspects of processes and practices related to Shari'ah governance in the contemporary Islamic financial industry."

Habib Ahmed, Professor of Islamic Finance, Durham University Business School

"In this ground-breaking work, Karim Ginena and Azhar Hamid have accomplished what others have only hinted at and, by doing so, have rendered a valuable service to the growing Islamic financial services industry. With scholarly attention to detail, and a fine understanding of the global context in which Islamic finance operates, the authors have provided a roadmap for governance that should find wide appreciation in corporate and regulatory circles worldwide."

Shaykh Yusuf DeLorenzo, Shari'ah board member of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

"An important academic and practical related addition to the new discipline. Tools such as Shari'ah risk assessment grid and audit checklists are particularly helpful. This book serves as a useful implementation guide and takes a fresh approach compared to the current boring, descriptivist texts."

Shahul Hameed bin Mohamed Ibrahim, Associate Professor of Islamic Accounting, INCEIF, Malaysia

"Islamic banks by definition have to operate in accordance with Shari'ah law, but how is this enforced? This study explores the practical issues in Shari'ah governance which involves both external audit and internal controls. As the interpretation of Islamic commercial law is inevitably subjective, Shari'ah board members often have legitimate differences of opinion. The authors examine how these can be reconciled to reduce Shari'ah risk."

Rodney Wilson, Emeritus Professor of Economics, Durham University, UK and INCEIF, Malaysia
Chapter 1 The Roots, Characteristics, and Objectives of Sharī'ah and the Islamic Economic System

1.1 Sharī'ah, the Qur'ān, and Sunnah

1.2 What is Fiqh? 8

1.3 Performing Ijtihād and Differences in Juristic Opinions 11

1.4 Sharī'ah Rulings 16

1.4.1 Obligation-Creating Sharī'ah Rulings 16

1.4.2 Declaratory Sharī'ah Rulings 19

1.5 The Subject of a Sharī'ah Ruling 19

1.6 Characteristics of Sharī'ah 23

1.7 Objectives of Sharī'ah 30

1.8 The Islamic Economic System and its Characteristics 35

1.9 Objectives of Sharī'ah Relating to Property 50

Chapter 2 Corporate and Sharī'ah Governance of Islamic Banks

2.1 Corporate Governance Gains Prominence 57

2.2 Hisba System and an Islamic Perspective on Corporate Governance 60

2.3 OECD and Islamic Principles of Corporate Governance 65

2.4 Importance of Corporate Governance to Banking Sector 67

2.5 The Financial Crisis and Corporate Governance Challenges 69

2.6 Developing Countries and Corporate Governance Issues 70

2.7 Corporate Governance Concerns for Islamic Banks 71

2.8 IFSB and AAOIFI Issue Guidance 71

2.9 Adapted Corporate Governance Understanding 72

2.10 Stakeholders of Islamic Banks and their Governance Responsibilities 73

2.11 Connecting Risk Management, Corporate Governance, and Sharī'ah Compliance 76

2.12 Sharī'ah Governance Model 80

2.13 Importance of Sharī'ah Governance 83

2.14 Sharī'ah Supervision vs Governance 83

2.15 Sharī'ah Risk Definition 84

2.16 Sharī'ah Risk and Possible Implications 85

2.16.1 Credit Risk 85

2.16.2 Legal and Compliance Risk 85

2.16.3 Reputational Risk 86
4.2.6 Evaluation of Internal Sharī ah Control System by Banking Supervisors 189

4.3 Internal Sharī ah Audit Function 191

4.3.1 Purpose, Responsibility, and Authority 191

4.3.2 ISAF in Practice 191

4.3.3 Importance of Independence and Objectivity 192

4.3.4 Planning for Sharī ah Audit 193

4.3.5 Engagement Program Execution 200

4.3.6 Communicating Findings 201

4.3.7 Following Up and Post-Engagement 202

4.3.8 Sharī ah Audit Quality Assurance Program 203

4.4 Proficiency and Due Professional Care of ISAF Staff 204

4.5 Professional Sharī ah Audit Body 205

4.6 Sharī ah Governance Manual 205

Appendix 4.1: Sample Sharī ah Governance Manual (Also available on the book companion website at external URL) 207

