

Fatwa and Its Shariah Methodology in Islamic Finance

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- General Perception of Fatwa.
- Definition of Fatwa
- Qualifications of the Mufti
 - Knowledge of the Sharī'ah (Islāmic Legislation
 - Knowledge of the Arabic Language
 - Mastering the science of principles of jurisprudence
 - knowledge of the Maqsid al sharia (objectives of sharia)
 - Knowledge of the Current State of Affairs.

- Islamic Schools of Law: Their Methodology of Fatwa.
 1. Hanafi School of law
 2. Maliki School of law
 3. Shafiee School of law
 4. Hanbali School of law
 5. Al Shawqani (as independent scholar)

Maqasid al-Shariah is one of the very important Shariah aspects in Islamic Finance

- Definition of Maqasid al Shariah.
- Maslahah and its definition.
- Categories of Maqasid.
- The main objectives of the Islamic Financial Institution.
- Maqasid al-Shariah and Islamic Banking

Fatwa in Islamic finance

- Role of fatwa in Islamic Finance .
 - Settle unclear issues in banking and finance by issuing Islamic ruling.
 - To ensure all financial transactions comply with the rules and principles of Shariah.
 - To show the rules of Shariah by issuing fatwa when needed by the industry.
 - To show what is lawful and what is unlawful in the financial transactions in banking and finance.
 - To make sure that the requirements of Islamic law are fulfilled when new products are created before marketing.

Rules of Issuing Fatwa In Islamic Finance

- 1- The Mufti/Shariah advisory must follow a clear, acceptable and accurate methodology in providing fatwa/ Islamic ruling
- 2-The Mufti/ Shariah advisory must seek easiness in his fatwa and take into account the condition of the fatwa seekers (mustafti)
- 3-The objective of fatwa is to moderate the problems by careful use of licenses.
- 4-The Mufti/ Shariah advisory should be flexible in his fatwa by not being restricted to a specific School of law but rather to seek the strong Shariah opinions and the appropriate fatwa for the new case under investigation

5- If the mufti/Shariah advisory is not in a position to issue the fatwa on the spot, he can consult other scholars and Jurist in order to have a better understanding of the case.

6-It is better to have a collective fatwa through joint efforts and consultations.

7-The mufti/Shariah advisory should take the task of fatwa in a very serious manner and employ his best efforts.

8-It must be understood that issuing fatwa can expose the Islamic banks and financial institutions to very serious financial obligation.

9-The accountability in front of God on the investors is on the responsibility of the Shariah advisory.

Fatwa issued by Shariah board or advisory Shariah council

The Shariah advisory exercise ijtihad and issues fatwa accordingly, therefore their main task is to issue fatwa. Besides this, they are also involved in some other technical assignments and tasks within Islamic banks such as:

- Revising the structure of the financial products.
- Legal documentation and evidence regarding providers of Islamic financial services.
- Ensuring products intend to implement Shariah recommendations.
- Sharing information between Shariah scholars and advisors and the institutions offering Islamic financial services.
- All Shariah Committee members are expected to participate and engage themselves actively in deliberating Shariah issues put before them

- Islamic finance-The missing link