MANAGEMENT OF SHARIAH NON-COMPLIANCE RISK IN MAYBANK ISLAMIC BERHAD

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AUTHOR’S DECLARATION

I declare that work in this thesis was carried out accordance with the regulation of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledge as referenced work. This thesis has not been submitted to my other academic institution or non-academic institution for any other diploma or qualification.

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ABSTRACT

The objective of this paper is to study the management of shariah non-compliance risk associated with Maybank Islamic Berhad. Having a precise definition of shariah non-compliance risks is highly necessary for the purpose of developing a comprehensive risk management framework for an Islamic financial system. This study is conducted through a literature review on regulatory provisions and existing academic journals and thesis on Islamic risk management. This paper provides an in-depth discussion on the guidelines in managing shariah non-compliance and the factors that lead to shariah non-compliance risk and also the strategies that used by Maybank Islamic Berhad in order to counter this type of risk. These elements of risk were identified as that emerging from the entire process of developing an Islamic financial product, starting from the structuring stage until the execution of the product in the market hence cause severe both financial and non-financial costs to Maybank Islamic Berhad. This research may have some implications to the Islamic finance industry in Malaysia, which would be useful for further empirical research in this area.

Keywords: shariah, risk, non-compliance, management
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTHOR'S DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iii</td>
</tr>
<tr>
<td>TABLE OF CONTENT</td>
<td>iv</td>
</tr>
<tr>
<td>LIST OF TABLE</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>x</td>
</tr>
</tbody>
</table>

## CHAPTER ONE: INTRODUCTION

1.1 Introduction                               | 1    |
1.2 Research Background                       | 2    |
1.3 Problems Statement                        | 3    |
1.4 Research Question                         | 3    |
1.5 Research Objective                        | 4    |
1.6 Scope of The Research                     | 4    |
1.7 Significant of Studies                    | 4    |
1.8 Literature Review                         | 5    |
1.9 Research Methodology                      | 6    |
1.10 Data Analysis                            | 7    |
CHAPTER TWO: LITERATURE REVIEW

2.1 Definition of Risk 9

2.2 Risks in Islamic Bank 10

2.2.1 Operational Risk 14

2.2.2 Market Risk 16

2.2.3 Liquidity Risk 18

2.2.4 Credit Risk 19

2.3 Shariah Governance Framework 20

2.3.1 Shariah Risk Management Control 22

2.3.2 Shariah Review 23

2.3.3 Shariah Audit 25

2.3.4 Shariah Research 28

2.4 Islamic Financial Services Act 2013 29

2.4.1 Part IV in Islamic Financial Services Act 2013: Shariah Requirements 30

2.5 Shariah Non-Compliance Risk 32

2.6 Shariah Non-Compliance Risk: Contractual Aspects 33

2.6.1 Bay’ Bithaman Ajil (BBA) 33

2.6.2 Tawarruq 36

2.6.3 Bay’ Al-Inah 37

2.6.4 Istisna’ 38