Appendix 4.2: Sample Sharī ah Audit Checklists (Also available on the book companion website at external URL) 223

Part II

Azhar Hamid

Chapter 5 The Sharī ah Supervisory Board 249

5.1 The Sharī ah Supervisory Board Defined 249

5.2 Multiple Titles for the SSB 252

5.3 Importance and Purpose of the Sharī ah Supervisory Board 254

5.4 History of SSBs in Modern Islamic Banking 256

5.4.1 Accounting and Auditing Organization for Islamic Financial Institutions 257

5.4.2 Islamic Financial Services Board 258

5.4.3 Organization of Islamic Conference Fiqh Academy 258

5.5 Key Governance Guidelines: Independence, Objectivity, Confidentiality, Consistency, Transparency, and Disclosure 260

5.5.1 Independence 260

5.5.2 Objectivity 263

5.5.3 Confidentiality 265

5.5.4 Consistency 267

5.5.5 Transparency and Disclosure 269
5.6 Regulating SSBs 270
5.6.1 GCC Jurisdictions 271
5.6.2 Non-GCC Jurisdictions 273
5.7 SSB Location Within the Organizational Chart 275
5.8 SSB Models 276
5.8.1 SSB at IB Model 277
5.8.2 SSB at Central Bank and IB Model 277
5.8.3 Central Authority and SSB at IB Model 279
5.8.4 Market-Driven SSB at IB Model 279
5.9 An SSB-Free Model? 280
5.9.1 Need to Understand Sharī‘ah Requirements for the Industry 281
5.9.2 Securing the Support of Key Stakeholders 281
5.9.3 Commitment to a Unified Sharī‘ah Reference 281
5.9.4 Being Highly Receptive to New Developments in Industry 282
Chapter 6 Sharī‘ah Supervisory Board Member Qualifications and Internal Regulations 283
6.1 Competence of SSB Members 283
6.1.1 Character, Professional Ethics, and Conduct 284
6.1.2 Academic Qualifications of SSB Members 289
6.1.3 Experience 294
6.1.4 Essential Skills for SSB Members 297
6.1.5 Professional SSBs 298
6.2 Establishing an SSB 299
6.2.1 Systemized SSB Application Process 299
6.3 SSB Charter 303
6.3.1 Number of SSB Members 303
6.3.2 Terms of Agreement 304
6.3.3 Reporting Line 304
6.3.4 Reappointment 304
6.3.5 Selection of SSB Chairman and Executive SSB Member 305
6.3.6 SSB Members’ Remuneration 306
6.3.7 Compensating SSB Members 308
6.3.8 Procedure for Dismissal and Resignation 308
6.3.9 Procedure for Replacing an SSB Member 310
6.3.10 SSB Meetings 311
6.3.11 Frequency of Meetings 311
6.3.12 Quorum for SSB Meetings 312
6.3.13 Decision-Making Process 312
6.3.14 Meeting Minutes 314

Chapter 7 Authority of the Sharī ah Supervisory Board and Conflict Management 315
7.1 SSB Authority 315
7.2 Nature of SSB Decisions 317
7.3 BOD and Management Responsibility Towards the SSB 319
7.3.1 Address SSB Matters in Company Bylaws and Establish Sharī ah Governance Framework 320
7.3.2 Grant SSB Access to Information 320
7.3.3 Seek SSB Guidance and Abide by its Fatawa and Resolutions 320
7.3.4 Honor SSB Independence 321
7.3.5 Provide Administrative Support 321
7.3.6 Assess SSB Performance 321
7.4 Conflict between SSB Members 322
7.5 Conflict between the BOD and the SSB 323
7.6 Conflict between Management and the SSB 323

Appendix 7.1: Performance Evaluation Form for SSB Members (Also available on the book companion website at [external URL] 325

Chapter 8 Stages of Sharī ah Supervision and Responsibilities of the Shar-i ah Supervisory Board 329
8.1 Sharī ah Supervision 329
8.1.1 Ex-ante Sharī ah Supervision 330
8.1.2 Intermediate Sharī ah Supervision Stage 332
8.1.3 Ex-post Sharī ah Supervision 333
8.2 Responsibilities of SSB Members 335
8.2.1 Collective Responsibilities 335
8.2.2 Individual Responsibilities 342
8.3 Chairman and Executive SSB Member(s) and their Responsibilities 344
8.3.1 Issuing Fatawa and Ijtihād in Islamic Finance 345
8.3.2 Differences in Juristic Opinion and Conflict Resolution 349
8.3.3 Different Approaches to Issuing Fatawa 351
8.3.4 Reversal of Fatawa and Implications 351
8.4 Annual Sharī`ah Compliance Report 352
8.4.1 AAOIFI’s Report 353
8.4.2 Possible Opinions in the Report 355
Appendix 8.1: Lease Ending with transfer of Ownership Financing Instrument (Also available on the book companion website at [external URL] 357
Chapter 9 Sharī`ah Advisory Firms 363
9.1 Introduction to Sharī`ah Advisory Firms 363
9.2 Services Offered by Sharī`ah Advisory Firms 364
9.2.1 Sharī`ah Supervision 365
9.2.2 Internal Sharī`ah Audit 365
9.2.3 External Sharī`ah Audit 366
9.2.4 Product Development and Transaction Structuring 367
9.2.5 Legal Document Preparation and Review 368
9.2.6 Sharī`ah Training 368
9.3 Outsourcing Internal Sharī`ah Functions 369
9.4 Regulation 369
9.4.1 Adherence to Directives and Guidance Issued 369
9.4.2 Competency 370
9.4.3 Monitoring 370
9.5 Liability 370
Appendix 9.1: Application Form for the Appointment of an External Sharī`ah Audit Office (Also available on the book companion website at [external URL] 371
Index 373

Ordering:  Order Online - http://www.researchandmarkets.com/reports/2986052/
Order by Fax - using the form below
Order by Post - print the order form below and send to
Research and Markets,
Guinness Centre,
Taylors Lane,
Dublin 8,
Ireland.
Fax Order Form
To place an order via fax simply print this form, fill in the information below and fax the completed form to 646-607-1907 (from USA) or +353-1-481-1716 (from Rest of World). If you have any questions please visit http://www.researchandmarkets.com/contact/

Order Information
Please verify that the product information is correct.

Product Name: Foundations of Shari'ah Governance of Islamic Banks. The Wiley Finance Series
Web Address: http://www.researchandmarkets.com/reports/2986052/
Office Code: SC

Product Format
Please select the product format and quantity you require:

| Quantity | Hard Copy (Hard Back): | USD 97 + USD 30 Shipping/Handling |

* Shipping/Handling is only charged once per order.
* The price quoted above is only valid for 30 days. Please submit your order within that time frame to avail of this price as all prices are subject to change.

Contact Information
Please enter all the information below in BLOCK CAPITALS

Title: Mr [ ] Mrs [ ] Dr [ ] Miss [ ] Ms [ ] Prof [ ]
First Name: ____________________________ Last Name: ____________________________
Email Address: * ____________________________
Job Title: ____________________________
Organisation: ____________________________
Address: ____________________________
City: ____________________________
Postal / Zip Code: ____________________________
Country: ____________________________
Phone Number: ____________________________
Fax Number: ____________________________

* Please refrain from using free email accounts when ordering (e.g. Yahoo, Hotmail, AOL)
Payment Information

Please indicate the payment method you would like to use by selecting the appropriate box.

☐ Pay by credit card: You will receive an email with a link to a secure webpage to enter your credit card details.

☐ Pay by check: Please post the check, accompanied by this form, to:
Research and Markets,
Guinness Center,
Taylors Lane,
Dublin 8,
Ireland.

☐ Pay by Wire Transfer: Bank details will be provided on the invoice which you will receive after you place your order with us.

If you have a Marketing Code please enter it below:

Marketing Code: ________________________________

Please note that by ordering from Research and Markets you are agreeing to our Terms and Conditions at http://www.researchandmarkets.com/info/terms.asp

Please fax this form to:
(646) 607-1907 or (646) 964-6609 - From USA
+353-1-481-1716 or +353-1-653-1571 - From Rest of World